

Bina Darulaman Berhad
(Registration No. 199501003751 (332945 - X))
(Incorporated in Malaysia)
and its subsidiaries

**Financial statements for the
year ended 31 December 2020**

Bina Darulaman Berhad

(Registration No. 199501003751 (332945 - X))

(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 December 2020

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2020.

Principal activities

The principal activities of the Company are investment holding, provision of management services, oil palm plantation and property development whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is a subsidiary of Perbadanan Kemajuan Negeri Kedah, a statutory body formed in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to :		
Owners of the Company	5,292	(5,142)
Non-controlling interests	(22)	-
	<u>5,270</u>	<u>(5,142)</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

Dividend

Since the end of previous financial year, the amount of dividend paid by the Company in respect of the financial year ended 31 December 2020 was an interim dividend of RM0.0075 per ordinary share totalling RM2,278,913 declared on 1 March 2021 and paid on 30 March 2021.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Mohamed Sharil bin Mohamed Tarmizi	
Dato' Asri bin Hamidin @ Hamidon	
Dato' Haji Abdul Rahman bin Abdullah	
Haji Muhamad Sobri bin Osman	(Appointed on 06.09.2020)
Ir. Ts. Haji Khairil Nizam Bin Khirudin	(Appointed on 06.09.2020)
Dato' Zakiah Binti Kasim	(Appointed on 06.09.2020)
Syed Yussof Bin Syed Othman	(Appointed on 14.12.2020)
Mohamad Ibrahim Bin Ghazali	(Appointed on 14.12.2020)
Datuk Mohd Radzif bin Mohd Yunus	(Retired on 03.09.2020)
Sudirman bin Masduki	(Retired on 03.09.2020)
Dr Muhammad Mahadi bin Mohamad	(Appointed on 01.03.2020 and retired on 03.09.2020)

Directors of the subsidiaries

Directors of the subsidiaries who served during the financial year until the date of this report are as follows :

Dato' Haji Abdul Rahman bin Abdullah	
Faris Najhan bin Hashim	
Mohd Iskandar Dzulkarnain bin Ramli	
Tahir bin Md Zin	
Mohd Sobri bin Hussein	
Khairulmuna binti Abd Ghani	
Noran Zamini Bin Jamaluddin	(Appointed on 25.08.2020)
Syed Yussof Bin Syed Othman	(Appointed on 25.08.2020)
Dato' Armishah Bin Siraj	(Appointed on 01.11.2020)
Fakhruzi bin Ahmad	(Resigned on 31.07.2020)
YM Kol Dato' Tunku Aziz Bendahara bin Tunku Nong	(Resigned on 22.10.2020)
Abdul Halim bin Hassan	(Resigned on 22.10.2020)

Directors' interest in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Interests in the holding company:				
Dato' Mohamed Sharil bin Mohamed Tarmizi				
- own	30,000	-	-	30,000
- others*	40,000	-	-	40,000

* These are shares held in the name of spouse and/or children and are treated as interest of the Directors in accordance with the Companies Act 2016.

None of the other Directors holding office at 31 December 2020 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in issued and paid-up capital of the Company and no debentures were issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the total amount of insurance cost effected for Directors and officers of the Company is RM115,000.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

The details of such event are disclosed in Note 30 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Dato' Asri bin Hamidin @ Hamidon
Director

.....
Dato' Haji Abdul Rahman bin Abdullah
Director

Alor Setar,

Date : 30 April 2021

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Consolidated statement of financial position as at 31 December 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Property, plant and equipment	3	89,916	87,625
Investment properties	4	55,949	61,287
Inventories	6	336,419	326,913
Other investments	7	135	135
Deferred tax assets	8	584	-
Total non-current assets		<u>483,003</u>	<u>475,960</u>
Inventories	6	57,625	69,318
Contract assets	9.1	42,852	22,994
Contract costs	9.2	1,558	232
Trade and other receivables	10	76,080	74,274
Current tax assets		29	2,956
Other investments	7	3,315	2,653
Deposits with licensed banks	11	14,553	18,475
Cash and bank balances	12	55,293	57,133
		<u>251,305</u>	<u>248,035</u>
Assets classified as held for sale	13	-	21,632
Total current assets		<u>251,305</u>	<u>269,667</u>
Total assets		<u><u>734,308</u></u>	<u><u>745,627</u></u>

Consolidated statement of financial position as at 31 December 2020 (continued)

	Note	2020 RM'000	2019 RM'000
Equity			
Share capital	14	331,020	331,020
Retained earnings		137,641	132,349
Equity attributable to owners of the Company		<u>468,661</u>	<u>463,369</u>
Non-controlling interest		(22)	-
Total equity		<u>468,639</u>	<u>463,369</u>
Liabilities			
Deferred tax liabilities	8	-	507
Loans and borrowings	15	35,059	29,159
Total non-current liabilities		<u>35,059</u>	<u>29,666</u>
Trade and other payables	16	137,583	139,957
Contract liabilities	9.1	3,653	10,191
Loans and borrowings	15	89,374	102,444
Total current liabilities		<u>230,610</u>	<u>252,592</u>
Total liabilities		<u>265,669</u>	<u>282,258</u>
Total equity and liabilities		<u>734,308</u>	<u>745,627</u>

The notes on pages 18 to 107 are an integral part of these financial statements.

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Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue	17	219,585	248,220
Cost of sales	18	(175,967)	(196,040)
Gross profit		43,618	52,180
Distribution expenses		(1,659)	(2,426)
Administrative expenses		(21,709)	(33,455)
Other operating income		4,695	8,122
Net loss on impairment of financial instruments and contract assets	20	(998)	(471)
Other operating expenses		(8,034)	(7,522)
Results from operating activities		15,913	16,428
Finance costs	19	(7,379)	(9,629)
Profit before tax	20	8,534	6,799
Tax expense	23	(3,264)	(2,092)
Profit and total comprehensive Income for the year		5,270	4,707
Profit and total comprehensive income for the year attributable to :			
Owners of the Company		5,292	4,707
Non-controlling interests		(22)	-
Profit and total comprehensive income for the year		5,270	4,707
Basic/Diluted earnings per ordinary share (sen)	24	1.74	1.55

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Consolidated statement of changes in equity for the year ended 31 December 2020

	← Attributable to owners of the Company →			Non- controlling interests RM'000	Total equity RM'000
	Non- distributable	Distributable			
	Share capital RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2019	331,020	127,642	458,662	-	458,662
Profit and total comprehensive income for the year	-	4,707	4,707	-	4,707
At 31 December 2019/1 January 2020	331,020	132,349	463,369	-	463,369
Profit and total comprehensive income for the year	-	5,292	5,292	(22)	5,270
At 31 December 2020	331,020	137,641	468,661	(22)	468,639
Note 14					

The notes on pages 18 to 107 are an integral part of these financial statements.

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Consolidated statement of cash flows for the year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Profit before tax		8,534	6,799
Adjustments for :			
Depreciation of property, plant and equipment	3	8,337	9,801
Property, plant and equipment written off		4	5
Gain on disposal of property, plant and equipment		(494)	(801)
Interest income		(879)	(1,670)
Interest expense		7,379	9,629
Impairment loss on property, plant and equipment		148	6,710
Change in fair value of investment properties		-	(4,180)
Operating profit before working capital changes		23,029	26,293
Changes in working capital :			
Contract assets		(25,656)	(11,708)
Trade and other receivables		3,992	9,364
Inventories		23,819	4,142
Trade and other payables		(2,374)	28,970
Contract liabilities		(6,538)	(7,706)
Contract costs		(1,326)	(101)
Cash generated from operations		14,946	49,254
Interest paid		(7,379)	(9,629)
Tax (paid)/refunded		(1,428)	5,264
Net cash from operating activities		6,139	44,889

Consolidated statement of cash flows for the year ended 31 December 2020 (continued)

	Note	2020 RM'000	2019 RM'000
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(1,085)	(5,010)
Purchase of investment properties	4	-	(12,889)
Proceeds from disposal of property, plant and equipment		495	989
Proceeds from disposal of other investments		-	10,741
Purchase of other investments		(662)	-
Interest income received		879	1,670
Net cash used in investing activities		(373)	(4,499)
Cash flows from financing activities			
Drawdown of loans	B	29,500	20,000
Repayment of loans	B	(42,087)	(36,883)
Movement of other borrowings, net	B	69	1,986
Repayment of hire purchase	B	(2,065)	(2,775)
Withdrawal/(Placement) of pledged deposits		1,354	(3,463)
Net cash used in financing activities		(13,229)	(21,135)
Net (decrease)/increase in cash and cash equivalents		(7,463)	19,255
Cash and cash equivalents at beginning of year		53,504	34,249
Cash and cash equivalents at end of year	A	46,041	53,504

Notes

A. *Cash and cash equivalents*

	2020 RM'000	2019 RM'000
Cash and bank balances	55,293	57,133
Deposits placed with licensed banks	14,553	18,475
Less : Deposits pledged	(8,629)	(9,983)
Bank overdrafts	(15,176)	(12,121)
	46,041	53,504

Consolidated statement of cash flows for the year ended 31 December 2020 (continued)

Notes (continued)

B. Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January 2019 RM'000	Drawdown during the year RM'000	Repayment during the year RM'000	At 31 December 2019/ 1 January 2020 RM'000	Drawdown during the year RM'000	Repayment during the year RM'000	At 31 December 2020 RM'000
Term loans & SUKUK	89,378	20,000	(36,883)	72,495	29,500	(42,087)	59,908
Hire purchase liabilities	6,190	-	(2,775)	3,415	4,358 [#]	(2,065)	5,708
Revolving credits	38,000	6,093	(2,093)	42,000	-	(3,000)	39,000
Banker acceptances	3,586	-	(2,014)	1,572	13,564	(10,495)	4,641
Total loan and borrowings	137,154	26,093	(43,765)	119,482	47,422	(57,647)	109,257

[#] The Group acquired plant and equipment by hire purchase (Note 3.1).

The notes on pages 18 to 107 are an integral part of these financial statements.

