

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

**Financial statements for the
year ended 31 December 2021**

Bina Darulaman Berhad

(Registration No. 199501003751 (332945 - X))

(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 December 2021

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2021.

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 other than as disclosed in Note 5 to the financial statements.

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 for the year attributable to :		
Owners of the Company	5,387	4,438
Non-controlling interests	(21)	-
	<u>5,366</u>	<u>4,438</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

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 RM2,272,662 declared on 1 March 2021 and paid on 30 March 2021.

The Directors do not recommend any other dividend to be paid for the financial year ended 31 December 2021.

Directors of the Company

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

Tuan Sr Haji Che Had bin Dhali	(Appointed on 1 February 2022)
Dato' Zakiah binti Kasim	
Dato' Haji Syed Yussof bin Syed Othman	
YB Senator Ir. Ts. Haji Khairil Nizam bin Khirudin	
Tuan Mohamad Ibrahim bin Ghazali	
Dato' Haji Abdul Rahman bin Abdullah	
Tuan Haji Muhamad Sobri bin Osman	
Dato' Mohamed Sharil bin Mohamed Tarmizi	(Resigned on 1 November 2021)
Datuk Seri Asri bin Hamidin @ Hamidon	(Resigned on 1 November 2021)

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	
Dato' Syed Yussof bin Syed Othman	
Dato' Armishah bin Siraj	
Noran Zamini bin Jamaluddin	
Mohd Sobri bin Hussein	
Mohd Iskandar Dzulkarnain bin Ramli	
Tahir bin Md Zin	
Khairulmuna binti Abd Ghani	
Alsyukri bin Hamzah	(Appointed on 11 August 2021)
Faris Najhan bin Hashim	(Resigned on 3 February 2022)

Directors' interest in shares

None of the Directors holding office at 31 December 2021 had any interest in the ordinary shares of the Company and of its related companies 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 the 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 effected for the Directors and officers of the Group and the Company were RM115,000.

There was no indemnity given to Directors, officers or auditors of the Group and of the Company during the financial year.

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.

Other statutory information (continued)

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 performances of the Group and of the Company for the year ended 31 December 2021 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.

Auditors

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

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

.....
Tuan Sr Haji Che Had bin Dhali
Director

.....
Tuan Mohamad Ibrahim Bin Ghazali
Director

Alor Setar,

Date : 22 April 2022

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Consolidated statement of financial position as at 31 December 2021

	Note	2021 RM'000	2020 RM'000
Assets			
Property, plant and equipment	3	72,278	89,916
Investment properties	4	97,007	55,949
Investment in an associate	6	3,932	-
Investment in joint venture	7	-	-
Inventories	8	319,237	336,419
Other investments	9	135	135
Deferred tax assets	10	718	584
Trade receivables	12	19,773	-
Total non-current assets		513,080	483,003
Inventories	8	23,343	57,625
Contract assets	11.1	30,994	42,852
Contract costs	11.2	1,868	1,558
Trade and other receivables	12	68,355	76,080
Current tax assets		179	29
Other investments	9	2,305	3,315
Deposits with licensed banks	13	16,199	14,553
Cash and bank balances	14	59,998	55,293
		203,241	251,305
Assets classified as held for sale	15	-	-
Total current assets		203,241	251,305
Total assets		716,321	734,308

Consolidated statement of financial position as at 31 December 2021 (continued)

	Note	2021 RM'000	2020 RM'000
Equity			
Share capital	16	331,020	331,020
Retained earnings		140,755	137,641
Equity attributable to owners of the Company		<u>471,775</u>	<u>468,661</u>
Non-controlling interest		(23)	(22)
Total equity		<u>471,752</u>	<u>468,639</u>
Liabilities			
Lease liabilities		21,227	-
Loans and borrowings	17	24,817	35,059
Total non-current liabilities		<u>46,044</u>	<u>35,059</u>
Trade and other payables	18	117,689	137,583
Contract liabilities	11.1	678	3,653
Loans and borrowings	17	80,158	89,374
Total current liabilities		<u>198,525</u>	<u>230,610</u>
Total liabilities		<u>244,569</u>	<u>265,669</u>
Total equity and liabilities		<u>716,321</u>	<u>734,308</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 2021

	Note	2021 RM'000	2020 RM'000
Revenue	19	207,729	219,585
Cost of sales	20	(172,945)	(175,967)
Gross profit		34,784	43,618
Distribution expenses		(1,958)	(1,659)
Administrative expenses		(28,512)	(29,026)
Other operating income		10,082	4,695
Net loss on impairment of financial instruments and contract assets	22	(702)	(998)
Other operating expenses		(608)	(717)
Results from operating activities		13,086	15,913
Finance costs	21	(5,316)	(7,379)
Profit before tax	22	7,770	8,534
Income tax	25	(2,404)	(3,264)
Profit representing total comprehensive income for the year		5,366	5,270
Profit/(Loss) for the year attributable to :			
Owners of the Company		5,387	5,292
Non-controlling interests		(21)	(22)
Profit representing total comprehensive income for the year		5,366	5,270
Earnings per ordinary share (sen)	26	1.77	1.74

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Consolidated statement of changes in equity for the year ended 31 December 2021

	← Attributable to owners of the Company →			Non-controlling interests	Total equity
	Share capital RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2020	331,020	132,349	463,369	-	463,369
Profit for the year representing total comprehensive income for the year	-	5,292	5,292	(22)	5,270
At 31 December 2020/1 January 2021	331,020	137,641	468,661	(22)	468,639
Profit for the year representing total comprehensive income for the year	-	5,387	5,387	(21)	5,366
Total transactions with owners of the Company					
- Dividend to owners of the Company (Note 27)	-	(2,273)	(2,273)	-	(2,273)
- Changes in ownership interests in a subsidiary	-	-	-	20	20
At 31 December 2021	331,020	140,755	471,775	(23)	471,752
	Note 16				

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Consolidated statement of cash flows for the year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
Cash flows from operating activities			
Profit before tax		7,770	8,534
Adjustments for :			
Depreciation of property, plant and equipment	3	6,984	8,337
Property, plant and equipment written off	22	-	4
Gain on disposal of property, plant and equipment	22	(12)	(494)
Interest income	22	(546)	(879)
Interest expense		5,316	7,379
Impairment loss on property, plant and equipment	22	-	148
Change in fair value of investment properties	22	(4,852)	-
Unrealised profit on investment in an associate	6	2,017	-
Operating profit before working capital changes		16,677	23,029
Changes in working capital :			
Contract assets		11,858	(25,656)
Trade and other receivables		(12,048)	3,992
Inventories		51,464	23,819
Trade and other payables		(19,894)	(2,374)
Contract liabilities		(2,975)	(6,538)
Contract costs		(310)	(1,326)
Cash generated from operations		44,772	14,946
Interest paid		(5,316)	(7,379)
Tax paid		(2,688)	(1,428)
Net cash from operating activities		36,768	6,139

Consolidated statement of cash flows for the year ended 31 December 2021 (continued)

