



# RISING ABOVE

**BINA DARULAMAN BERHAD**  
ANNUAL REPORT 2017









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# RISING ABOVE

The tide and ocean represents the ups and downs of the unpredictable global economy. Despite trying times, BDB retains its buoyancy and composure as a trusted developer of the northern states of Malaysia. As things have calmed down, it's time for BDB to rise above the rest, to be the very best.



# OUR VISION

To be a respected and leading conglomerate that delivers excellent products and services.

# OUR MISSION

To deliver excellent standard of performance through township development, infrastructure, construction and tourism.

# OUR OBJECTIVES

- To maximise returns to shareholders by maximising growth rate in net earnings.
- To ensure that subsidiaries achieve leadership positions in their respective industries.
- To create a conducive environment for the Group's employees to realise their potential.
- To ensure sustainability of our core businesses.
- To create diversified income and revenue sources.
- To contribute positively towards the social and environmental needs of the society in which we operate.

## ABOUT US

# BINA DARULAMAN BERHAD

**BINA DARULAMAN BERHAD (BDB)** is an investment holding company with subsidiaries being household names in the state of Kedah throughout various industries including property and township development, construction, road building and maintenance, quarry operation, golf as well as leisure.

Since its inception more than two decades ago, the BDB Group has played a significant role in contributing to the development of the state's socioeconomic agenda and has achieved remarkable success in the undertaking of various projects in different parts of Kedah.

Incorporated on 7 February 1995 and listed in the Main Board of Bursa Malaysia on 2 February 1996, the BDB Group has come a long way from its humble start and now possesses a workforce with a high degree of expertise and specialty as evident in its ability to undertake various projects.

The Group underwent a transformation process through a rebranding exercise with the unveiling of a new identity in April 2015, which was in conjunction with its 20<sup>th</sup> anniversary celebration. The new corporate identity, with the tagline "Spirit of Achievement" reflects BDB's bigger, forward-marching aspirations and commitment.

The new tagline underscores the new corporate culture when everyone will work together to achieve corporate goals.







## ENGINEERING & CONSTRUCTION

# BDB SYNERGY SDN. BHD.

**BDB SYNERGY SDN. BHD. (BDB Synergy)** was created through a joint venture between Perbadanan Kemajuan Negeri Kedah (PKNK) and Sato Kogyo Company Ltd. in 1982 and prides itself as one of the major participants in the government and private sectors' engineering and construction markets for the northern region of Malaysia. BDB Synergy offers a full spectrum of engineering and construction services, from civil and building construction, roadworks and earthworks, maritime infrastructure to waterworks.

BDB Synergy, since its inception, has forged a proud track record of major developments and projects across the engineering and construction industry. Among others, BDB Synergy has successfully delivered building and civil projects for airports, leisure and residential developments, educational and healthcare, water supply facilities, jetties, roads, bridges, industrial, and civil infrastructures.

BDB Synergy's competitive advantage lies in its decades of experience, civil engineering skillsets and resources that are versatile enough to deliver projects of all sizes innovatively within budget, on time, and exceeding clients' expectations.

As a commitment to operational excellence and consistent performance with the core objective of achieving complete stakeholders' satisfaction, BDB Synergy subscribes to the following tools and standards in its operations:

- Quality Assessment System in Construction (QLASSIC)
- ISO 9001:2015
- ISO 14001:2015
- OHSAS 18001:2007

BDB Synergy, building trust and creating value.







## ROAD & QUARRY

# BDB INFRA SDN. BHD.

**BDB INFRA SDN. BHD. (BDB Infra)** has more than 40 years of experience in quarry and road construction since its inception in 1973. BDB Infra is also a Class G7 contractor that is recognised as one of the most reputable contractors for road works in northern Malaysia.

Originally operating under the name of Syarikat Bina Dan Kuari Kedah Sdn. Bhd., BDB Infra is the pioneer of the quarry industry in the north and operates the largest granite quarry in Kedah. Situated in Bukit Perak, Pendang, the quarry produces various sizes of crushed aggregates and asphaltic concrete products for the construction of roads, highways, railway tracks, bridges, houses, land reclamation and other infrastructures. The quarry has the capacity to produce 100,000 tonnes of aggregates monthly and based on the current capacity, the quarry has enough reserves to last over 100 years.