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Statement of financial position as at 31 December 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Property, plant and equipment	3	12,785	13,517
Investment properties	4	16,356	16,356
Investment in subsidiaries	5	107,014	115,339
Inventories	6	217,602	217,602
Total non-current assets		<u>353,757</u>	<u>362,814</u>
Inventories	6	394	2,055
Trade and other receivables	10	13,601	5,177
Current tax assets		35	21
Other investments	7	3,315	2,653
Cash and bank balances	12	3,765	5,731
Total current assets		<u>21,110</u>	<u>15,637</u>
Total assets		<u>374,867</u>	<u>378,451</u>
Equity			
Share capital	14	331,020	331,020
Retained earnings		3,995	9,137
Total equity		<u>335,015</u>	<u>340,157</u>
Loans and borrowings	15	4,554	30,057
Trade and other payables	16	9,541	7,425
Total current liabilities		<u>14,095</u>	<u>37,482</u>
Deferred tax liability	8	739	739
Loans and borrowings	15	25,018	73
Total non-current liabilities		<u>25,757</u>	<u>812</u>
Total liabilities		<u>39,852</u>	<u>38,294</u>
Total equity and liabilities		<u>374,867</u>	<u>378,451</u>

The notes on pages 18 to 107 are an integral part of these financial statements.

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Statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue	17	16,546	15,793
Cost of sales	18	(2,264)	(3,520)
Gross profit		<u>14,282</u>	<u>12,273</u>
Distribution expenses		(502)	(601)
Administrative expenses		(11,995)	(10,544)
Other operating income		3,127	4,141
Net loss on impairment of financial instruments and contract assets	20	(1,352)	(701)
Other operating expenses		(7,316)	(10,432)
Results from operating activities		<u>(3,756)</u>	<u>(5,864)</u>
Finance costs	19	(1,386)	(1,763)
Loss before tax	20	<u>(5,142)</u>	<u>(7,627)</u>
Tax expense	23	-	103
Loss and total comprehensive expense for the year		<u><u>(5,142)</u></u>	<u><u>(7,524)</u></u>

The notes on pages 18 to 107 are an integral part of these financial statements.

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Statement of changes in equity for the year ended 31 December 2020

	<i>Non- distributable</i> Share capital RM'000	<i>Distributable</i> Retained earnings RM'000	Total equity RM'000
At 1 January 2019	331,020	16,661	347,681
Loss and total comprehensive expense for the year	-	(7,524)	(7,524)
At 31 December 2019/1 January 2020	331,020	9,137	340,157
Loss and total comprehensive expense for the year	-	(5,142)	(5,142)
At 31 December 2020	331,020	3,995	335,015
	Note 14		

The notes on pages 18 to 107 are an integral part of these financial statements.

Bina Darulaman Berhad

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Statement of cash flows for the year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Loss before tax		(5,142)	(7,627)
Adjustments for :			
Depreciation of property, plant and equipment	3	863	1,101
Gain on disposal of property, plant and equipment		-	(137)
Dividend income		(10,000)	(8,000)
Interest income		(1,858)	(2,823)
Interest expense		1,386	1,763
Impairment loss on investment in subsidiaries		2,044	8,825
Impairment loss on advances to subsidiaries		5,272	-
Operating loss before working capital changes		(7,435)	(6,898)
Changes in working capital :			
Inventories		1,661	2,616
Trade and other receivables		1,576	15,956
Trade and other payables		2,116	(917)
Cash (used in)/generated from operations		(2,082)	10,757
Interest paid		(1,386)	(1,763)
Tax (paid)/refunded		(14)	85
Dividend received		-	8,000
Net cash (used in)/from operating activities		(3,482)	17,079
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(131)	(73)
Proceeds from disposal of plant and equipment		-	305
Proceeds from disposal of other investments		-	10,741
Purchase of other investments		(662)	-
Interest income received		1,858	2,823
Refund from/(advances to) subsidiaries		1,009	(8,481)
Net cash from investing activities		2,074	5,315

Statement of cash flows for the year ended 31 December 2020 (continued)

	Note	2020 RM'000	2019 RM'000
Cash flows from financing activities			
Repayment of SUKUK	A	(30,000)	(20,000)
Drawdown of term loan	A	29,500	-
Repayment of hire purchase liabilities	A	(58)	(265)
Net cash used in financing activities		<u>(558)</u>	<u>(20,265)</u>
Net (decrease)/increase in cash and bank balances		(1,966)	2,129
Cash and bank balances at beginning of year		5,731	3,602
Cash and bank balances at end of year	12	<u>3,765</u>	<u>5,731</u>

Note

A. *Changes in liabilities arising from financing activities are as follows :*

	At 1 January 2019 RM'000	Repayment during the year RM'000	At 31 December 2019/ 1 January 2020 RM'000	Drawdown/ (Repayment) during the year RM'000	At 31 December 2020 RM'000
SUKUK	50,000	(20,000)	30,000	(30,000)	-
Term loan	-	-	-	29,500	29,500
Hire purchase liabilities	395	(265)	130	(58)	72
Total loan and borrowings	<u>50,395</u>	<u>(20,265)</u>	<u>30,130</u>	<u>(558)</u>	<u>29,572</u>

The notes on pages 18 to 107 are an integral part of these financial statements.

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Notes to the financial statements

Bina Darulaman Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Aras 9, Menara BDB
No. 88, Lebuhraya Darulaman
05100 Alor Setar
Kedah Darul Aman

The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the year ended 31 December 2020 do not include other entities.

The principal activities of the Company are investment holding, provision of management services, oil palm plantation and property development whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

The ultimate holding company is Perbadanan Kemajuan Negeri Kedah, a statutory body formed in Malaysia.

These financial statements were approved by the Board of Directors on 30 April 2021.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company :

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable, in the respective financial years when the abovementioned accounting standards, interpretations and amendments become effective.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

- Note 4 Valuation of investment properties
- Note 5 Impairment of investment in subsidiaries
- Note 17 Revenue from sales of properties under construction

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

(i) *Recognition and initial measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Financial instrument categories and subsequent measurement*

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement (continued)*

Financial assets (continued)

(b) *Fair value through profit or loss*

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Financial guarantee contracts (continued)

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2. Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land and golf course are not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows :

Leasehold land	80 years
Office buildings, club house, chalets and other buildings	10 - 50 years
Estate development expenditure	10 years
Plant and machinery and site equipment	5 - 10 years
Furniture and fittings, electrical installations and office equipment	4 - 5 years
Renovation	5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(d) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. Significant accounting policies (continued)

(d) Leases (continued)

(ii) *Recognition and initial measurement*

(a) *As a lessee*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

(d) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other revenue".

2. Significant accounting policies (continued)

(e) Investment properties

(i) *Investment properties carried at fair value*

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) *Reclassification to/from investment properties*

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2. Significant accounting policies (continued)

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

(i) *Land held for property development*

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(ii) *Property development costs*

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including interest expense incurred during the period of active development.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

(iii) *Others*

The cost of building materials and consumables is determined using the weighted average method and comprises the cost of purchase of the inventories.

The cost of completed properties is determined on the specific identification basis and comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (continued)

(g) Non-current asset held for sale

Non-current assets comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative, impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. In the case of property development, contract asset is the excess to cumulative revenue earned over the billings to date. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2 (k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received or the amount is due from the customers. In the case of property development, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liability includes down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Costs to fulfill a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

2. Significant accounting policies (continued)

(i) Contract cost (continued)

These contracts costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has impaired, the impairment loss is reversed to the extent that the carrying amount of the contracts cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments including the accounts maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991 (as amended by Housing Development (Housing Development Account) (Amendment) Regulations 2015)). For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits and bank overdrafts, if any.

(k) Impairment

(i) *Financial assets*

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) *Financial assets (continued)*

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) *Other assets*

The carrying amounts of other assets (except for inventories, contract assets deferred tax assets, investment properties measured at fair value and non-current assets held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) *Other assets (continued)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (group of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) *Issue expenses*

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) *Ordinary shares*

Ordinary shares are classified as equity.

2. Significant accounting policies (continued)

(m) Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) *State plans*

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Revenue and other income

(i) *Revenue*

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(i) Revenue (continued)

Nature of goods and services

The following is a description of the principal activities, separated by reportable segments from which the Group generates its revenue. For more detailed information about reportable segments, see Note 29.

Property development and construction segments

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation :

- direct measurement of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the financial reporting period as a percentage of total estimated costs for complete satisfaction of the contract)

If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

In respect of a completed development property where the Group has no enforceable right to payment until the control of the property is transferred to the customer, revenue is recognised at a point in time when the control is transferred to the customer. Revenue is measured at the transaction price agreed under the contract.

Road building and quarry segments

Revenue from road building is recognised over time using the cost incurred method.

Revenue from sand quarry and premix aggregate are recognised at the point in time. Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, net of returns and allowances, trade discounts and volume rebates.

Leisure and hospitality segment

The income from water theme park entrance fees, rental of rooms, subscription and green fees, rental of golfing facilities and other related income are recognised at the point in time.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(i) Revenue (continued)

Oil palm fresh fruit brunches

Revenue is recognised at the point in time. Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, net of returns and allowances, trade discounts and volume rebates.

(ii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Management fees

Management fees are recognised when services are rendered.