	Note	2021 RM'000	2020 RM'000
Cash flows from investing activities			
Investment in an associate		(5,949)	-
Disposal of share to non-controlling interest		20	-
Purchase of property, plant and equipment	3.1	(2,488)	(1,085)
Proceeds from disposal of property, plant and equipment		58	495
Proceeds from disposal of other investments		1,010	-
Purchase of other investments		-	(662)
Interest income received		546	879
Net cash used in investing activities		<u>(6,803)</u>	<u>(373)</u>
Cash flows from financing activities			
Repayment of loans	B	(12,374)	(12,587)
Movements of other borrowings, net	B	(503)	69
Repayment of hire purchase	B	(3,140)	(2,065)
Withdrawal of pledged deposits		600	1,354
Dividend paid	27	(2,273)	-
Net cash used in financing activities		<u>(17,690)</u>	<u>(13,229)</u>
Net increase in cash and cash equivalents		12,275	(7,463)
Cash and cash equivalents at beginning of year		46,041	53,504
Cash and cash equivalents at end of year	A	<u>58,316</u>	<u>46,041</u>

Notes

A. Cash and cash equivalents

	2021 RM'000	2020 RM'000
Cash and bank balances	59,998	55,293
Deposits placed with licensed banks	16,199	14,553
Less : Deposits pledged	(8,029)	(8,629)
Bank overdrafts	(9,852)	(15,176)
	<u>58,316</u>	<u>46,041</u>

Consolidated statement of cash flows for the year ended 31 December 2021 (continued)

Notes (continued)

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

	At 1 January 2020 RM'000	Acquisition of new hire purchase RM'000	Net changes from financing cash flows RM'000	At 31 December 2020/ 1 January 2021 RM'000	Acquisition of new hire purchase/ lease RM'000	Net changes from financing cash flows RM'000	At 31 December 2021 RM'000
Term loans	72,495	-	(12,587)	59,908	-	(12,374)	47,534
Hire purchase liabilities	3,415	4,358	(2,065)	5,708	1,883	(3,140)	4,451
Revolving credits	42,000	-	(3,000)	39,000	-	(1,700)	37,300
Banker acceptances	1,572	-	3,069	4,641	-	1,197	5,838
Lease liabilities	-	-	-	-	21,227	-	21,227
Total loans and borrowings	119,482	4,358	(14,583)	109,257	23,110	(16,017)	116,350

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 2021

	Note	2021 RM'000	2020 RM'000
Assets			
Property, plant and equipment	3	12,818	12,785
Investment properties	4	11,539	16,356
Interests in subsidiaries	5	115,494	107,014
Inventories	8	217,602	217,602
Total non-current assets		<u>357,453</u>	<u>353,757</u>
Inventories	8	394	394
Trade and other receivables	12	11,959	13,601
Current tax assets		18	35
Other investments	9	2,305	3,315
Cash and bank balances	14	2,298	3,765
Total current assets		<u>16,974</u>	<u>21,110</u>
Total assets		<u>374,427</u>	<u>374,867</u>
Equity			
Share capital	16	331,020	331,020
Retained earnings		6,160	3,995
Total equity		<u>337,180</u>	<u>335,015</u>
Liabilities			
Deferred tax liability	10	257	739
Loans and borrowings	17	22,000	25,018
Total non-current liabilities		<u>22,257</u>	<u>25,757</u>
Loans and borrowings	17	5,518	4,554
Trade and other payables	18	9,472	9,541
Total current liabilities		<u>14,990</u>	<u>14,095</u>
Total liabilities		<u>37,247</u>	<u>39,852</u>
Total equity and liabilities		<u>374,427</u>	<u>374,867</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 2021

	Note	2021 RM'000	2020 RM'000
Revenue	19	25,529	16,546
Cost of sales	20	(599)	(2,264)
Gross profit		<u>24,930</u>	<u>14,282</u>
Distribution expenses		(555)	(502)
Administrative expenses		(13,794)	(11,995)
Other operating income		2,289	3,127
Net loss on impairment of financial instruments and contract assets	22	(704)	(1,352)
Other operating expenses		(7,071)	(7,316)
Results from operating activities		<u>5,095</u>	<u>(3,756)</u>
Finance costs	21	(1,139)	(1,386)
Profit/(Loss) before tax	22	<u>3,956</u>	<u>(5,142)</u>
Income tax	25	482	-
Profit/(Loss) representing total comprehensive income/(expense) for the year		<u><u>4,438</u></u>	<u><u>(5,142)</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 2021

	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2020	331,020	9,137	340,157
Loss for the year representing total comprehensive expense for the year	-	(5,142)	(5,142)
At 31 December 2020/1 January 2021	331,020	3,995	335,015
Profit for the year representing total comprehensive income for the year	-	4,438	4,438
<i>Distributions to owners of the Company</i> - Dividend to owners of the Company (Note 27)	-	(2,273)	(2,273)
At 31 December 2021	331,020	6,160	337,180
	Note 16		

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 2021

	Note	2021 RM'000	2020 RM'000
Cash flows from operating activities			
Profit/(Loss) before tax		3,956	(5,142)
Adjustments for :			
Depreciation of property, plant and equipment	3	732	863
Dividend income	22	(12,000)	(10,000)
Interest income	22	(1,468)	(1,858)
Interest expense		1,139	1,386
Impairment loss on investment in subsidiaries	22	-	2,044
Impairment loss on advances to subsidiaries	22	2,254	5,272
Change in fair value of investment property	22	4,817	-
Operating loss before working capital changes		(570)	(7,435)
Changes in working capital :			
Inventories		-	1,661
Trade and other receivables		(8,358)	1,576
Trade and other payables		(69)	2,116
Cash used in operations		(8,997)	(2,082)
Interest paid		(1,139)	(1,386)
Tax refund/(paid)		17	(14)
Dividend received		22,000	-
Net cash from/(used in) operating activities		11,881	(3,482)
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(765)	(131)
Proceeds from disposal of other investments		1,010	-
Purchase of other investments		-	(662)
Interest income received		1,468	1,858
(Advances to)/Refund from subsidiaries		(10,734)	1,009
Net cash (used in)/from investing activities		(9,021)	2,074

Statement of cash flows for the year ended 31 December 2021 (continued)

	Note	2021 RM'000	2020 RM'000
Cash flows from financing activities			
Dividend paid to owners of the Company	27	(2,273)	-
Repayment of SUKUK	A	-	(30,000)
(Repayment)/Drawdown of term loan	A	(2,000)	29,500
Repayment of hire purchase liabilities	A	(54)	(58)
Net cash used in financing activities		(4,327)	(558)
Net decrease in cash and bank balances		(1,467)	(1,966)
Cash and bank balances at beginning of year		3,765	5,731
Cash and bank balances at end of year	14	2,298	3,765

Note

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

	At 1 January 2020 RM'000	Net changes from financing cash flow RM'000	At 31 December 2020/ 1 January 2021 RM'000	Net changes from financing cash flow RM'000	At 31 December 2021 RM'000
SUKUK	30,000	(30,000)	-	-	-
Term loan	-	29,500	29,500	(2,000)	27,500
Hire purchase liabilities	130	(58)	72	(54)	18
Total loan and borrowings	30,130	(558)	29,572	(2,054)	27,518

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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 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in an associate and joint venture. The financial statements of the Company as at and for the year ended 31 December 2021 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 22 April 2022.

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 (“IFRSs”) 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 :

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- 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*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 and IFRSs 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 4.4 Fair value of investment properties
- Note 19.2 Recognition of property development revenue and expenses

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) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in an associate is 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.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows :

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture 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 investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) 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.