BDB Infra has participated in many major projects since its establishment. Being a Class G7 contractor, the reputation continues today with the construction, reconstruction and maintenance of roads and highways across northern Malaysia. To date, BDB Infra has managed to build, construct and maintain more than 1,500 kilometers of roads and highways.















## PROPERTY DEVELOPMENT

# BDB LAND SDN. BHD.

**BDB LAND SDN. BHD. (BDB Land)** has carved a niche as a reputable leader in township developments in the northern region of Malaysia. Established on 7 April 1982, the multiple award-winning developer has more than 30 years of experience and an impressive track record as its credentials.

BDB Land is the name behind prestigious sustainable townships such as:

- Bandar Darulaman (Jitra)
- Darulaman Perdana (Sungai Petani)
- Darulaman Utama (Kuala Ketil)
- And, the 2 new lifestyle townships, set to be launched in 2018, Darulaman Saujana (Jitra) and Darulaman Putra (Sungai Petani), are poised to continue bringing sustainable development and quality living to Kedahans.



Bandar Darulaman continues to enhance its integrated township with Fantasia Aquapark, and will be introducing Darulaman Park Mall, Active Zone, Glamping Site and Flying Fox.

Commencing in 2018, BDB Land will continuously provide holistic and sustainable living via its commercial developments such as Axis Commercial Hub in Bandar Darulaman as well as Clubhouse in Darulaman Perdana that consists of a gymnasium, swimming pool, café, convenience shop, and a games room which are set to be ready in the next 3 years.

BDB Land also aims to make home ownership within reach to as many as possible by continuing to focus on building affordable homes in the next 5 years. BDB Land is also well positioned to offer various types of homes to match the varying needs of the market. It will continue to introduce new products and a new living lifestyle within its townships and play a key role in the socioeconomic agenda of Kedah.

## PROPERTY DEVELOPMENT

# KEDAH HOLDINGS SDN. BHD.

**KEDAH HOLDINGS SDN. BHD. (Kedah Holdings)** which was established on 2 February 1982, has more than 30 years of experience in developing commercial and residential properties, high-rise apartments and office blocks as its credentials.

Kedah Holdings is poised to develop small to medium scale housing and commercial schemes to position itself as a pocket and boutique developer matching customised needs and lifestyle to the people within Kedah state and beyond.

Kedah Holdings' past developments include:

- Kompleks Alor Setar – A 3-storey commercial complex along Lebuhraya Darulaman, Alor Setar.
- Menara BDB – A 10-storey office block which houses Bina Darulaman Berhad headquarters as well as private offices, government and semi-government agencies.
- Kedah Holdings is also set to launch more housing schemes in 2018 and for the first time, it will go beyond Kedah boundary.
- 84 residential units have been launched in the third quarter of 2017 in Kuala Kangsar, Perak.
- 132 affordable residential units and 11 shop offices are set to be introduced in Serdang, Bandar Baharu, Kedah in 2018.
- 250 residential units and 40 units of shop houses will be developed in 3 phases and are to be launched in the first quarter of 2018 within the new town of Pokok Sena, Kedah.















## LEISURE

# BDB LEISURES SDN. BHD.

**BDB LEISURES SDN. BHD. (BDB Leisures)** was incorporated on 6 September 2016. BDB Leisures is a subsidiary of BDB Land Sdn. Bhd. that carries on the business of amusement parks and manages all kind of entertainment, sports, indoor and outdoor recreations. BDB Leisures had expanded from 7 employees to currently more than 50 staff members on management and operation levels.

The development of Darulaman Park, together with the introduction of the Fantasia Aquapark in 2017 will help in maintaining the core revenue for BDB Leisures. Darulaman Trails in Bandar Darulaman, Darulaman Sanctuary in Langkawi and Darulaman Perdana in Sungai Petani will ensure the supporting roles for this core business to be well maintained for BDB Leisures' survival and success.