(v) Interest income and profit from Islamic deposit

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(vi) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating income on a systematic basis.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. Significant accounting policies (continued)

(p) Borrowing costs (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(e), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

2. Significant accounting policies (continued)

(q) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own share held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer/Chief Corporate Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(u) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	* Land, buildings and estate development expenditure RM'000	Plant and machinery and site equipment RM'000	# Others RM'000	Motor vehicles RM'000	Construction work-in- progress RM'000	Total RM'000
Group						
Cost						
At 1 January 2019	85,386	64,757	19,292	13,877	619	183,931
Additions	1,194	401	1,169	-	2,246	5,010
Disposals	-	(2,286)	(67)	(1,337)	-	(3,690)
Written off	(1)	(51)	(26)	-	-	(78)
Reclassification	620	-	-	-	(620)	-
At 31 December 2019/1 January 2020	87,199	62,821	20,368	12,540	2,245	185,173
Additions	450	2,309	252	2,246	186	5,443
Disposals	-	(830)	(18)	(1,051)	-	(1,899)
Written off	-	-	(56)	-	-	(56)
Transfer from investment properties (Note 4)	5,338	-	-	-	-	5,338
At 31 December 2020	92,987	64,300	20,546	13,735	2,431	193,999

3. Property, plant and equipment (continued)

Group	* Land, buildings and estate development expenditure RM'000	Plant and machinery and site equipment RM'000	# Others RM'000	Motor vehicles RM'000	Construction work-in- progress RM'000	Total RM'000
Accumulated depreciation and impairment loss						
Accumulated depreciation - At 1 January 2019	15,569	45,375	13,133	10,535	-	84,612
Depreciation charge for the year	2,229	3,490	2,397	1,685	-	9,801
Disposals	-	(2,270)	(64)	(1,168)	-	(3,502)
Impairment loss	6,237	-	473	-	-	6,710
Written off	(1)	(51)	(21)	-	-	(73)
At 31 December 2019/1 January 2020						
Accumulated depreciation	17,797	46,544	15,445	11,052	-	90,838
Accumulated impairment loss	6,237	-	473	-	-	6,710
	24,034	46,544	15,918	11,052	-	97,548
Depreciation charge for the year	1,593	3,564	1,947	1,233	-	8,337
Disposals	-	(830)	(17)	(1,051)	-	(1,898)
Impairment loss	148	-	-	-	-	148
Written off	-	-	(52)	-	-	(52)
At 31 December 2020						
Accumulated depreciation	19,390	49,278	17,323	11,234	-	97,225
Accumulated impairment loss	6,385	-	473	-	-	6,858
	25,775	49,278	17,796	11,234	-	104,083

3. Property, plant and equipment (continued)

	* Land, buildings and estate development expenditure RM'000	Plant and machinery and site equipment RM'000	# Others RM'000	Motor vehicles RM'000	Construction work-in- progress RM'000	Total RM'000
Group						
Carrying amounts						
At 1 January 2019	69,817	19,382	6,159	3,342	619	99,319
At 31 December 2019/1 January 2020	63,165	16,277	4,450	1,488	2,245	87,625
At 31 December 2020	67,212	15,022	2,750	2,501	2,431	89,916

Others comprise furniture and fittings, electrical installations and office equipment as well as renovation.

3. Property, plant and equipment (continued)

* Land, buildings and estate development expenditure for the Group :

	Freehold land RM'000	Long term leasehold land RM'000	Office building RM'000	Golf course RM'000	Club house, chalets and other buildings RM'000	Estate development expenditure RM'000	Total RM'000
Group							
Cost							
At 1 January 2019	9,595	6,316	28,669	9,606	30,339	861	85,386
Additions	-	-	913	-	281	-	1,194
Written off	-	-	-	-	(1)	-	(1)
Reclassification	-	-	-	-	620	-	620
At 31 December 2019/ 1 January 2020	9,595	6,316	29,582	9,606	31,239	861	87,199
Additions	-	-	-	-	450	-	450
Transfer from investment properties (Note 4)	5,338	-	-	-	-	-	5,338
At 31 December 2020	14,933	6,316	29,582	9,606	31,689	861	92,987

3. Property, plant and equipment (continued)

* Land, buildings and estate development expenditure for the Group (continued):

Group	Freehold land RM'000	Leasehold land RM'000	Office building RM'000	Golf course RM'000	Club house, chalets and other buildings RM'000	Estate development expenditure RM'000	Total RM'000
Accumulated depreciation and impairment loss							
Accumulated depreciation							
- At 1 January 2019	-	1,291	5,160	-	8,257	861	15,569
Impairment loss	-	-	6,237	-	-	-	6,237
Depreciation charge for the year	-	79	1,073	-	1,077	-	2,229
Written off	-	-	-	-	(1)	-	(1)
At 31 December 2019/ 1 January 2020							
Accumulated depreciation	-	1,370	6,233	-	9,333	861	17,797
Accumulated impairment loss	-	-	6,237	-	-	-	6,237
	-	1,370	12,470	-	9,333	861	24,034
Depreciation charge for the year	-	79	733	-	781	-	1,593
Impairment loss	-	-	148	-	-	-	148
At 31 December 2020							
Accumulated depreciation	-	1,449	6,385	-	10,114	861	18,809
Accumulated impairment loss	-	-	6,966	-	-	-	6,966
	-	1,449	13,351	-	10,114	861	25,775

3. Property, plant and equipment (continued)

* Land, buildings and estate development expenditure for the Group (continued):

Group	Freehold land RM'000	Leasehold land RM'000	Office building RM'000	Golf course RM'000	Club house, chalets and other buildings RM'000	Estate development expenditure RM'000	Total RM'000
Carrying amounts							
At 1 January 2019	9,595	5,025	23,509	9,606	22,082	-	69,817
At 31 December 2019/ 1 January 2020	9,595	4,946	17,112	9,606	21,906	-	63,165
At 31 December 2020	14,933	4,867	16,231	9,606	21,575	-	67,212

3. Property, plant and equipment (continued)

	Leasehold land RM'000	Office building RM'000	Estate development expenditure RM'000	Plant and machinery RM'000	# Others RM'000	Motor vehicles RM'000	Total RM'000
Company							
Cost							
At 1 January 2019	6,000	11,458	861	3,408	5,285	1,103	28,115
Additions	-	-	-	-	73	-	73
Disposals	-	-	-	-	(2)	(459)	(461)
Written off	-	-	-	-	(1)	-	(1)
At 31 December 2019/ 1 January 2020	6,000	11,458	861	3,408	5,355	644	27,726
Additions	-	-	-	-	131	-	131
Disposals	-	-	-	-	(15)	-	(15)
Written off	-	-	-	-	(18)	-	(18)
At 31 December 2020	6,000	11,458	861	3,408	5,453	644	27,824

3. Property, plant and equipment (continued)

	Leasehold land RM'000	Office building RM'000	Estate development expenditure RM'000	Plant and machinery RM'000	# Others RM'000	Motor vehicles RM'000	Total RM'000
Company							
Accumulated depreciation							
At 1 January 2019	1,237	3,438	861	3,344	3,906	616	13,402
Depreciation charge for the year	75	229	-	6	612	179	1,101
Disposals	-	-	-	-	(2)	(291)	(293)
Written off	-	-	-	-	(1)	-	(1)
At 31 December 2019/ 1 January 2020	1,312	3,667	861	3,350	4,515	504	14,209
Depreciation charge for the year	75	229	-	6	485	68	863
Disposals	-	-	-	-	(15)	-	(15)
Written off	-	-	-	-	(18)	-	(18)
At 31 December 2020	1,387	3,896	861	3,356	4,967	572	15,039

3. Property, plant and equipment (continued)

	Leasehold land RM'000	Office building RM'000	Estate development expenditure RM'000	Plant and machinery RM'000	# Others RM'000	Motor vehicles RM'000	Total RM'000
Company							
Carrying amounts							
At 1 January 2019	4,763	8,020	-	64	1,379	487	14,713
At 31 December 2019/ 1 January 2020	4,688	7,791	-	58	840	140	13,517
At 31 December 2020	4,613	7,562	-	52	486	72	12,785

Others comprise furniture and fittings, electrical installations and office equipment as well as renovation.

3. Property, plant and equipment (continued)

3.1 Assets under hire purchase

During the financial year, the Group and the Company acquired property, plant and equipment by the following means :

	2020 RM'000	2019 RM'000
Group		
Hire purchase	4,358	-
Cash and cash equivalents	1,085	5,010
	<u>5,443</u>	<u>5,010</u>
Company		
Cash and cash equivalents	<u>131</u>	<u>73</u>

Included in the carrying amount of property, plant and equipment are the following assets acquired under hire purchase arrangement:

	2020 RM'000	2019 RM'000
Group		
Plant and machinery	9,726	6,861
Motor vehicles	256	346
	<u>9,982</u>	<u>7,207</u>

3.2 Fully depreciated assets

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM50,552,000 (2019 : RM45,356,000) and RM8,396,000 (2019 : RM7,088,000) respectively.

4. Investment properties

	Freehold land RM'000	Leasehold land RM'000	Building RM'000	Assets under construction RM'000	Total RM'000
Group					
At fair value					
1 January 2019	21,812	16,600	-	2,148	40,560
Additions	1,680	-	-	11,209	12,889
Transfer from inventories (Note 6.1)	3,658	-	-	-	3,658
Reclassification	-	-	13,357	(13,357)	-
Change in fair value recognised in profit or loss	5,892	1,175	(2,887)	-	4,180
At 31 December 2019/1 January 2020	33,042	17,775	10,470	-	61,287
Transfer to property, plant and equipment (Note 3)	(5,338)	-	-	-	(5,338)
At 31 December 2020	27,704	17,775	10,470	-	55,949
			Freehold land RM'000	Building RM'000	Total RM'000
Company					
At 1 January 2019/31 December 2019/ 1 January 2020/31 December 2020			2,326	14,030	16,356

4. Investment properties (continued)

4.1 The following are recognised in profit or loss :

	2020 RM'000	2019 RM'000
Group		
Rental income	500	-
Direct operating expenses :		
- income generating investment property	16	-
- non-income generating investment property	<u>1,974</u>	<u>2,420</u>
Company		
Rental income	120	120
Direct operating expenses :		
- income generating investment property	<u>12</u>	<u>12</u>

4.2 Security

Investment properties of the Group with carrying amount of RM45,479,000 (2019: RM45,479,000) are pledged as security for borrowing (Note 15.1).