(viii) 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.

Unrealised gains arising from transactions with equity-accounted associate are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

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

Financial assets (continued)

(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.

(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 or 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.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

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

Financial liabilities (continued)

Amortised cost (continued)

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.

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.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(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.

(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 is 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.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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.

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.

2. Significant accounting policies (continued)

(d) Leases (continued)

(i) Definition of a lease (continued)

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.

(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. 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.

(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.

(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 building costs and other related development costs.

(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.

2. Significant accounting policies (continued)

(g) Non-current asset held for sale (continued)

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 of 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)). Contract asset is stated at cost less any accumulated impairment.

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.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset 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 improved, 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.

2. Significant accounting policies (continued)

(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 and contract assets. 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, which are measured at 12-month expected credit loss. 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.

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.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) *Financial assets (continued)*

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 of amounts due.

(ii) *Other assets*

The carrying amounts of other assets (except for inventories, contract assets deferred tax assets and investment properties measured at fair value) 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.

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.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Other assets (continued)

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.

An impairment loss in respect of goodwill is not reversed. 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 31.

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 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.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(i) Revenue (continued)

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.

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. Rental income from sub-leased property is recognised as other income.

(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 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.

2. Significant accounting policies (continued)

(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 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.

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 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 shares held, if any.

(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 segment 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.

(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.

2. Significant accounting policies (continued)

(u) Fair value measurement (continued)

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 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 2020/1 January 2021	92,987	64,300	20,546	13,735	2,431	193,999
Additions	218	2,439	751	963	-	4,371
Disposals	-	-	(331)	-	-	(331)
Transfer to investment properties (Note 4)	(23,539)	(1,086)	(413)	-	-	(25,038)
Reclassification	2,431	-	-	-	(2,431)	-
At 31 December 2021	72,097	65,653	20,553	14,698	-	173,001

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						
At 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 2020/1 January 2021						
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)

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 (continued)						
Depreciation charge for the year	1,296	3,063	1,539	1,086	-	6,984
Disposals	-	-	(285)	-	-	(285)
Transfer to investment properties (Note 4)	(8,764)	(927)	(368)	-	-	(10,059)
At 31 December 2021						
Accumulated depreciation	18,307	51,414	18,209	12,320	-	100,250
Accumulated impairment loss	-	-	473	-	-	473
	18,307	51,414	18,682	12,320	-	100,723
Carrying amounts						
At 1 January 2020	63,165	16,277	4,450	1,488	2,245	87,625
At 31 December 2020/1 January 2021	67,212	15,022	2,750	2,501	2,431	89,916
At 31 December 2021	53,790	14,239	1,871	2,378	-	72,278

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 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/ 1 January 2021	14,933	6,316	29,582	9,606	31,689	861	92,987
Additions	-	-	-	-	218	-	218
Transfer to investment properties (Note 4)	(7,900)	-	(15,639)	-	-	-	(23,539)
Reclassification	-	-	2,431	-	-	-	2,431
At 31 December 2021	7,033	6,316	16,374	9,606	31,907	861	72,097

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							
At 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/ 1 January 2021							
Accumulated depreciation	-	1,449	6,966	-	10,114	861	19,390
Accumulated impairment loss	-	-	6,385	-	-	-	6,385
	-	1,449	13,351	-	10,114	861	25,775
Depreciation charge for the year	-	79	523	-	694	-	1,296
Transfer to investment properties (Note 4)	-	-	(8,764)	-	-	-	(8,764)
At 31 December 2021							
Accumulated depreciation	-	1,528	5,110	-	10,808	861	18,307
Accumulated impairment loss	-	-	-	-	-	-	-
	-	1,528	5,110	-	10,808	861	18,307

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 2020	9,595	4,946	17,112	9,606	21,906	-	63,165
At 31 December 2020/ 1 January 2021	14,933	4,867	16,231	9,606	21,575	-	67,212
At 31 December 2021	7,033	4,788	11,264	9,606	21,099	-	53,790

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 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/ 1 January 2021	6,000	11,458	861	3,408	5,453	644	27,824
Additions	-	-	-	-	473	292	765
Disposals	-	-	-	-	(2)	-	(2)
At 31 December 2021	6,000	11,458	861	3,408	5,924	936	28,587

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 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 January 2021	1,387	3,896	861	3,356	4,967	572	15,039
Depreciation charge for the year	75	229	-	6	329	93	732
Disposals	-	-	-	-	(2)	-	(2)
At 31 December 2021	1,462	4,125	861	3,362	5,294	665	15,769

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 2020	4,688	7,791	-	58	840	140	13,517
At 31 December 2020/ 1 January 2021	4,613	7,562	-	52	486	72	12,785
At 31 December 2021	4,538	7,333	-	46	630	271	12,818

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 :

	2021 RM'000	2020 RM'000
Group		
Hire purchase	1,883	4,358
Cash and cash equivalents	2,488	1,085
	<u>4,371</u>	<u>5,443</u>
Company		
Cash and cash equivalents	<u>765</u>	<u>131</u>

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

	2021 RM'000	2020 RM'000
Group		
Plant and machinery	1,791	9,726
Motor vehicles	593	256
	<u>2,384</u>	<u>9,982</u>
Company		
Motor vehicles	<u>18</u>	<u>71</u>

4. Investment properties

	Freehold land RM'000	Leasehold land RM'000	Building RM'000	Total RM'000
Group				
At fair value				
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/ 1 January 2021	27,704	17,775	10,470	55,949
Additions	-	21,227	-	21,227
Transfer from property, plant and equipment (Note 3)	7,900	-	7,079	14,979
Change in fair value recognised in profit or loss	552	-	4,300	4,852
At 31 December 2021	36,156	39,002	21,849	97,007
				Serviced apartment RM'000
Company				
At 1 January 2020/31 December 2020				16,356
Change in fair value recognised in profit or loss				(4,817)
At 31 December 2021				11,539

During the year, the Group has entered into an agreement with Langkawi Development Authority (LADA) to develop a plot of land in phases into an Integrated Development. The lease period is 30 years with an extension option stipulated in the agreement.

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rates of the leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4. Investment properties (continued)

4.1 The following are recognised in profit or loss :

	2021 RM'000	2020 RM'000
Group		
Rental income	731	500
Direct operating expenses :		
- income generating investment property	18	16
- non-income generating investment property	<u>1,248</u>	<u>1,974</u>
Company		
Rental income	20	120
Direct operating expenses :		
- income generating investment property	<u>12</u>	<u>12</u>

4.2 Security

The carrying amount of the freehold land and leasehold land of RM20,725,000 (2020: RM27,704,000) and RM17,775,000 (2020 : RM17,775,000) respectively are pledged as security for borrowing (Note 17.1).

4.3 Operating lease payments receivable

The operating lease payments to be received are as follows:

	2021 RM'000	2020 RM'000
Group		
Less than one year	1,667	608
One to two years	1,323	646
Two to three years	1,113	327
Three to four years	1,079	299
Four to five years	754	299
More than five years	4,136	4,435
Total undiscounted lease payments	<u>10,072</u>	<u>6,614</u>

4. Investment properties (continued)

4.4 Fair value information

Investment property of the Group comprises undeveloped land located at Langkawi, Fantasia water theme park, Axis commercial hub and petrol station. Investment property of the Company comprises serviced apartment. 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.