LEISURE

# BDB DARULAMAN GOLF RESORT BERHAD





**BDB Darulaman Golf Resort Berhad (DGRB)** boasts a sprawling international standard 18-hole golf course which encompasses an area of 190 acres of gently undulating landscape, lined with trees, hillocks and glimmering lakes stretching as far as the eye can see. It is a par 72 course designed to challenge amateurs and professionals alike.

The DGRB golf course is designed by the renowned Australian golf course architect, Ted Parslow of E&G Parslow Associates. Crafted onto the Kedah countryside landscape, the course features vast aprons of Greenlees Park Bermuda fairways dotted with smooth Bermuda Tildwarf greens. Once on the fairway the golfer is introduced to nature's challenge and a vast array of sand bunkers, tree lines, rolling landscape and natural bodies of water. All skillfully designed to present a fun experience to the casual player yet addictive and challenging enough to keep the most avid golfer returning for more. Full course irrigation and sub-surface drainage ensures a perfect playing surface year-round, adding the final stroke to this masterpiece, while making it one of the best golf courses available in northern Malaysia.

BDB Hotels hosts a total of 104 units of rooms with apartment concept and consists of Standard Suite, Deluxe Suite, Family Suite with 2 bedrooms and 11 units of chalets which can accommodate your retreat in total tranquility.

All the rooms are fitted with air conditioning, a comfy sofa and satellite TV. Suites and chalets include a kitchenette complete with a microwave oven for convenience. The en-suite bathroom has a shower built in.

Some of the highlights of the resort include the Classic Café that serves tasty Western and Asian dishes complemented by a beautiful view of the golf course. Snacks and drinks are available at the Golf Terrace, while newspapers and fax facilities are available at the 24-hour front desk. The hotel also provides meeting rooms, a children's playground and barbecue facilities for the enjoyment of guests. Its conference hall that can be used for business functions or leisure activities can accommodate up to 300 guests at any one-time.



# CORPORATE STRUCTURE



## PROPERTY DEVELOPMENT

**100% BDB Land Sdn. Bhd.** (69284-P)

**100% Kedah Holdings Sdn. Bhd.** (80618-U)

**100% Aman Lagenda Sdn. Bhd.** (1116761-P)

## ROAD & QUARRY

**100% BDB Infra Sdn. Bhd.** (16289-A)



## ENGINEERING & CONSTRUCTION

**100% BDB Synergy Sdn. Bhd.** (82740-W)

## LEISURE

**100% BDB Leisures Sdn. Bhd.** (1200815-K)

**98.7% BDB Darulaman  
Golf Resort Berhad** (254310-M)





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Paduka Haji Rasli Bin Basir**  
*Chairman / Non-Independent and  
Non-Executive Director*

**Dato' Izham Bin Yusoff**  
*Group Managing Director /  
Non-Independent and Executive Director  
(Demised on 13 March 2018)*