4.3 Operating lease payments receivable

The operating lease payments to be received are as follows:

	2020 RM'000	2019 RM'000
Group		
Less than one year	608	133
One to two years	646	185
Two to three years	327	185
Three to four years	299	299
Four to five years	299	299
More than five years	4,435	4,809
Total undiscounted lease payments	<u>6,614</u>	<u>5,910</u>

4.4 Fair value information

Investment property of the Group comprises undeveloped land located at Langkawi, Axis Commercial Hub and petrol station. Investment property of the Company comprises serviced apartment that is leased to a subsidiary to earn rental income or held for capital appreciation. The fair value of the properties is classified as level 3 where there have been no recent transactions of similar properties at or near reporting date.

Level 3 fair value is estimated using unobservable inputs for the investment properties. The valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models are disclosed in the following paragraphs.

4. Investment properties (continued)

4.4 Fair value information (continued)

Fair value is determined by the independent external valuer using the comparable approach with relevant adjustments being made to key attributes such as the timing of the transaction, land size and shape, accessibility of the location, zoning, tenure and etc.

The most significant input into this valuation approach is price per square foot which would increase/(decrease) the estimated fair value if the price per square foot is higher/(lower).

4.5 Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation companies provide the fair value of the Group's investment properties every twelve months. Changes in Level 3 fair values are analysed by the management every twelve months after obtaining valuation reports from the valuation companies.

4.6 Highest and best use

The Group's and the Company's investment properties are currently valued at their highest and best use. The investment properties are situated within sizeable populations.

5. Investment in subsidiaries - Company

	2020 RM'000	2019 RM'000
Unquoted shares, at cost	77,825	78,325
Accumulated impairment losses	(15,485)	(13,941)
	<u>62,340</u>	<u>64,384</u>
Advances to subsidiaries*	49,946	50,955
Impairment loss	(5,272)	-
	<u>44,674</u>	<u>50,955</u>
	<u>107,014</u>	<u>115,339</u>

* The advances to subsidiaries as at year end were classified as non-current as the Company recognised these amounts as a long term source of capital to those subsidiaries.

5. Investment in subsidiaries - Company (continued)

5.1 The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
BDB Land Sdn. Bhd. (BDB Land)*	Malaysia	Property development, investment holding and project management services	100	100
BDB Synergy Sdn. Bhd.	Malaysia	Building and general contractor	100	100
BDB Infra Sdn. Bhd.	Malaysia	Granite quarry operator and civil engineering contractor	100	100
Kedah Holdings Sdn. Bhd.*	Malaysia	Property development and property investment	100	100
BDBMBI Langkawi Ventures Sdn. Bhd.*	Malaysia	Granite quarry operator and construction material supplier	100	100
Aman Lagenda Sdn. Bhd.*	Malaysia	Property investment	100	100
BDB Leisure Sdn. Bhd.*	Malaysia	Water theme park operator	100	100
BDB Construction Sdn. Bhd.	Malaysia	Dormant	100	100
BDB Hotels Sdn. Bhd.*	Malaysia	Dormant	100	100
BDB I Holdings Berhad*#	Malaysia	Dormant	100	100
Subsidiary of BDB Land				
BDB Darulaman Golf Resort Berhad (BDGRB)*^	Malaysia	Golf resort owner and operator	99	99

* The Company has provided financial support to these subsidiaries.

^ 52,218 ordinary shares are equivalent to 99% and are held by a subsidiary of the Company.

A wholly-owned subsidiary of which 2 ordinary shares are held in trust by one of the Directors of the subsidiary.

5. Investment in subsidiaries - Company (continued)

5.2 Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	2020 RM'000	2019 RM'000
NCI percentage of ownership interest and voting interest - BDGRB	1%	1%
Carrying amount of NCI	-	-
Loss allocated to NCI	22	-
Summarised financial information before intra-group elimination :		
As at 31 December		
Non-current assets	13,250	14,149
Current assets	1,224	1,074
Non-current liabilities	(246)	(447)
Current liabilities	(18,597)	(17,440)
Net liabilities	(4,369)	(2,664)
Year ended 31 December		
Revenue	3,493	5,351
Loss and total comprehensive expense for the year	(1,705)	(1,951)
Cash flows from operating activities	(345)	195
Cash flows used in investing activities	(14)	(28)
Cash flows used in financing activities	522	(390)
Net decrease in cash and cash equivalents	(163)	(223)
Dividend paid to NCI	-	-

6. Inventories

	Note	2020 RM'000	2019 RM'000
Group			
<i>Non-current</i>			
Land held for property development	6.1	<u>336,419</u>	<u>326,913</u>
<i>Current</i>			
At cost :			
Properties held for sale	6.3	17,311	32,117
Consumables and spares		1,779	1,476
Building materials		4,622	4,680
		<u>23,712</u>	<u>38,273</u>
Property development costs	6.2	33,913	31,045
		<u>57,625</u>	<u>69,318</u>
Company			
<i>Non-current</i>			
Land held for property development	6.1	<u>217,602</u>	<u>217,602</u>
<i>Current</i>			
At cost :			
Properties held for sale		<u>394</u>	<u>2,055</u>

6.1 Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Total RM'000
Group			
At 1 January 2019	299,645	54,165	353,810
Additions	20,678	-	20,678
Transferred to property development costs (Note 6.2)	(3,140)	-	(3,140)
Transfer to investment properties (Note 4)	(3,658)	-	(3,658)
Disposals of development land	(19,145)	-	(19,145)
Transfer to assets held for sale (Note 13)	(21,632)	-	(21,632)
At 31 December 2019	<u>272,748</u>	<u>54,165</u>	<u>326,913</u>

6. Inventories (continued)

6.1 Land held for property development (continued)

Group	Freehold land RM'000	Leasehold land RM'000	Total RM'000
At 31 December 2019/1 January 2020	272,748	54,165	326,913
Additions	4,841	-	4,841
Transfer to property development costs (Note 6.2)	(5,677)	-	(5,677)
Transfer from assets held for sale (Note 13)	10,342	-	10,342
At 31 December 2020	<u>282,254</u>	<u>54,165</u>	<u>336,419</u>
Company			
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020	<u>165,352</u>	<u>52,250</u>	<u>217,602</u>

6.1.1 Other outgoing costs

Included in land held for property development of the Group and of the Company are amounts of RM90,802,000 (2019 : RM88,153,000) and RM11,076,000 (2019 : RM11,076,000) respectively representing other outgoing cost incurred.

6.1.2 Security

Freehold land of the Group with carrying amount of RM23,676,677 (2019: RM29,688,504) are pledged as security for borrowings (Note 15.1).

6.1.3 Profit sharing arrangement

Included in land held for property development is an amount of RM385,000 (2019: RM385,000) representing freehold land and development expenditure incurred for a profit sharing project.

6. Inventories (continued)

6.1 Land held for property development (continued)

6.1.3 Profit sharing arrangement (continued)

The profit sharing arrangement is with the ultimate holding company whereby the Group acquired a piece of land from the ultimate holding company for mixed development purposes. The profits, if any, from the profit sharing project is to be shared at the following proportion by the two parties and are payable on percentage of completion basis.

	2020	2019
The Group	80%	80%
Ultimate holding company	20%	20%

Losses, if any, from the profit sharing project will be borne by the Group.

Contingent liabilities from the profit sharing arrangement may arise due to the possible obligation on profit sharing from the land held for development.

6.2 Property development costs - Group

	2020 RM'000	2019 RM'000
At 1 January		
Land	7,117	7,180
Development costs	23,928	11,792
	31,045	18,972
Add :		
Development costs incurred during the year	43,467	58,772
Transfer from land held for property development (Note 6.1)	5,677	3,140
	49,144	61,912

6. Inventories (continued)

6.2 Property development costs - Group (continued)

	2020 RM'000	2019 RM'000
Less :		
Transferred to properties held for sale	(4)	(7,816)
Cost transferred to cost to fulfil contract (Note 9.2)	(46,272)	(42,023)
	(46,276)	(49,839)
At 31 December *	33,913	31,045
* This amount comprises :		
Freehold land	9,450	7,117
Development costs	24,463	23,928
	33,913	31,045

6.2.1 Security

The freehold land with carrying amount of RM7,075,369 (2019 : RM7,023,000) are pledged on security for borrowings (Note 15.1).

6.3 Properties held for sale

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM14,806,000 (2019 : RM21,480,000).

7. Other investments

	2020 RM'000	2019 RM'000
Group		
Financial assets at fair value through profit or loss		
- non-current	135	135
- current	3,315	2,653
	3,450	2,788
Company		
Financial assets at fair value through profit or loss		
- current	3,315	2,653

8. Deferred tax assets/(liabilities)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Property, plant and equipment						
- capital allowances	-	-	(573)	(1,166)	(573)	(1,166)
Other temporary differences	1,610	1,112	-	-	1,610	1,112
Real Property Gain Tax (RPGT) on changes in fair value of investment properties	-	-	(453)	(453)	(453)	(453)
Tax assets/(liabilities)	1,610	1,112	(1,026)	(1,619)	584	(507)
Set-off of tax	(1,026)	(1,112)	1,026	1,112	-	-
	584	-	-	(507)	584	(507)
Company						
RPGT on changes in fair value of investment properties	-	-	(842)	(842)	(842)	(842)
Other temporary differences	103	103	-	-	103	103
	103	103	(842)	(842)	(739)	(739)

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

8. Deferred tax assets/(liabilities) (continued)***Recognised deferred tax assets and liabilities (continued)***

Movements in temporary differences during the year are as follows :

	At 1 January 2019 RM'000	Charged to profit or loss (Note 23) RM'000	At 31 December 2019/ 1 January 2020 RM'000	Charged to profit or loss (Note 23) RM'000	At 31 December 2020 RM'000
Group					
Property, plant and equipment-capital allowances	(1,314)	148	(1,166)	593	(573)
Other temporary differences	704	408	1,112	498	1,610
RPGT on changes in fair value of investment properties	(203)	(250)	(453)	-	(453)
	<u>(813)</u>	<u>306</u>	<u>(507)</u>	<u>1,091</u>	<u>584</u>

Company

RPGT on changes in fair value of investment property	(842)	-	(842)	-	(842)
Other temporary differences	-	103	103	-	103
	<u>(842)</u>	<u>103</u>	<u>(739)</u>	<u>-</u>	<u>(739)</u>

Unrecognised deferred tax assets

No deferred tax assets have been recognised for the following items (stated at gross) :

	2020 RM'000	2019 RM'000
Group		
Unutilised tax losses	55,749	62,015
Unabsorbed capital allowances	21,126	19,104
Other temporary differences	5,775	4,439
	<u>82,650</u>	<u>85,558</u>

8. Deferred tax assets/(liabilities) (continued)*Unrecognised deferred tax assets (continued)*

	2020 RM'000	2019 RM'000
Company		
Unutilised tax losses	24,464	21,724
Unabsorbed capital allowances	4,067	3,745
Other temporary differences	1,843	627
	<u>30,374</u>	<u>26,096</u>

The unutilised tax losses will expire under the current tax legislation of Malaysia. The expiry of the various unutilised tax losses are shown below :

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses				
- Expire in YA2025	44,653	56,270	17,978	17,978
- Expire in YA2026	5,745	5,745	3,746	3,746
- Expire in YA2027	5,351	-	2,740	-
	<u>55,749</u>	<u>62,015</u>	<u>24,464</u>	<u>21,724</u>

The unabsorbed capital allowances do not expire under current tax legislation. Certain deferred tax assets have not been recognised as it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised tax losses carry-forward, capital allowances carry-forward and other temporary differences available to the Group and the Company.