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). The Group's and the Company's investment properties are currently valued at their highest and best use.

5. Interests in subsidiaries - Company

	Note	2021 RM'000	2020 RM'000
Unquoted shares, at cost		77,805	77,825
Impairment loss		(15,485)	(15,485)
		<hr/> 62,320	<hr/> 62,340
Amount due from subsidiaries	5.1	60,700	49,946
Impairment loss		(7,526)	(5,272)
		<hr/> 53,174	<hr/> 44,674
		<hr/> <hr/> 115,494	<hr/> <hr/> 107,014

5.1 Amount due from subsidiaries

The amount due from subsidiaries is regarded as net interests in subsidiaries. These amounts are unsecured, interest-free and with no fixed terms of repayment.

5. Interests in subsidiaries - Company (continued)

5.2 The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
BDB Land Sdn. Bhd.*	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	80	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	Trading building material	100	100
BDB Hotels Sdn. Bhd.*	Malaysia	Dormant	100	100
BDB I Holdings Berhad [#]	Malaysia	Dormant	100	100
Subsidiary of BDB Land Sdn Bhd				
BDB Darulaman Golf Resort Berhad*	Malaysia	Golf resort owner and operator	99	99

* The Company has provided financial support to these subsidiaries.

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

The Group does not have any material non-controlling interests during the year.

6. Investment in an associate - Group

	2021 RM'000	2020 RM'000
Unquoted shares, at cost	5,949	-
Share of post-acquisition reserves	(2,017)	-
	<u>3,932</u>	<u>-</u>

Details of the associate is as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	2021	2020
BDB Setia Sdn. Bhd.	Malaysia	Investment property	30%	-	-

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2021 RM'000
Summarised financial information	
As at 31 December	
Non-current assets	<u>19,831</u>
Year ended 31 December	
Revenue	-
Profit and total comprehensive income for the year	<u>-</u>
Reconciliation of net assets to carrying amount as at 31 December	
Group's share of net assets	5,949
Elimination of unrealised profits	(2,017)
Carrying amount in the statement of financial position	<u>3,932</u>

7. Investment in joint venture - Group

	2021 RM'000	2020 RM'000
Investment in shares	<u>- ^</u>	<u>-</u>

^ Represents RM2

BDB Lagenda Sdn. Bhd. ("BDB Lagenda") is the only joint arrangement in which the Group participates, and is principally engaged in the property development.

7. Investment in joint venture - Group (continued)

BDB Lagenda Sdn. Bhd. is structured as a separate vehicle and provides the Group rights to the net assets of the entity. The Group has classified the investment in BDB Lagenda as a joint venture.

	2021 RM'000	2020 RM'000
Percentage of ownership interest	50%	-
Percentage of voting interest	50%	-

BDB Lagenda is not considered to be individually material to the Group. As at 31 December 2021, there was no share of profit/loss of the joint venture being recognised.

8. Inventories

	Note	2021 RM'000	2020 RM'000
Group			
<i>Non-current</i>			
Land held for property development	8.1	319,237	336,419
<i>Current</i>			
At cost :			
Properties held for sale	8.3	9,597	17,311
Consumables and spares		1,998	1,779
Building materials		3,978	4,622
		15,573	23,712
Property development costs	8.2	7,770	33,913
		23,343	57,625
Company			
<i>Non-current</i>			
Land held for property development	8.1	217,602	217,602
<i>Current</i>			
At cost :			
Properties held for sale		394	394

8. Inventories (continued)

8.1 Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Total RM'000
At 1 January 2020	272,748	54,165	326,913
Additions	4,841	-	4,841
Transfer to property development costs (Note 8.2)	(5,677)	-	(5,677)
Transfer from assets held for sale (Note 15)	10,342	-	10,342
At 31 December 2020/ 1 January 2021	282,254	54,165	336,419
Additions	7,236	-	7,236
Transfer to property development costs (Note 8.2)	(37)	-	(37)
Disposal of land	(24,381)	-	(24,381)
At 31 December 2021	265,072	54,165	319,237
Company			
At 1 January 2020/ 31 December 2020	165,352	52,250	217,602
At 1 January 2021/ 31 December 2021	165,352	52,250	217,602

8.1.1 Other outgoing costs

Included in land held for property development of the Group and of the Company are amounts of RM85,653,000 (2020 : RM90,802,000) and RM11,076,000 (2020 : RM11,076,000) respectively representing other outgoing cost incurred.

8.1.2 Security

Freehold land of the Group with carrying amount of RM15,331,165 (2020: RM23,676,677) are pledged as security for borrowings (Note 17.1).

8. Inventories (continued)

8.1 Land held for property development (continued)

8.1.3 Profit sharing arrangement

Included in land held for property development is an amount of RM385,000 (2020: RM385,000) representing freehold land and development expenditure incurred for a profit sharing project.

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 both parties and are payable on percentage of completion basis.

	2021	2020
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.

8.2 Property development costs - Group

	2021 RM'000	2020 RM'000
At 1 January		
Land	9,450	7,117
Development costs	24,463	23,928
	<u>33,913</u>	<u>31,045</u>
Add :		
Development costs incurred during the year	16,649	43,467
Transfer from land held for property development (Note 8.1)	37	5,677
	<u>16,686</u>	<u>49,144</u>
Less :		
Transferred to properties held for sale	(14,051)	(4)
Cost transferred to cost to fulfil contract (Note 11.2)	(17,992)	(46,272)
Disposal of land	(10,786)	-
	<u>(42,829)</u>	<u>(46,276)</u>
At 31 December *	<u>7,770</u>	<u>33,913</u>

8. Inventories (continued)

8.2 Property development costs - Group (continued)

	2021 RM'000	2020 RM'000
* This amount comprises :		
Freehold land	4,475	9,450
Development costs	3,295	24,463
	<u>7,770</u>	<u>33,913</u>

8.2.1 Security

The freehold land with carrying amount of RM8,085 (2020 : RM7,075,369) are pledged as security for borrowings (Note 17.1).

8.3 Properties held for sale

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM21,765,000 (2020 : RM14,806,000).

9. Other investments

	2021 RM'000	2020 RM'000
<i>Financial assets at fair value through profit or loss</i>		
Group		
Non-current		
- Equity fund	<u>135</u>	<u>135</u>
Current		
- Money market funds	<u>2,305</u>	<u>3,315</u>
Company		
Current		
- Money market funds	<u>2,305</u>	<u>3,315</u>

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group						
Property, plant and equipment						
- capital allowances	-	-	(284)	(573)	(284)	(573)
Other temporary differences	1,510	1,610	-	-	1,510	1,610
Real Property Gain Tax (RPGT) on changes in fair value of investment properties	-	-	(508)	(453)	(508)	(453)
Tax assets/(liabilities)	1,510	1,610	(792)	(1,026)	718	584
Set-off of tax	(792)	(1,026)	792	1,026	-	-
	718	584	-	-	718	584
Company						
RPGT on changes in fair value of investment properties	-	-	(360)	(842)	(360)	(842)
Other temporary differences	103	103	-	-	103	103
	103	103	(360)	(842)	(257)	(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.