**Dato' Haji Asri Bin Hamidon**  
*Senior Independent Director*

**Tuan Haji Abdul Rahman Bin Abdullah**  
*Non-Independent and  
Non-Executive Director*

**Encik Sudirman Bin Masduki**  
*Independent and Non-Executive Director*

**Datuk Mohd Radzif Bin Mohd Yunus**  
*Independent and Non-Executive Director*

## BOARD PROCUREMENT COMMITTEE

**Datuk Mohd Radzif Bin Mohd Yunus**  
*Chairman*

**Dato' Haji Asri Bin Hamidon**  
*Member*

## BOARD AUDIT COMMITTEE

**Encik Sudirman Bin Masduki**  
*Chairman*

**Dato' Haji Asri Bin Hamidon**  
*Member*

**Datuk Mohd Radzif Bin Mohd Yunus**  
*Member*

## BOARD RISK COMMITTEE

**Dato' Haji Asri Bin Hamidon**  
*Chairman*

**Tuan Haji Abdul Rahman Bin Abdullah**  
*Member*

**Datuk Mohd Radzif Bin Mohd Yunus**  
*Member*

## BOARD NOMINATION, REMUNERATION & ESOS COMMITTEE

**Datuk Mohd Radzif Bin Mohd Yunus**  
*Chairman*

**Dato' Haji Asri Bin Hamidon**  
*Member*

**Tuan Haji Abdul Rahman Bin Abdullah**  
*Member*

**Encik Sudirman Bin Masduki**  
*Member*

## COMPANY SECRETARY

**Khairulmuna Binti Abd Ghani**  
*(LS No. 0008190)*

## SOLICITORS

Messrs Kadir Andri & Partners  
Level 10, Menara BRDB  
285 Jalan Maarof  
59000 Kuala Lumpur  
Malaysia  
Tel : (03) 2780 2888  
Fax : (03) 2780 2832  
E-mail : partner@kaaplaw.com

## REGISTERED OFFICE

Aras 9, Menara BDB  
88, Lebuhraya Darulaman  
05100 Alor Setar  
Kedah Darul Aman  
Tel : (04) 730 0303  
Fax : (04) 734 2714  
E-mail : bina\_darulaman@bdb.com.my  
Website: www.bdb.com.my

## KUALA LUMPUR OFFICE

Level 13A, Menara Glomac  
Glomac Damansara, Jalan Damansara  
60000 Kuala Lumpur  
Tel : (03) 7710 3303  
Fax : (03) 7710 7303

## SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7784 3922  
Fax : (03) 7784 1988  
E-mail : binawin@hotmail.com

## AUDITORS

KPMG PLT  
Level 18, Hunza Tower  
163E Jalan Kelawei  
10250 Penang  
Tel : (04) 238 2288  
Fax : (04) 238 2222

## PRINCIPAL BANKS

Maybank Islamic Bank Berhad  
No. 1535, Jalan Sultan Badlishah  
05710 Alor Setar  
Kedah Darul Aman  
Tel : (04) 731 3855  
Fax : (04) 733 1550

Affin Islamic Bank Berhad  
No. 147 & 148  
Susuran Sultan Abdul Hamid 8  
Kompleks Sultan Abdul Hamid  
Fasa 2, Persiaran Sultan Abdul Hamid  
05050 Alor Setar  
Kedah Darul Aman  
Tel : (04) 772 1477  
Fax : (04) 771 4796

## STOCK EXCHANGE LISTING

Listed on the Main Board of Bursa  
Malaysia Securities Berhad  
Stock Name: BDB  
Stock Code: 6173

## BOARD OF DIRECTORS

### DATO' PADUKA HAJI RASLI BIN BASIR

*Chairman / Non-Independent and  
Non-Executive Director*

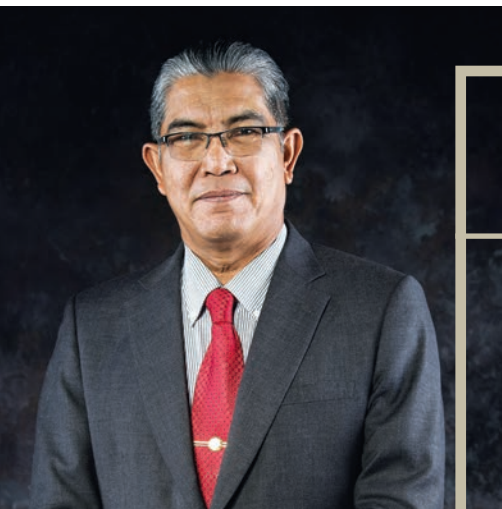
Malaysian, 64 years old



### DATO' IZHAM BIN YUSOFF

*Group Managing Director /  
Non-Independent and  
Executive Director*

Malaysian, 50 years old  
(Demised on 13 March 2018)



### TUAN HAJI ABDUL RAHMAN BIN ABDULLAH

*Non-Independent and  
Non-Executive Director*

Malaysian, 57 years old







**ENCIK SUDIRMAN  
BIN MASDUKI**

*Independent and  
Non-Executive Director*

Malaysian, 66 years old



**DATO' HAJI ASRI  
BIN HAMIDON**

*Senior Independent Director*

Malaysian, 52 years old



**DATUK MOHD RADZIF  
BIN MOHD YUNUS**

*Independent and  
Non-Executive Director*

Malaysian, 59 years old



## PROFILES OF DIRECTORS



### DATO' PADUKA HAJI RASLI BIN BASIR

*B.A (Hons) Anthropology & Sociology, University of Malaya  
Diploma in Public Administration (Post Graduate)  
Master in Administrative Study, Ohio University Athens at Ohio, USA*

**DATO' SERAJA SETIA DATO' PADUKA HAJI RASLI BIN BASIR**, a Malaysian aged 64, was appointed to the Board on 1 January 2016 as Non-Independent Non-Executive Chairman of Bina Darulaman Berhad (BDB).