9. Contract with customers - Group**9.1 Contract assets/(liabilities)**

	2020 RM'000	2019 RM'000
Contract assets	<u>42,852</u>	<u>22,994</u>
Contract liabilities	<u>(3,653)</u>	<u>(10,191)</u>

9. Contract with customers - Group (continued)

9.1 Contract assets/(liabilities) (continued)

Significant changes to contract assets and contract liabilities balances during the period are as follows :

	2020 RM	2019 RM
Opening balance	7,005	(6,611)
Revenue recognised during the financial year	89,689	100,897
Progress billings raised during the financial year	(57,495)	(81,483)
Closing balance	<u>39,199</u>	<u>12,803</u>
Represented by :		
Contract assets	42,852	22,994
Contract liabilities	(3,653)	(10,191)
	<u>39,199</u>	<u>12,803</u>

The cost incurred to date on construction contracts included the following charges made during the financial year :

	2020 RM'000	2019 RM'000
Rental of premises	30	-
Staff costs	<u>3,919</u>	<u>4,022</u>

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its property development and construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which revenue is recognised over time during the property development and constructions activities.

9.2 Contracts costs

	2020 RM'000	2019 RM'000
Cost to fulfill a contract	1,037	232
Cost to obtain a contract	521	-
	<u>1,558</u>	<u>232</u>

9. Contract with customers - Group (continued)**9.2 Contracts costs (continued)**

Movements in contract costs during the financial year are as follows :

	2020 RM'000	2019 RM'000
Opening balance	232	131
Additions	1,342	-
Transfer from property development costs (Note 6.2)	46,272	42,023
Costs charged to profit or loss	(46,288)	(41,922)
Closing balance	<u>1,558</u>	<u>232</u>

10. Trade and other receivables

	Note	2020 RM'000	2019 RM'000
Group			
Trade			
Third parties		70,066	61,970
Amount due from ultimate holding company	10.1	-	730
		70,066	62,700
Less : Allowance for impairment		(3,235)	(3,250)
		66,831	59,450
Retention sums		4,786	9,469
Less : Allowance for impairment		-	(441)
		4,786	9,028
		<u>71,617</u>	<u>68,478</u>
Non-trade			
Amount due from ultimate holding company	10.1	12	12
Prepayments		1,169	813
Refundable deposits		2,587	2,597
Other receivables		1,159	2,838
		4,927	6,260
Less : Allowance for impairment - third parties		(464)	(464)
		4,463	5,796
		<u>76,080</u>	<u>74,274</u>

10. Trade and other receivables (continued)

	Note	2020 RM'000	2019 RM'000
Company			
Trade			
Third parties		51	51
Non-trade			
Amount due from subsidiaries	10.2	12,555	12,466
Prepayments		64	95
Refundable deposits		243	250
Other receivables		15	290
Dividend receivable		10,000	-
		22,877	13,101
Less : Allowance for impairment on subsidiaries		(9,327)	(7,975)
		13,550	5,126
		<u>13,601</u>	<u>5,177</u>

10.1 Amounts due from ultimate holding company

The trade amount due from ultimate holding company was unsecured and subject to normal trade terms. The non-trade amount due from ultimate holding company is unsecured, interest-free and repayable on demand.

10.2 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

11. Deposits with licensed banks - Group

	2020 RM'000	2019 RM'000
Aged more than 3 months	9,161	8,340
Aged within 3 months	5,392	10,135
	<u>14,553</u>	<u>18,475</u>

Deposits placed with the licensed banks which are government-related entities amounted to RM12,090,000 (2019 : RM16,157,000).

Deposits of the Group amounted to RM8,629,000 (2019 : RM9,983,000) are pledged for bank facilities granted to the Group (Note 15.1).

12. Cash and bank balances

Included in cash and bank balances of the Group are amounts of RM15,936,000 (2019: RM8,062,000), where the utilisation is subject to the Housing Development (Housing Development Account) Regulations 1991.

Cash and bank balances of the Group and of the Company that were placed in banks which are government-related entities amounted to RM39,157,000 (2019 : RM39,216,000) and RM3,758,000 (2019 : RM5,728,000) respectively.

13. Non-current assets classified as held for sale - Group

Part of the development land is presented as asset held for sale following the commitment of the Group's management to a plan to sell portion of the land. Efforts to sell the disposal development land had commenced.

The details of the non-current assets held for sale are as follows :

	2020 RM'000	2019 RM'000
At beginning of the year	21,632	-
Transfer (to)/from Inventories - land held for property development (Note 6.1)	(10,342)	21,632
Disposal	(11,290)	-
At end of the year	<u>-</u>	<u>21,632</u>

The carrying value of the land held for property development is the same as its carrying value before it was being reclassified to current asset.

14. Share capital

	2020		2019	
	Amount RM'000	Number of shares	Amount RM'000	Number of shares
Issued and fully paid ordinary shares with no par value classified as equity instruments	<u>331,020</u>	<u>303,855</u>	<u>331,020</u>	<u>303,855</u>

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

15. Loans and borrowings

Group	Note	2020 RM'000	2019 RM'000
Current			
Secured :			
Term loan 1	15.1	11,412	5,885
Term loan 2	15.1	1,970	1,970
Term loan 3	15.1	5,010	7,089
Term loan 4	15.1	4,500	-
Term loan 5	15.1	5,438	-
Bankers' acceptances	15.1	4,641	1,572
Unsecured :			
Bank overdrafts		15,176	12,121
Revolving credit	15.1	39,000	42,000
Islamic commercial papers-Sukuk Wakalah Programme (SUKUK)	15.1	-	30,000
Hire purchase liabilities	15.2	2,227	1,807
		89,374	102,444
Non-current			
Secured :			
Term loans :			
Term loan 1	15.1	6,224	18,212
Term loan 2	15.1	354	1,339
Term loan 4	15.1	25,000	-
Term loan 5	15.1	-	8,000
Hire purchase liabilities	15.2	3,481	1,608
		35,059	29,159
		<u>124,433</u>	<u>131,603</u>
Company			
Current			
Term loan 4	15.1	4,500	-
Islamic commercial papers-Sukuk Wakalah Programme (SUKUK)	15.1	-	30,000
Hire purchase liabilities	15.2	54	57
		4,554	30,057
Non-current			
Term loan 4	15.1	25,000	-
Hire purchase liabilities	15.2	18	73
		25,018	73
		<u>29,572</u>	<u>30,130</u>

15. Loans and borrowings (continued)

15.1 Security

Term loan 1

Term loan 1 relates to Murabahah Term Financing-i up to RM25.6 million by Affin Islamic Bank Berhad to finance 80% of the purchase price of 2 parcels of industrial land located at Langkawi and is secured by way of :

- (a) first legal charge over the land as disclosed in Note 4.2; and
- (b) corporate guarantee by the Company of RM25.6 million.

Term loan 2

Term loan 2 relates to Musharakah Mutanaqisah Term Financing-i up to RM9.85 million by Affin Islamic Bank Berhad to finance 80% of the purchase price of 2 parcels of land located at Kubang Pasu and Kuala Kangsar and is secured by way of:

- (a) first legal charge over the land held for development as disclosed in Notes 6.1.2 and 6.2.1; and
- (b) corporate guarantee by the Company of RM9.85 million.

Term loan 3

Term loan 3 relates to facility from Maybank Islamic Bank Berhad to finance the construction cost and development expenditures and is secured by way of:

- (a) first legal charge over the land held for development as disclosed in Note 6.1.2; and
- (b) corporate guarantee by the Company of RM280 million.

Term loan 4

Term loan 4 relates to facility from Maybank Islamic Bank Berhad to refinance the SUKUK issued by the Company and subscribed by Maybank Global Market amounting to RM30 million. Term loan 4 is secured by way of:

- (a) first legal charge over agriculture land located at Langkawi and Kulim; and
- (b) third party charge over agriculture land located at Jitra.

Term loan 5

Term loan 5 relates to facility from Small Medium Development Bank Malaysia Berhad to part finance mixed development expenditures at Pokok Sena amounting to RM18 million. Term loan 5 is secured by way of :

- (a) third party first legal charge over the property at Kulim;
- (b) first party second legal charge over land held for development as disclosed in Notes 6.1.2; and
- (c) Corporate guarantee by the Company of RM5 million.

15. Loans and borrowings (continued)

15.1 Security (continued)

Islamic Commercial Papers – Sukuk Wakalah Programme (SUKUK)

The unsecured Islamic Commercial Papers bore interest at 5.25% per annum in 2019. The amount was fully settled during the financial year.

Bankers' acceptances

Bankers' acceptances which bear interest rate at 3.30 % (2019: 3.80%) per annum were related to facility from OCBC Al-Amin Bank Berhad for working capital purposes and was secured by cash deposits (Note 11) and a corporate guarantee from the Company.