10. 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 2020 RM'000	Charged to profit or loss (Note 25) RM'000	At 31 December 2020/ 1 January 2021 RM'000	Charged to profit or loss (Note 25) RM'000	At 31 December 2021 RM'000
Group					
Property, plant and equipment-capital allowances	(1,166)	593	(573)	289	(284)
Other temporary differences	1,112	498	1,610	(100)	1,510
RPGT on changes in fair value of investment properties	(453)	-	(453)	(55)	(508)
	<u>(507)</u>	<u>1,091</u>	<u>584</u>	<u>134</u>	<u>718</u>

Company

RPGT on changes in fair value of investment property	(842)	-	(842)	482	(360)
Other temporary differences	103	-	103	-	103
	<u>(739)</u>	<u>-</u>	<u>(739)</u>	<u>482</u>	<u>(257)</u>

Unrecognised deferred tax assets

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

	2021 RM'000	2020 RM'000
Group		
Unutilised tax losses	48,953	48,257
Unabsorbed capital allowances	33,402	32,982
Other temporary differences	4,087	5,729
	<u>86,442</u>	<u>86,968</u>

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

	2021 RM'000	2020 RM'000
Company		
Unutilised tax losses	26,297	25,031
Unabsorbed capital allowances	4,520	4,100
Other temporary differences	271	1,816
	<u>31,088</u>	<u>30,947</u>

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses				
- Expire in YA2028 (2020 : YA2025)	31,970	33,985	17,978	17,978
- Expire in YA2029 (2020 : YA2026)	8,330	8,330	3,746	3,746
- Expire in YA2030 (2020 : YA2027)	5,942	5,942	3,307	3,307
- Expire in YA2031	2,711	-	1,266	-
	<u>48,953</u>	<u>48,257</u>	<u>26,297</u>	<u>25,031</u>

Based on the Finance Bill 2021, unutilised tax losses shall be deductible against statutory income for a maximum period of ten consecutive years of assessment immediately following that year of assessment. The unabsorbed capital allowances do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items 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.

11. Contract with customers - Group

11.1 Contract assets/(liabilities)

	2021 RM'000	2020 RM'000
Contract assets	30,994	42,852
Contract liabilities	(678)	(3,653)

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

	2021 RM	2020 RM
Opening balance	39,199	7,005
Revenue recognised during the financial year	73,465	89,689
Progress billings raised during the financial year	(82,348)	(57,495)
Closing balance	30,316	39,199
Represented by :		
Contract assets	30,994	42,852
Contract liabilities	(678)	(3,653)
	30,316	39,199

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.

11.2 Contract costs

	2021 RM'000	2020 RM'000
Cost to fulfill a contract	1,605	1,037
Cost to obtain a contract	263	521
	1,868	1,558

11. Contract with customers - Group (continued)

11.2 Contract costs (continued)

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

	2021 RM'000	2020 RM'000
Opening balance	1,558	232
Additions	-	1,342
Transfer from property development costs (Note 8.2)	17,992	46,272
Costs charged to profit or loss	(17,682)	(46,288)
Closing balance	<u>1,868</u>	<u>1,558</u>

12. Trade and other receivables

	Note	2021 RM'000	2020 RM'000
Group			
Non-current			
Trade			
Third parties	12.1	<u>19,773</u>	<u>-</u>
Current			
Trade			
Third parties		66,716	74,852
Less : Allowance for impairment		(3,731)	(3,235)
		62,985	71,617
Non-trade			
Other receivables		1,807	1,159
Less : Allowance for impairment		(464)	(464)
		1,343	695
Amount due from ultimate holding company	12.2	12	12
Prepayments		1,376	1,169
Refundable deposits		2,639	2,587
		<u>5,370</u>	<u>4,463</u>
		<u>68,355</u>	<u>76,080</u>

12. Trade and other receivables (continued)

	Note	2021 RM'000	2020 RM'000
Company			
Trade			
Third parties		70	51
Non-trade			
Amount due from subsidiaries	12.3	21,623	12,555
Less : Allowance for impairment		(10,031)	(9,327)
		11,592	3,228
Prepayments		7	64
Refundable deposits		269	243
Other receivables		21	15
Dividend receivable		-	10,000
		11,889	13,550
		11,959	13,601

12.1 Non-current trade receivables

The non-current trade receivables are based on repayment term extended to customers and are not expected to be recoverable within the next 12 months.

12.2 Amounts due from ultimate holding company

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

12.3 Amount due from subsidiaries

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

13. Deposits with licensed banks - Group

	2021 RM'000	2020 RM'000
Aged more than 3 months	9,911	9,161
Aged within 3 months	6,288	5,392
	16,199	14,553

Deposits placed with the licensed banks which are government-related entities amounted to RM15,002,000 (2020: RM12,090,000).

13. Deposits with licensed banks - Group (continued)

Deposits of the Group amounted to RM8,029,000 (2020: RM8,629,000) are pledged for bankers' acceptances facilities granted to the Group (Note 17.1).

14. Cash and bank balances

Included in cash and bank balances of the Group are amounts of RM18,366,000 (2020: RM15,936,000), 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 RM43,995,000 (2020: RM39,157,000) and RM2,283,000 (2020: RM3,758,000) respectively.

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

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

	2021 RM'000	2020 RM'000
At 1 January	-	21,632
Transfer to Inventories - land held for property development (Note 8.1)	-	(10,342)
Disposal	-	(11,290)
At 31 December	-	-

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.

16. Share capital

	2021		2020	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
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.

17. Loans and borrowings

	Note	2021 RM'000	2020 RM'000
Group			
Current			
Secured :			
Term loan 1	17.1	11,763	11,412
Term loan 2	17.1	515	1,970
Term loan 3	17.1	4,623	5,010
Term loan 4	17.1	5,500	4,500
Term loan 5	17.1	3,133	5,438
Bankers' acceptances	17.1	5,838	4,641
Unsecured :			
Bank overdrafts		9,852	15,176
Revolving credit	17.1	37,300	39,000
Hire purchase liabilities	17.2	1,634	2,227
		80,158	89,374
Non-current			
Secured :			
Term loans :			
Term loan 1	17.1	-	6,224
Term loan 2	17.1	-	354
Term loan 4	17.1	22,000	25,000
Hire purchase liabilities	17.2	2,817	3,481
		24,817	35,059
		<u>104,975</u>	<u>124,433</u>
Company			
Current			
Term loan 4	17.1	5,500	4,500
Hire purchase liabilities	17.2	18	54
		5,518	4,554
Non-current			
Term loan 4	17.1	22,000	25,000
Hire purchase liabilities	17.2	-	18
		22,000	25,018
		<u>27,518</u>	<u>29,572</u>

17. Loans and borrowings (continued)

17.1 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 8.1.2 and 8.2.1; 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 8.1.2 and 8.2.1; and
- (b) corporate guarantee by the Company of RM280 million.

Term loan 4

Term loan 4 relates to facility from Maybank Islamic Bank Berhad 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 Note 8.1.2; and
- (c) Corporate guarantee by the Company of RM5 million.