Dato' Paduka Haji Rasli had vast experience in civil services and served Kedah Civil Service for 37 years holding various senior positions including Director of Land and Mines, State Financial Officer, and as the Kedah State Secretary, his last position prior to retirement.

He is currently a board member of Syarikat Air Darulaman Sdn. Bhd. (SADA) and a member (by invitation) of Langkawi Development Authority (LADA).

Dato' Paduka Haji Rasli does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 10 years.

Dato' Paduka Haji Rasli attended all the 7 Board Meetings of the Company for the financial year ended 31 December 2017.





## DATO' IZHAM BIN YUSOFF

*Bachelor of Accounting and Master of Business Administration  
(Accounting & International Business) both from University of Miami,  
United States of America*

*Associate Member of Institute of Internal Auditors Malaysia*

**DATO' IZHAM BIN YUSOFF** was born in Kedah, a Malaysian aged 50. He is the former Executive Director and Group Managing Director of Bina Darulaman Berhad (BDB).

He was appointed as an Independent Non-Executive Director of BDB in August 2013 and later redesignated to Non-Independent Executive Director in February 2014. He is also a Board member of TH Properties Sdn. Bhd. effective 1 October 2017.

Prior to working with BDB, he was the Managing Director and Chief Executive Officer of Percetakan Nasional Malaysia Berhad from February 2010 until January 2014. He has served as the Executive Director/Chief Operating Officer of Ninebio Sdn. Bhd. from 2007 until 2010, Managing Director and Chief Executive of KUB Malaysia Berhad from 2004 until 2007, Managing Director and Chief Executive Officer of Amanah Raya Berhad from 2002 until 2004 and Director of Bursa Malaysia Securities Berhad.

Dato' Izham Yusoff was appointed as a member of Lembaga Tabung Haji Investment Panel on 1 October 2017.

Dato' Izham does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction of any offences over the past 10 years.

Dato' Izham attended all the 7 Board Meetings of the Company for the financial year ended 31 December 2017.

Reviewed by the late Dato' Izham on 12.03.2018.



## DATO' HAJI ASRI BIN HAMIDON

*B. Econs of University of Malaya*

*M. A (Economy) from University of Hiroshima, Japan*

*Diploma in Public Administration*

*Attended Harvard Premier Business Management Program*

**DATO' HAJI ASRI BIN HAMIDON**, a Malaysian aged 52, was appointed to the Board on 30 December 2013 as an Independent Non-Executive Director of Bina Darulaman Berhad (BDB) before he was redesignated as Senior Independent Director on 28 January 2018. Dato' Haji Asri is also Chairman of Board Risk Committee.

Dato' Haji Asri began his career as Assistant Director of the Economic Planning Unit in Prime Minister's Department. He was later appointed as Assistant Director of the Anti-Corruption Agency before serving as Administrative and Diplomatic Officer in the Public Service Department and then Principal Assistant Secretary in the Ministry of Finance.

Dato' Haji Asri is currently a Secretary of Government Investment Company Division at the Ministry of Finance. He is a member of Administrative and Diplomatic Officer Association.

Dato' Haji Asri is also a Director in SME Bank, South Side Jewel Sdn. Bhd., Malaysia Convention and Exhibition Bureau ("MyCEB"), IJN Holdings Sdn. Bhd., Suruhanjaya Pengangkutan Awam Darat (SPAD), Prokhas Sdn. Bhd., DanaInfra Nasional Berhad and Telekom Malaysia Berhad (Alternate Director).