Revolving credit

Revolving credit which bears interest rate at 4.80% (2019: 5.65%) per annum relates to facility from Affin Islamic Bank Berhad and Bank Islam Malaysia Berhad for working capital purpose.

15.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Future minimum lease payments 2020 RM'000	Interest 2020 RM'000	Present value of minimum lease payments 2020 RM'000
Less than one year	2,491	264	2,227
Between one and five years	3,765	284	3,481
	6,256	548	5,708
Company			
Less than one year	62	8	54
Between one and five years	20	2	18
	82	10	72

15. Loans and borrowings (continued)

15.2 Hire purchase liabilities (continued)

Group	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000
Less than one year	1,964	157	1,807
Between one and five years	1,692	84	1,608
	<u>3,656</u>	<u>241</u>	<u>3,415</u>
Company			
Less than one year	63	6	57
Between one and five years	82	9	73
	<u>145</u>	<u>15</u>	<u>130</u>

16. Trade and other payables

	Note	2020 RM'000	2019 RM'000
Group			
Trade			
Trade payables		97,370	94,769
Amount due to ultimate holding company	16.1	1,298	2,529
		<u>98,668</u>	<u>97,298</u>
Non-trade			
Other payables and accruals		30,153	32,513
Refundable deposits		1,200	584
Amount due to ultimate holding company	16.1	7,206	4,125
Amount due to related companies	16.2	356	5,437
		<u>38,915</u>	<u>42,659</u>
		<u>137,583</u>	<u>139,957</u>

16. Trade and other payables (continued)

	Note	2020 RM'000	2019 RM'000
Company			
Non-trade			
Other payables and accruals		2,661	1,901
Refundable deposits		280	269
Amount due to ultimate holding company	16.1	4,127	4,125
Amount due to subsidiaries	16.2	2,473	1,130
		<u>9,541</u>	<u>7,425</u>

16.1 Amount due to ultimate holding company

The trade amount due to ultimate holding company is unsecured and subject to normal trade term.

The non-trade amount due to ultimate holding company is unsecured, interest-free and payable on demand.

16.2 Amount due to related companies and subsidiaries

The non-trade amounts due to related companies and subsidiaries are unsecured, interest-free and payable on demand.

17. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contract customers				
<i>Over time</i>				
- Sales of development properties	58,700	52,387	-	-
- Revenue from construction contracts	30,989	48,510	-	-
	<u>89,689</u>	<u>100,897</u>	<u>-</u>	<u>-</u>

17. Revenue (continued)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contract customers (continued)				
<i>At a point in time</i>				
- Sales of completed properties and land	40,574	73,728	2,030	3,065
- Revenue from sand quarry, road paving and premix aggregate	84,021	63,684	-	-
- Revenue from water theme park, golf resort and hotel operations	3,455	8,525	-	-
- Sales of oil palm fresh fruit bunches	887	1,178	883	1,095
	128,937	147,115	2,913	4,160
	218,626	248,012	2,913	4,160
Other revenue				
Management fees from subsidiaries	-	-	3,633	3,633
Dividend income from subsidiaries	-	-	10,000	8,000
Others	959	208	-	-
	959	208	13,633	11,633
	219,585	248,220	16,546	15,793

17.1 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	2021	2022	2023	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2020				
Sales of development properties and land	15,824	3,923	-	19,747
Revenue from road paving	70,000	70,000	11,516	151,516
Revenue from construction contracts	20,586	6,793	-	27,379
	106,410	80,716	11,516	198,642

17. Revenue (continued)**17.1 Transaction price allocated to the remaining performance obligations (continued)**

	2020 RM'000
Group	
2019	
Sales of development properties and land	35,590
Revenue from construction contracts	15,331
	<u>50,921</u>

The above revenue does not include variable consideration other than rebates given to customers.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

17.2 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- The Group recognised property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date compared to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of architects and quantitative surveyors.

17. Revenue (continued)

17.3 Revenue

Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
<i>Sales of development properties</i>	<i>Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group have rights to payment for work performed.</i>	<i>Credit period of 30 days from invoice date.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Defect liability period of 2 years is given to the customer.</i>
<i>Sales of completed properties and land</i>	<i>Revenue is recognised when the goods are delivered and accepted by the customers.</i>	<i>Credit period of 90 days from invoice date.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Defect liability period of 0.5 years is given to the customer.</i>
<i>Revenue from sand quarry, and premix aggregate</i>	<i>Revenue is recognised when the goods are delivered and accepted by the customers.</i>	<i>Credit period of 60 days from invoice date.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
<i>Revenue from road paving and construction contracts</i>	<i>Revenue is recognised over time using the cost incurred method.</i>	<i>Based on agreed milestones, certified by architects.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Defect liability period of 1 years is given to the customer.</i>
<i>Revenue from water theme park, golf resort and hotel operations</i>	<i>Revenue is recognised at point in time when the goods and services are rendered.</i>	<i>Credit period of 30 days from invoice date.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
<i>Revenue of oil palm fresh fruit bunches</i>	<i>Revenue is recognised at point in time when the goods and services are rendered.</i>	<i>Credit period of 30 days from invoice date.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>

18. Costs of sales

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost of development properties and land sold	74,230	62,971	1,661	2,616
Sand quarry, road paving and premix aggregate costs	72,503	60,122	-	-
Construction contract costs	22,727	63,105	-	-
Cost of water theme park, golf resort and hotel operations	5,856	8,611	-	-
Cost of oil palm fresh fruit bunches sold	605	954	603	904
Others	46	277	-	-
	<u>175,967</u>	<u>196,040</u>	<u>2,264</u>	<u>3,520</u>

19. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expenses of financial liabilities that are not at fair value through profit or loss	<u>7,379</u>	<u>9,629</u>	<u>1,386</u>	<u>1,763</u>

20. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at :

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
After charging :				
Auditors' remuneration :				
- Statutory audit	348	350	135	135
- Prior year	(2)	6	-	-
Non-audit fees				
- KPMG PLT	83	73	8	8
- affiliate of KPMG PLT	101	90	31	26
Depreciation of property, plant and equipment	8,337	9,801	863	1,101

20. Profit/(Loss) before tax (continued)

Profit/(Loss) before tax is arrived at (continued):

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
After charging (continued):				
Property, plant and equipment written off	4	5	-	-
Expenses relating to short-term leases	220	181	108	146
Expenses relating to leases of low-valued assets	43	42	43	42
Impairment loss on :				
- Investment in subsidiaries	-	-	2,044	8,825
- Advances to subsidiaries	-	-	5,272	-
- Property, plant and equipment	148	6,710	-	-
Bad debts written off	-	88	-	88
Royalties and tributes	1,358	1,393	-	-
and after crediting :				
Changes in fair value of investment properties	-	4,180	-	-
Rental income	959	895	1,241	1,164
Gain on disposal of property, plant and equipment	494	801	-	137
Interest income				
- Other investments	228	466	228	466
- Others	651	1,204	1,630	2,357
Dividend income from subsidiaries	-	-	10,000	8,000
Government grants*	1,807	-	-	-
Net loss/(gain) on impairment of financial instruments and contract assets				
Financial assets at amortised cost				
- Trade receivables	998	471	-	(434)
- Subsidiaries	-	-	1,352	1,135
	<u>998</u>	<u>471</u>	<u>1352</u>	<u>701</u>

* The Group and the Company received government grants as wages subsidy to retain local employees during the approved period of economic uncertainty brought about by the Coronavirus (COVID-19) outbreaks.

21. Employee benefits

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Personnel expense (including key management personnel)				
Wages and salaries	22,906	22,069	5,451	4,868
Social security costs	342	410	56	54
Contributions to employee provident fund	3,076	3,273	706	671
Other benefits	1,552	3,825	521	995
	<u>27,876</u>	<u>29,577</u>	<u>6,734</u>	<u>6,588</u>

22. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current Non-Executive Directors :				
Fees	216	196	194	156
Other emoluments	447	551	447	546
	<u>663</u>	<u>747</u>	<u>641</u>	<u>702</u>
Past Non-Executive Directors :				
Fees	130	-	89	-
Other emoluments	190	-	190	-
	<u>320</u>	<u>-</u>	<u>279</u>	<u>-</u>
Total directors' remuneration	983	747	920	702
Estimated monetary value of benefits-in-kind	66	3	66	3
Total directors' remuneration including benefits-in-kind	1,049	750	986	705
Key management remuneration :				
Salaries and other emoluments	2,141	2,324	1,709	1,878
	<u>3,190</u>	<u>3,074</u>	<u>2,695</u>	<u>2,583</u>

23. Tax expense

Recognised in profit or loss

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Tax expense	<u>3,264</u>	<u>2,092</u>	<u>-</u>	<u>(103)</u>

Major components of income tax expense include :

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current year	3,428	3,096	-	-
- Over/(Under) provision in prior years	927	(698)	-	-
	4,355	2,398	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	(296)	(62)	-	(103)
- Under provision in prior years	(795)	(244)	-	-
	(1,091)	(306)	-	(103)
Total tax expense	<u>3,264</u>	<u>2,092</u>	<u>-</u>	<u>(103)</u>

23. Tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) before tax	8,534	6,799	(5,142)	(7,627)
Tax calculated using Malaysian tax rate at 24%	2,048	1,632	(1,234)	(1,830)
Non-deductible expenses	1,782	2,892	2,607	1,915
Non-taxable income	-	-	(2,400)	(1,920)
Effect of deferred tax assets (recognised)/ not recognised	(698)	(1,490)	1,027	1,938
Under/(Over) provision in prior years	132	(942)	-	-
Income tax expense recognised in profit or loss	3,264	2,092	-	(103)

24. Basic/Diluted earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December was based on the profit attributable to ordinary shareholders and number of ordinary shares in issue during the year, calculated as follows :

	Group	
	2020	2019
Profit for the year attributable to owners (RM'000)	5,292	4,707
Number of ordinary shares at 31 December	303,855	303,855
Basic earnings/(loss) per ordinary share (sen)	1.74	1.55

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as the basic earnings per ordinary share as there are no dilutive potential ordinary shares.