17. Loans and borrowings (continued)

17.1 Security (continued)

Bankers' acceptances

Bankers' acceptances which bear interest rate at 3.25 % (2020: 3.30 %) per annum were related to facility from OCBC Al-Amin Bank Berhad for working capital purposes and was secured by cash deposits (Note 13) and a corporate guarantee from the Company.

Revolving credit

Revolving credit which bears interest rate at 4.71% (2020: 4.80%) per annum relates to facility from Affin Islamic Bank Berhad and Bank Islam Malaysia Berhad for working capital purpose.

17.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Future minimum lease payments 2021 RM'000	Interest 2021 RM'000	Present value of minimum lease payments 2021 RM'000
Less than one year	1,839	205	1,634
Between one and five years	3,012	195	2,817
	<u>4,851</u>	<u>400</u>	<u>4,451</u>
Company			
Less than one year	<u>20</u>	<u>2</u>	<u>18</u>

17. Loans and borrowings (continued)

17.2 Hire purchase liabilities (continued)

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
	<u>6,256</u>	<u>548</u>	<u>5,708</u>
Company			
Less than one year	62	8	54
Between one and five years	20	2	18
	<u>82</u>	<u>10</u>	<u>72</u>

18. Trade and other payables

	Note	2021 RM'000	2020 RM'000
Group			
Trade			
Trade payables		78,138	97,370
Amount due to ultimate holding company	18.1	1,094	1,298
		<u>79,232</u>	<u>98,668</u>
Non-trade			
Other payables and accruals		32,357	30,153
Refundable deposits		1,643	1,200
Amount due to ultimate holding company	18.1	4,100	7,206
Amount due to related companies	18.2	357	356
		<u>38,457</u>	<u>38,915</u>
		<u>117,689</u>	<u>137,583</u>

18. Trade and other payables (continued)

	Note	2021 RM'000	2020 RM'000
Company			
Non-trade			
Other payables and accruals		2,131	2,661
Refundable deposits		253	280
Amount due to ultimate holding company	18.1	4,100	4,127
Amount due to subsidiaries	18.2	2,988	2,473
		<u>9,472</u>	<u>9,541</u>

18.1 Amount due to ultimate holding company - Group/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.

18.2 Amount due to related companies and subsidiaries - Group/Company

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

19. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contract customers				
<i>Over time</i>				
- Sale of development properties	20,763	58,700	-	-
- Revenue from construction contracts	18,664	30,989	-	-
	<u>39,427</u>	<u>89,689</u>	<u>-</u>	<u>-</u>

19. Revenue (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contract customers (continued)				
<i>At a point in time</i>				
- Sale of completed properties and land	75,265	40,574	-	2,030
- Revenue from sand quarry, road paving and premix aggregate	87,897	84,021	-	-
- Revenue from water theme park, golf resort and hotel operations	2,572	3,455	-	-
- Sale of oil palm fresh fruit bunches	1,164	887	1,164	883
	166,898	128,937	1,164	2,913
	<u>206,325</u>	<u>218,626</u>	<u>1,164</u>	<u>2,913</u>
Other revenue				
Management fees from subsidiaries	-	-	12,365	3,633
Dividend income from subsidiaries	-	-	12,000	10,000
Others	1,404	959	-	-
	1,404	959	24,365	13,633
	<u>207,729</u>	<u>219,585</u>	<u>25,529</u>	<u>16,546</u>

19.1 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.

	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Group				
2021				
Sale of development properties and land	27,472	4,958	-	32,430
Revenue from road paving	71,052	7,895	-	78,947
Revenue from construction contracts	131,589	154,246	158,531	444,366
	<u>230,113</u>	<u>167,099</u>	<u>158,531</u>	<u>555,743</u>

19. Revenue (continued)**19.1 Transaction price allocated to the remaining performance obligations (continued)**

Group	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
2020				
Sale 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
	<u>106,410</u>	<u>80,716</u>	<u>11,516</u>	<u>198,642</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.

19.2 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.

19. Revenue (continued)

19.3 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>Sale 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 and the Company 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>Sale 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>Sale 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>

20. Costs of sales

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost of development properties and land sold	78,475	74,230	-	1,661
Sand quarry, road paving and premix aggregate costs	74,522	72,503	-	-
Construction contract costs	14,566	22,727	-	-
Cost of water theme park, golf resort and hotel operations	4,313	5,856	-	-
Cost of oil palm fresh fruit bunches sold	599	605	599	603
Others	470	46	-	-
	<u>172,945</u>	<u>175,967</u>	<u>599</u>	<u>2,264</u>

21. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expenses of financial liabilities that are not at fair value through profit or loss	<u>5,316</u>	<u>7,379</u>	<u>1,139</u>	<u>1,386</u>

22. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After charging :				
Auditors' remuneration :				
- Statutory audit	363	348	140	135
- Prior year	-	(2)	-	-
Non-audit fees				
- KPMG PLT	83	83	8	8
- affiliate of KPMG PLT	101	101	31	31
Depreciation of property, plant and equipment	6,984	8,337	732	863

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

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
After charging (continued):				
Property, plant and equipment written off	-	4	-	-
Expenses relating to short-term leases	175	220	106	108
Expenses relating to leases of low-valued assets	239	43	38	43
Impairment loss on :				
- Investment in subsidiaries	-	-	-	2,044
- Advances to subsidiaries	-	-	2,254	5,272
- Property, plant and equipment	-	148	-	-
Bad debts written off	94	-	-	-
Fair value loss on investment properties	-	-	4,817	-
Royalties and tributes	1,338	1,358	-	-
and after crediting :				
Fair value gain on investment properties	4,852	-	-	-
Rental income	566	959	787	1,241
Gain on disposal of property, plant and equipment	12	494	-	-
Interest income				
- Other investments	2	228	2	228
- Subsidiaries	-	-	1,466	1,630
- Others	544	651	-	-
Dividend income from subsidiaries	-	-	12,000	10,000
Government grants*	802	1,807	-	-
Net loss on impairment of financial instruments and contract assets				
Financial assets at amortised cost				
- Trade receivables	702	998	-	-
- Subsidiaries	-	-	704	1,352
	<u>702</u>	<u>998</u>	<u>704</u>	<u>1,352</u>

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

23. Employee benefits

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel expense (including key management personnel)				
Wages and salaries	19,680	22,906	6,864	5,451
Social security costs	277	342	74	56
Contributions to Employees' Provident Fund	2,686	3,076	1,037	706
Other benefits	1,441	1,552	645	521
	<u>24,084</u>	<u>27,876</u>	<u>8,620</u>	<u>6,734</u>

24. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current Non-Executive Directors :				
Fees	328	216	288	194
Other emoluments	572	447	551	447
	<u>900</u>	<u>663</u>	<u>839</u>	<u>641</u>
Past Non-Executive Directors :				
Fees	80	130	80	89
Other emoluments	241	190	241	190
	<u>321</u>	<u>320</u>	<u>321</u>	<u>279</u>
Total Directors' emoluments	1,221	983	1,160	920
Estimated monetary value of benefits-in-kind	66	66	66	66
Total Directors' emoluments including benefits-in-kind	<u>1,287</u>	<u>1,049</u>	<u>1,226</u>	<u>986</u>
Other key management personnel :				
Salaries and other emoluments	3,740	2,141	3,217	1,709
	<u>5,027</u>	<u>3,190</u>	<u>4,443</u>	<u>2,695</u>