25. Commitments

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Contracted but not provided for	<u>600</u>	<u>1,405</u>	<u>-</u>	<u>-</u>

26. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationship with its significant investors, subsidiaries of the Company and significant investors, government related entities, Directors and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year :

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Subsidiaries:				
Rental income	-	-	282	282
Dividend income	-	-	10,000	8,000
Management fees	-	-	3,633	3,633
Rendering of services	-	-	3,514	85
Interest income	-	-	1,630	2,357
Rental expenses	-	-	24	134

26. Related party transactions (continued)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company :				
Rental of quarry land	100	100	-	-
Tributes charged	589	608	-	-
Acquisition of land	-	4,632	-	-
Profit sharing on the sale of a development land	3,079	4,257	-	-
Related party - subsidiaries of ultimate holding company :				
Insurance payable	1,469	1,009	229	155
Medical benefit payable	-	248	-	-
Property management fee payable	41	44	41	44
Revenue from oil palm	847	1,178	842	1,095
Estate agency fee payable	62	79	62	79
Rental income	92	-	92	-
Government-related financial institutions:				
Interest income	665	1,025	227	465
Interest expenses	6,794	8,347	1,386	1,763
State Government-related entities:				
Quit rent and assessment	1,024	671	115	124
Water expenses	184	261	7	8
Progress billing	53,937	46,170	-	-
Royalties payable	695	786	-	-

26. Related party transactions (continued)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Federal Government-related entities:				
Sewerage expenses	88	69	9	7
Electricity expenses	1,864	2,484	125	167
Progress billing	<u>5,839</u>	<u>23,330</u>	<u>-</u>	<u>-</u>

(b) Transaction with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 22.

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC"); and
- (b) Fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2020			
Financial assets			
Group			
Other investments	3,450	-	3,450
Trade and other receivables (excluding prepayments)	74,911	74,911	-
Deposits with licensed banks	14,553	14,553	-
Cash and bank balances	55,293	55,293	-
	<u>148,207</u>	<u>144,757</u>	<u>3,450</u>

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2020			
Financial assets			
Company			
Other investments	3,315	-	3,315
Trade and other receivables (excluding prepayments)	13,537	13,537	-
Cash and bank balances	3,765	3,765	-
	<u>20,617</u>	<u>17,302</u>	<u>3,315</u>
		Carrying amount RM'000	AC RM'000
Financial liabilities			
Group			
Loans and borrowings		(124,433)	(124,433)
Trade and other payables		(137,583)	(137,583)
		<u>(262,016)</u>	<u>(262,016)</u>
Company			
Loans and borrowings		(29,572)	(29,572)
Trade and other payables		(9,541)	(9,541)
		<u>(39,113)</u>	<u>(39,113)</u>

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2019			
Financial assets			
Group			
Other investments	2,788	-	2,788
Trade and other receivables (excluding prepayments)	73,461	73,461	-
Deposits with licensed banks	18,475	18,475	-
Cash and bank balances	57,133	57,133	-
	<u>151,857</u>	<u>149,069</u>	<u>2,788</u>
Company			
Other investments	2,653	-	2,653
Trade and other receivables (excluding prepayments)	5,082	5,082	-
Cash and bank balances	5,731	5,731	-
	<u>13,466</u>	<u>10,813</u>	<u>2,653</u>
		Carrying amount RM'000	AC RM'000
2019			
Financial liabilities			
Group			
Loans and borrowings		(131,603)	(131,603)
Trade and other payables		(139,957)	(139,957)
		<u>(271,560)</u>	<u>(271,560)</u>
Company			
Loans and borrowings		(30,130)	(30,130)
Trade and other payables		(7,425)	(7,425)
		<u>(37,555)</u>	<u>(37,555)</u>

27. Financial instruments (continued)

27.2 Net gains and losses arising from financial instruments :

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) arising on :				
- Fair value through profit or loss	228	466	228	466
- Financial assets at amortised cost	(347)	645	278	1,568
- Financial liabilities measured at amortised cost	(7,379)	(9,629)	(1,386)	(1,763)
	<u>(7,498)</u>	<u>(8,518)</u>	<u>(880)</u>	<u>271</u>

27.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

27.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Risk management objectives, policies and processes for managing the risk (continued)

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

At the reporting date, approximately 57% (2019 : 50%) of the Group's trade receivables were due from a group of customers which are past due but not impaired. The Directors of the Company are of the opinion that no allowance for impairment is necessary as the balances are still considered fully recoverable.

Other than the above the Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The disclosure of the credit risk exposure for trade receivables as at the end of the reporting period by geographic region is not disclosed as the Group's and the Company's business is operated solely in Malaysia.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction, road paving and property development segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

For construction contracts and road paving, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The Group does not have any significant credit risk from its property development activities as its products are predominantly sold to a large number of property purchasers with end financing facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default, and the products do not suffer from physical, technological nor fashion obsolescence.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

	2020			2019		
	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Group						
Current (not past due)	72,047	-	72,047	55,654	-	55,654
1 - 30 days past due	25,324	-	25,324	11,247	-	11,247
31 - 60 days past due	7,079	-	7,079	6,414	-	6,414
61 - 90 days past due	4,426	-	4,426	2,563	-	2,563
	108,876	-	108,876	75,878	-	75,878

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	2020			2019		
	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Group						
Credit impaired						
More than 90 days past due	5,593	-	5,593	15,594	-	15,594
Individually impaired	3,235	(3,235)	-	3,691	(3,691)	-
	<u>117,704</u>	<u>(3,235)</u>	<u>114,469</u>	<u>95,163</u>	<u>(3,691)</u>	<u>91,472</u>
Trade receivables	74,852	(3,235)	71,617	72,169	(3,691)	68,478
Contract assets	42,852	-	42,852	22,994	-	22,994
	<u>117,704</u>	<u>(3,235)</u>	<u>114,469</u>	<u>95,163</u>	<u>(3,691)</u>	<u>91,472</u>
Company						
Current (not past due)	51	-	51	51	-	51
More than 90 days past due	-	-	-	-	-	-
	<u>51</u>	<u>-</u>	<u>51</u>	<u>51</u>	<u>-</u>	<u>51</u>

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The movement in the allowance for impairment losses in respect of trade receivables during the year is as follows:

	Group RM'000	Company RM'000
Trade receivable credit impaired		
Balance at 1 January 2019	3,893	434
Amount written off	(673)	-
Net remeasurement of loss allowance	471	(434)
Balance at 31 December 2019/1 January 2020	3,691	-
Amount written off	(1,454)	-
Net remeasurement of loss allowance	998	-
Balance at 31 December 2020	3,235	-

Investments and other financial assets

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Inter company balances

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Inter company balances (continued)

Recognition and measurement of impairment loss (continued)

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2020			
Low credit risk	47,902	-	47,902
Credit impaired	14,599	(14,599)	-
	<u>62,501</u>	<u>(14,599)</u>	<u>47,902</u>
2019			
Low credit risk	55,446	-	55,446
Credit impaired	7,975	(7,975)	-
	<u>63,421</u>	<u>(7,975)</u>	<u>55,446</u>

The movements in the allowance for impairment losses of inter-company loans and advances during the financial year were :

	2020 RM'000	2019 RM'000
Balance at 1 January	7,975	6,840
Impairment loss recognised	6,624	1,135
Balance at 31 December	<u>14,599</u>	<u>7,975</u>

27. Financial instruments (continued)

27.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM89.2 million (2019: RM98.2 million) representing the outstanding banking facilities to certain subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

27.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash, cash convertible investments and committed credit lines to meet its working requirements.

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2020							
Group							
<i>Non-derivative financial liabilities</i>							
Term loans	59,908	4.16 - 8.60	63,612	30,583	13,425	19,604	-
Revolving credit	39,000	4.71 - 4.80	39,000	39,000	-	-	-
Hire purchase liabilities	5,708	3.30 - 7.21	6,256	2,491	1,576	2,189	-
Bank overdraft	15,176	6.56 - 6.65	15,176	15,176	-	-	-
Bankers' acceptances	4,641	3.20 - 3.40	4,641	4,641	-	-	-
Trade and other payables	137,583	-	137,583	137,583	-	-	-
	<u>262,016</u>		<u>266,268</u>	<u>229,474</u>	<u>15,001</u>	<u>21,793</u>	<u>-</u>

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2020							
Company							
<i>Non-derivative financial liabilities</i>							
Term loan	29,500	4.16	31,768	5,492	6,672	19,604	-
Hire purchase liabilities	72	4.66 - 4.90	82	62	20	-	-
Trade and other payables	9,541	-	9,541	9,541	-	-	-
Financial guarantee	-	-	89,225	89,225	-	-	-
	<u>39,113</u>		<u>130,616</u>	<u>104,320</u>	<u>6,692</u>	<u>19,604</u>	<u>-</u>

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2019							
Group							
<i>Non-derivative financial liabilities</i>							
Term loans and SUKUK	72,495	4.50 - 8.60	76,266	47,234	14,324	14,708	-
Revolving credit	42,000	5.65	42,000	42,000	-	-	-
Hire purchase liabilities	3,415	2.39 - 5.10	3,656	1,964	1,238	454	-
Bank overdraft	12,121	6.65	12,121	12,121	-	-	-
Bankers' acceptances	1,572	3.80	1,572	1,572	-	-	-
Trade and other payables	139,957	-	139,957	139,957	-	-	-
	<u>271,560</u>		<u>275,572</u>	<u>244,848</u>	<u>15,562</u>	<u>15,162</u>	<u>-</u>
Company							
<i>Non-derivative financial liabilities</i>							
SUKUK	30,000	4.60 - 4.72	30,000	30,000	-	-	-
Hire purchase liabilities	130	2.46 - 2.59	145	63	61	21	-
Trade and other payables	7,425	-	7,425	7,425	-	-	-
Financial guarantee	-	-	98,200	98,200	-	-	-
	<u>37,555</u>		<u>135,770</u>	<u>135,688</u>	<u>61</u>	<u>21</u>	<u>-</u>