25. Income tax

Recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tax expense	2,404	3,264	(482)	-

Major components of income tax include :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense				
- Current year	2,184	3,428	-	-
- Under provision in prior years	354	927	-	-
	2,538	4,355	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	12	(296)	(482)	-
- Over provision in prior years	(146)	(795)	-	-
	(134)	(1,091)	(482)	-
Total tax expense	2,404	3,264	(482)	-

25. Income tax (continued)

Reconciliation of tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before tax	7,770	8,534	3,956	(5,142)
Tax calculated using Malaysian tax rate at 24%	1,865	2,048	949	(1,234)
Non-deductible expenses	402	1,782	1,897	2,607
Non-taxable income	-	-	(2,880)	(2,400)
Effect of deferred tax assets (recognised)/ not recognised	(126)	(698)	34	1,027
Fair value adjustment on investment properties	55	-	(482)	-
Under provision in prior years	208	132	-	-
Income tax expense recognised in profit or loss	2,404	3,264	(482)	-

26. Earnings per ordinary share - Group

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 :

	2021	2020
Profit for the year attributable to owners (RM'000)	5,387	5,292
Number of ordinary shares at 31 December ('000)	303,855	303,855
Basic earnings per ordinary share (sen)	1.77	1.74

27. Dividend - Group/Company

Dividends recognised in the current year by the Company are :

	2021 RM'000	2020 RM'000
<i>In respect of financial year ended 31 December 2020</i>		
- an interim dividend of RM0.0075 per ordinary share paid on 30 March 2021	<u>2,273</u>	<u>-</u>

28. 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 were transacted based on negotiated terms during the financial year :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Subsidiaries:				
Rental income	-	-	786	282
Management fees	-	-	12,365	3,633
Rendering of services	-	-	7,416	3,514
Interest income	-	-	1,466	1,630
Rental expenses	-	-	-	24

28. Related party transactions (continued)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company :				
Rental of quarry land	100	100	-	-
Tributes charged	1,338	589	-	-
Profit sharing on the sale of a development land	-	3,079	-	-
Related party - subsidiaries of ultimate holding company :				
Insurance payable	2,142	1,469	237	229
Property management fee payable	1	41	1	41
Sale of fresh fruit bunches	1,164	847	1,164	842
Estate agency fee payable	30	62	30	62
Rental income	92	92	92	92
Government-related financial institutions:				
Interest income	327	665	2	227
Interest expenses	5,022	6,794	1,189	1,386
State Government-related entities:				
Quit rent and assessment	531	1,024	129	115
Water expenses	42	184	9	7
Progress billing	72,569	53,937	-	-
Royalties payable	729	695	-	-

28. Related party transactions (continued)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Federal Government-related entities:				
Sewerage expenses	245	88	7	9
Electricity expenses	1,246	1,864	105	125
Progress billing	<u>16,501</u>	<u>5,839</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 24.

29. Financial instruments

29.1 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
2021			
Financial assets			
Group			
Other investments	2,440	-	2,440
Trade and other receivables (excluding prepayments)	86,752	86,752	-
Deposits with licensed banks	16,199	16,199	-
Cash and bank balances	59,998	59,998	-
	<u>165,389</u>	<u>162,949</u>	<u>2,440</u>

29. Financial instruments (continued)

29.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2021			
Financial assets			
Company			
Other investments	2,305	-	2,305
Trade and other receivables (excluding prepayments)	11,952	11,952	-
Cash and bank balances	2,298	2,298	-
	<u>16,555</u>	<u>14,250</u>	<u>2,305</u>
		Carrying amount RM'000	AC RM'000
2021			
Financial liabilities			
Group			
Loans and borrowings		(104,975)	(104,975)
Trade and other payables		(117,689)	(117,689)
		<u>(222,664)</u>	<u>(222,664)</u>
Company			
Loans and borrowings		(27,518)	(27,518)
Trade and other payables		(9,472)	(9,472)
		<u>(36,990)</u>	<u>(36,990)</u>

29. Financial instruments (continued)

29.1 Categories of financial instruments (continued)

	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>
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
2020			
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>

29. Financial instruments (continued)

29.2 Net gains and losses arising from financial instruments :

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) arising on :				
- Fair value through profit or loss	2	228	2	228
- Financial assets at amortised cost	(158)	(347)	762	278
- Financial liabilities measured at amortised cost	(5,316)	(7,379)	(1,139)	(1,386)
	<u>(5,472)</u>	<u>(7,498)</u>	<u>(375)</u>	<u>(880)</u>

29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Interest rate risk

29.4 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.

29. Financial instruments (continued)

29.4 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 58% (2020 : 57%) of the Group's trade receivables were due from a group of customers which are past due but not impaired.

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 businesses are 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.

29. Financial instruments (continued)

29.4 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.

	2021			2020		
	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)	63,449	-	63,449	72,047	-	72,047
1 - 30 days past due	11,387	-	11,387	25,324	-	25,324
31 - 60 days past due	2,196	-	2,196	7,079	-	7,079
61 - 90 days past due	2,896	-	2,896	4,426	-	4,426
	<hr/> 79,928	<hr/> -	<hr/> 79,928	<hr/> 108,876	<hr/> -	<hr/> 108,876

29. Financial instruments (continued)

29.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

Group	2021			2020		
	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
Credit impaired						
More than 90 days past due	33,824	-	33,824	5,593	-	5,593
Individually impaired	3,731	(3,731)	-	3,235	(3,235)	-
	<u>117,483</u>	<u>(3,731)</u>	<u>113,752</u>	<u>117,704</u>	<u>(3,235)</u>	<u>114,469</u>
Trade receivables	86,489	(3,731)	82,758	74,852	(3,235)	71,617
Contract assets	30,994	-	30,994	42,852	-	42,852
	<u>117,483</u>	<u>(3,731)</u>	<u>113,752</u>	<u>117,704</u>	<u>(3,235)</u>	<u>114,469</u>
Company						
Current (not past due)	<u>70</u>	<u>-</u>	<u>70</u>	<u>51</u>	<u>-</u>	<u>51</u>

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

	Group RM'000
Trade receivable credit impaired	
Balance at 1 January 2020	3,691
Amount written off	(1,454)
Net remeasurement of loss allowance	998
Balance at 31 December 2020/1 January 2021	<u>3,235</u>
Amount written off	(206)
Net remeasurement of loss allowance	702
Balance at 31 December 2021	<u>3,731</u>

29. Financial instruments (continued)

29.4 Credit risk (continued)

Inter company balances

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries to be with 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.

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.

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Company			
2021			
Low credit risk	64,766	-	64,766
Credit impaired	17,557	(17,557)	-
	<u>82,323</u>	<u>(17,557)</u>	<u>64,766</u>
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>

29. Financial instruments (continued)

29.4 Credit risk (continued)

Inter company balances (continued)

Recognition and measurement of impairment loss (continued)

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

	2021 RM'000	2020 RM'000
Balance at 1 January	14,599	7,975
Impairment loss recognised	2,958	6,624
Balance at 31 December	<u>17,557</u>	<u>14,599</u>

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 RM73.0 million (2020: RM89.2 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.

29.5 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 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 capital requirements.