27. Financial instruments (continued)

27.6 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-earning financial assets and interest-bearing financial liabilities. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings and receivables at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group	
	2020	2019
	RM'000	RM'000
Fixed rate instruments		
Financial assets		
- Deposits placed with licensed banks	<u>14,553</u>	<u>18,475</u>
Financial liabilities		
Hire purchase liabilities	<u>5,708</u>	<u>3,415</u>
Floating rate instruments		
Financial liabilities		
- Term loans and SUKUK	59,908	72,495
- Revolving credit	39,000	42,000
- Bank overdraft	15,176	12,121
- Bankers' acceptances	4,641	1,572
	<u>118,725</u>	<u>128,188</u>

27. Financial instruments (continued)

27.6 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Company	
	2020	2019
	RM'000	RM'000
Fixed rate instrument		
Financial liabilities		
Hire purchase liabilities	72	130
Floating rate instrument		
Financial liabilities		
- Term loan and SUKUK	29,500	30,000

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's post-tax loss or profit would have been increased/decreased by RM451,000 (2019: RM487,000) and the Company's post-tax profit would have been decreased by RM112,000 (2019: RM114,000). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

27.7 Fair value information

The carrying amounts of cash and bank balances, receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

27. Financial instruments (continued)

27.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Group										
2020										
Financial assets										
Other investments	3,450	-	-	3,450	-	-	-	-	3,450	3,450
Financial liabilities										
Term loans	-	-	-	-	-	-	59,908	59,908	59,908	59,908

27. Financial instruments (continued)

27.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2019										
Financial assets										
Other investments	2,788	-	-	2,788	-	-	-	-	2,788	2,788
Financial liabilities										
Term loans	-	-	-	-	-	-	42,495	42,495	42,495	42,495

27. Financial instruments (continued)

27.7 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
31.12.2020										
Financial asset										
Other investments	3,315	-	-	3,315	-	-	-	-	3,315	3,315
Financial liabilities										
Term loans	-	-	-	-	-	-	29,500	29,500	29,500	29,500
31.12.2019										
Financial asset										
Other investments	2,653	-	-	2,653	-	-	-	-	2,653	2,653

The Company provides guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantee is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.

27. Financial instruments (continued)

27.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2019 : no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximately fair value as their effective interest rate changes accordingly to movements in the market interest rate.

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2020.

29. Segment information

The Group is organised into five major business segments for each of the strategic business units, the Chief Operating Decision Maker ("CODM") (ie. The Group's Chief Executive Officer/Chief Corporate Officer) reviews internal management reports at least on a quarterly basis.

- (i) Property development - the development of residential and commercial properties
- (ii) Road building and quarry - civil engineering contractor and granite quarry operator
- (iii) Engineering and construction - building and general contractor
- (iv) Leisure and hospitality - golf resort owner and operator, hotel operation and water theme park operator
- (v) Investment holding - provision of management services and others

Segment profit

Performance is measured based on segment from profit as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by CODM.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and land held for development.

29. Segment information (continued)

	Property development RM'000	Road building and quarry RM'000	Engineering and construction RM'000	Leisure and hospitality RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
2020								
Revenue								
External sales	99,274	84,021	30,989	3,455	1,846	219,585	-	219,585
Inter-segment sales	599	-	144	598	13,953	15,294	(15,294)	-
Total revenue	99,873	84,021	31,133	4,053	15,799	234,879	(15,294)	219,585
Segment profit/(loss)	6,696	7,645	3,706	(4,093)	(5,142)	8,812	(278)	8,534
Included in the measure of segment profit are:								
- Finance income	222	163	266	1	1,859	2,511	(1,632)	879
- Finance costs	7,482	257	-	11	1,386	9,136	(1,757)	7,379

29. Segment information (continued)

	Property development RM'000	Road building and quarry RM'000	Engineering and construction RM'000	Leisure and hospitality RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
2020								
Assets								
Segment assets	702,067	112,355	73,476	27,953	156,132	1,071,986	(337,675)	734,308
Included in the measure of segment assets is:								
Additions to non-current assets other than financial instruments and deferred tax assets								
- Property, plant and equipment	36	4,900	367	9	131	5,443	-	5,443
- Land held for development	4,841	-	-	-	-	4,841	-	4,841
Liabilities								
Segment liabilities	273,542	45,734	34,750	28,423	39,276	421,725	(156,056)	265,669
Other information								
Tax expense	(296)	2,506	967	1	-	3,178	86	3,264
Depreciation of property, plant and equipment	1,075	4,616	257	1,620	862	8,430	(93)	8,337

29. Segment information (continued)

	Property development RM'000	Road building and quarry RM'000	Engineering and construction RM'000	Leisure and hospitality RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
2019								
Revenue								
External sales	126,115	63,684	48,510	8,525	1,386	248,220	-	248,220
Inter-segment sales	1,875	-	28,528	300	11,633	42,336	(42,336)	-
Total revenue	127,990	63,684	77,038	8,825	13,019	290,556	(42,336)	248,220
Segment profit/(loss)	33,338	7,880	2,142	(10,663)	(7,537)	25,160	(18,361)	6,799
Included in the measure of segment profit are:								
- Finance income	317	78	342	8	3,283	4,028	(2,358)	1,670
- Finance costs	9,251	254	5	26	1,762	11,298	(1,669)	9,629

29. Segment information (continued)

	Property development RM'000	Road building and quarry RM'000	Engineering and construction RM'000	Leisure and hospitality RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
2019								
Assets								
Segment assets	727,346	99,738	84,829	30,171	158,793	1,100,877	(355,250)	745,627
Included in the measure of segment assets is:								
Additions to non-current assets other than financial instruments and deferred tax assets								
- Property, plant and equipment	1,223	2,122	2,490	56	74	5,965	(955)	5,010
- Land held for development	20,678	-	-	-	-	20,678	-	20,678
- Investment properties	12,889	-	-	-	-	12,889	-	12,889
Liabilities								
Segment liabilities	285,722	34,532	45,913	26,552	38,554	431,273	(149,015)	282,258
Other information								
Tax expense	249	1,698	524	3	(103)	2,371	(279)	2,092
Depreciation of property, plant and equipment	1,338	4,881	252	2,321	1,102	9,894	(93)	9,801

Geographical segments

No information on geographical segment is presented as the Group's business is operated solely in Malaysia.

29. Segment information (continued)

Major customers

The following are the major customers with revenue equal or more than 10% of the Group's revenue :

	2020 RM'000	2019 RM'000
Customer A	58,484	44,954
Customer B	24,024	-
Customer C	-	32,237
Customer D	-	48,000

30. Significant event

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic, which has caused severe global social and economic disruptions and uncertainties, including markets where the Group and the Company operate.

The consequences brought about by COVID-19 have partly impacted the operations of the Group and the Company during the financial year. Whilst the consequences brought about by the pandemic continue to evolve, the Group and the Company are actively monitoring and managing its operations to respond to these changes and minimise any impacts that may arise.

Bina Darulaman Berhad

(Registration No. 199501003751 (332945 - X))

(Incorporated in Malaysia)

and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 6 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Dato' Asri bin Hamidin @ Hamidon

Director

.....
Dato' Haji Abdul Rahman bin Abdullah

Director

Alor Setar,

Date : 30 April 2021

Bina Darulaman Berhad

(Registration No. 199501003751 (332945 - X))

(Incorporated in Malaysia)

and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Mohd Nasir bin Ismail**, the officer primarily responsible for the financial management of Bina Darulaman Berhad, do solemnly and sincerely declare that the financial statements set out on pages 6 to 107 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Mohd Nasir bin Ismail**, NRIC: 790806-02-5637, MIA CA 29437 at George Town in the State of Penang on 30 April 2021.

.....
Mohd Nasir bin Ismail

Before me:

Goh Suan Bee
(No. P125)
Commissioner for Oaths
Penang

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 18, Hunza Tower
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10250 Penang, Malaysia

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Fax +60 (4) 238 2222
Website www.kpmg.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BINA DARULAMAN BERHAD

(Registration No. 199501003751 (332945 - X))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bina Darulaman Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on the sales of properties under constructions	
Refer to the Note 2(o)(i) – Significant accounting policies: Revenue and Note 17 – Revenue.	
The key audit matter	How the matter was addressed in our audit
<p>The Group recognises revenue relating to properties under construction based on the stage of completion. The stage of completion of the said properties is determined by the proportion that the actual property development costs incurred for work performed to date to the estimated total property development costs. The recognition of revenue is therefore dependent on the Group's estimated gross development costs, which includes estimates and judgement by the Directors on costs to be incurred in the development.</p> <p>We have identified this area as a key audit matter because there is a risk that the actual development costs are different to those estimated resulting in material variance in the amount of revenue recognised to date and in the current period.</p>	<p>Our audit procedures performed in this area included, among others:</p> <ul style="list-style-type: none"> • Tested the operating effectiveness of Group's controls by checking for evidence of reviews and approvals over estimated development cost, setting budgets and authorising and recording of actual costs incurred; • Checked contracts with customers, on a sample basis, by agreeing to the contracted selling price of the property development units and multiplied with their respective stage of completion; • Compared the architect certificate against stage of completion of certain projects to ascertain the accuracy of the percentage of completion recognised in the profit or loss; • Checked samples from the estimated property development costs of all ongoing projects, allocation of costs and subsequent changes to the costs to supporting documentation such as approved budgets, letter of awards, quotations, correspondences, contracts and variation orders with sub-contractors; and • Agreed samples of costs incurred to date to the respective invoice and/or the respective progress claim, checked that they were allocated to the appropriate construction site, and met the definition of development costs.

Key Audit Matters (continued)

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

**Auditors' Responsibilities for the Audit of the Financial Statements
(continued)**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Penang

Date : 30 April 2021

Tai Yoon Foo
Approval Number : 02948/05/2022 J
Chartered Accountant