29. Financial instruments (continued)

29.5 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/discount rates per annum %	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
2021							
Group							
<i>Non-derivative financial liabilities</i>							
Term loans	47,534	4.17 - 7.85	51,329	21,536	16,183	13,610	-
Revolving credit	37,300	4.71 - 4.80	37,300	37,300	-	-	-
Hire purchase liabilities	4,451	2.20 - 3.65	4,851	1,839	1,565	1,447	-
Bank overdraft	9,852	5.40 - 7.06	9,852	9,852	-	-	-
Bankers' acceptances	5,838	3.20 - 3.25	5,838	5,838	-	-	-
Trade and other payables	117,689	-	117,689	117,689	-	-	-
Lease liabilities	21,227	3.17	21,227	-	-	1,996	19,231
	<u>243,891</u>		<u>248,086</u>	<u>194,054</u>	<u>17,748</u>	<u>17,053</u>	<u>19,231</u>

29. Financial instruments (continued)

29.5 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
2021							
Company							
<i>Non-derivative financial liabilities</i>							
Term loan	27,500	4.19	28,776	6,172	6,424	16,180	-
Hire purchase liabilities	18	4.66	20	20	-	-	-
Trade and other payables	9,472	-	9,472	9,472	-	-	-
Financial guarantee	-	-	73,024	73,024	-	-	-
	<u>36,990</u>		<u>111,292</u>	<u>88,688</u>	<u>6,424</u>	<u>16,180</u>	<u>-</u>

29. Financial instruments (continued)

29.5 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							
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>
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>

29. Financial instruments (continued)

29.6 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	
	2021 RM'000	2020 RM'000
Fixed rate instruments		
Financial assets		
- Deposits placed with licensed banks	<u>16,199</u>	<u>14,553</u>
Financial liabilities		
- Hire purchase liabilities	<u>4,451</u>	<u>5,708</u>
Floating rate instruments		
Financial liabilities		
- Term loans	47,534	59,908
- Revolving credit	37,300	39,000
- Bank overdraft	9,852	15,176
- Bankers' acceptances	5,838	4,641
	<u>100,524</u>	<u>118,725</u>

29. Financial instruments (continued)

29.6 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Company	
	2021	2020
	RM'000	RM'000
Fixed rate instrument		
Financial liabilities		
Hire purchase liabilities	18	72
Floating rate instrument		
Financial liabilities		
- Term loan	27,500	29,500

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 hedge 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 RM382,000 (2020: RM451,000) and the Company's post-tax profit would have been decreased by RM105,000 (2020: RM112,000). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

29.7 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.

29. Financial instruments (continued)

29.7 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										
31.12.2021										
Financial assets										
Other investments	-	2,440	-	2,440	-	-	-	-	2,440	2,440
Financial liabilities										
Term loans	-	-	-	-	-	-	47,534	47,534	47,534	47,534

29. Financial instruments (continued)

29.7 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										
31.12.2020										
Financial assets										
Other investments	-	3,450	-	3,450	-	-	-	-	3,450	3,450
Financial liabilities										
Term loans	-	-	-	-	-	-	59,908	59,908	59,908	59,908

29. Financial instruments (continued)

29.7 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 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		
31.12.2021										
Financial asset										
Other investments	-	2,305	-	2,305	-	-	-	-	2,305	2,305
Financial liabilities										
Term loans	-	-	-	-	-	-	27,500	27,500	27,500	27,500
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

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.

29. Financial instruments (continued)

29.7 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. (2020 : 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.

30. Commitments

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Contracted but not provided for	<u>1,900</u>	<u>600</u>	<u>774</u>	<u>-</u>

31. Segment information

In the previous financial year, the Group presented its segment information based upon five (5) major business segments, namely the property development, road building and quarry, engineering and construction, leisure and hospitality as well as investment holding. 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.

During the financial year, the Group streamlined its segment information and the segments are broadly classified into three (3) major segments as follows :

- (i) Property development - the development of residential and commercial properties,
- (ii) Engineering, construction and quarry - civil engineering contractor, building and general contractor and granite quarry operator
- (iii) Investment and property holding - golf resort owner and operator, water theme park operator, 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.

31. Segment information (continued)

	Property development RM'000	Engineering, Construction and Quarry RM'000	Investment and property holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
2021						
Revenue						
External sales	96,028	106,561	5,140	207,729	-	207,729
Inter-segment sales	5,949	(1,344)	25,215	29,820	(29,820)	-
Total revenue	101,977	105,217	30,355	237,549	(29,820)	207,729
Segment profit/(loss)	4,925	3,361	5,435	13,721	(5,951)	7,770
Included in the measure of segment profit are:						
- Finance income	159	373	1,480	2,012	(1,466)	546
- Finance costs	5,164	295	1,323	6,782	(1,466)	5,316

31. Segment information (continued)

	Property development RM'000	Engineering, Construction and Quarry RM'000	Investment and property holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
2021						
Assets						
Segment assets	663,206	188,086	191,707	1,042,999	(326,678)	716,321
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets						
- Property, plant and equipment	92	3,513	766	4,371	-	4,371
- Land held for development	7,236	-	-	7,236	-	7,236
- Investment properties	-	-	21,227	21,227	-	21,227
Liabilities						
Segment liabilities	231,142	92,402	67,342	390,886	(146,317)	244,569
Other information						
Tax expense	1,385	1,019	-	2,404	-	2,404
Depreciation of property, plant and equipment	677	4,637	1,763	7,077	(93)	6,984

31. 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

31. 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	1,071,983	(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

Geographical segments

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

31. Segment information (continued)

Major customers

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

	2021 RM'000	2020 RM'000
Customer A	72,569	58,484
Customer B	-	24,024
Customer C	<u>30,173</u>	<u>-</u>

32. 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 2021.

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 2021 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 :

.....
Tuan Sr Haji Che Had bin Dhali
Director

.....
Tuan Mohamad Ibrahim Bin Ghazali
Director

Alor Setar,

Date : 22 April 2022

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 CA29437 at George Town in the State of Penang on 22 April 2022.

.....
Mohd Nasir bin Ismail
Head, Group Finance and Account

Before me:

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 18, Hunza Tower
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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 2021 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 2021, 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 (for property development and constructions)	
Refer to the Note 2(o)(i) – Significant accounting policies: Revenue and Note 19 – 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>There is a risk that the actual development costs are different to those estimated, resulting in percentage of completion computed not reflecting the actual progress of the development.</p> <p>This is a key audit matter because evaluating the estimates of development costs and the reasonableness of the percentage of completion used require us to exercise significant judgments.</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 development cost, budgets setting, authorising and recording of actual costs incurred; • Challenged the assumptions in deriving at the estimates of development costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated cost to supplier's letter of award or contracts and considered allowance for cost increase included in these estimates; and • Checked samples from the estimated property development costs of all ongoing projects, allocation of costs and subsequent changes to the estimation to supporting documentation such as approved budgets, letter of awards, quotations, correspondences, contracts and variation orders with sub-contractors.

Key Audit Matters (continued)

We have determined that there is no key audit matter 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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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 annual report and, in doing so, consider whether the annual report 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 annual report, we are required to report that fact. We have nothing to report in this regard.

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 : 22 April 2022

Lee Phaik Im
Approval Number : 03177/05/2023 J
Chartered Accountant