Dato' Haji Asri does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 10 years.

Dato' Haji Asri attended 6 out of 7 Board Meetings of the Company for the financial year ended 31 December 2017.





## TUAN HAJI ABDUL RAHMAN BIN ABDULLAH

*Bachelor of Economics (Hons), University of Malaya  
Master of Business Administration, Universiti Utara Malaysia*

**TUAN HAJI ABDUL RAHMAN BIN ABDULLAH**, a Malaysian aged 57, was appointed to the Board on 1 January 2017 as Non-Independent Non-Executive Director of Bina Darulaman Berhad (BDB).

Tuan Haji Abdul Rahman joined Perbadanan Kemajuan Negeri Kedah (PKNK) in 1984 as Assistant Manager. He worked his way up the career ladder in PKNK with various positions including Manager of Administration & Human Resources Development (HRDC), Senior Manager of HRDC and General Manager (Corporate). He was appointed as Chief Executive Officer of PKNK on 18 August 2016.

In addition to Bina Darulaman Berhad, Tuan Haji Abdul Rahman is also a Director of Kulim Technology Park Corporation Sdn. Bhd., Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd., Kedah Medical Centre Sdn. Bhd., KSDC Insurance Brokers Sdn. Bhd., Langkawi Seafood Sdn. Bhd., Kedah Resort Sdn. Bhd. and PKNK Hotel Sdn. Bhd.

Tuan Haji Abdul Rahman does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences over the past 10 years.

Tuan Haji Abdul Rahman attended all the 7 Board Meetings of the Company for the financial year ended 31 December 2017.



## SUDIRMAN BIN MASDUKI

*Fellow of the Association of Chartered Certified Accountants from  
South West London College, United Kingdom  
Master of Business Administration, Universiti Kebangsaan Malaysia*

**ENCIK SUDIRMAN BIN MASDUKI**, a Malaysian aged 66, was appointed on 28 February 2017 as Independent Non-Executive Director of Bina Darulaman Berhad (BDB) and Chairman of Board Audit Committee.

Encik Sudirman began his career in 1977 as Treasury Accountant in the Accountant General Department Malaysia until 1996. He was then appointed as the Director of Finance in Inland Revenue Board (IRB) between 1996 to 2000. He joined Amanah Raya Berhad as the General Manager for Corporate Services until 2007. He was later appointed as Director of Accounts and Management Services of Kumpulan Wang Persaraan (Diperbadankan) (KWAP) in 2007, and subsequently left KWAP in 2009. In 2011, Encik Sudirman was appointed as the Chief of Financial Officer of Percetakan Nasional (Malaysia) Berhad (PNMB) and held the position until 2012.

Encik Sudirman is currently a member of Lembaga Tabung Warisan Negeri Selangor, and Registrar of the Malaysian Institute of Accountants. Based on his extensive experience in various fields and as Chartered Accountant by profession, he is currently sharing with students by contributing his knowledge on Financial and Management Accounting in Public Sector at Universiti Tun Abdul Razak as a part time lecturer.

Encik Sudirman does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences over the past 10 years.

Encik Sudirman attended 5 out of 7 Board Meetings of the Company for the financial year ended 31 December 2017.





## DATUK MOHD RADZIF BIN MOHD YUNUS PJN

*Diploma in Land Survey, Universiti Teknologi Malaysia (UTM)  
Bachelor of Applied Science Property Resource Management  
University of South Australia (SAIT)*

**DATUK MOHD RADZIF BIN MOHD YUNUS**, a Malaysian aged 59, was appointed on 20 November 2017 as Independent Non-Executive Director of Bina Darulaman Berhad (BDB) and Chairman of Board Nomination, Remuneration and ESOS Committee. Datuk Radzif is also a Chairman of Board Procurement Committee.

Datuk Mohd Radzif comes from a diverse management background. He started his career in academia as a lecturer in Universiti Teknologi Malaysia before following with a stint in an international consultancy firm. From here he joined the senior management of a financial institution and thereafter took up the position of Chief Executive Officer of a local conglomerate involved in diversified businesses. Being driven by his entrepreneurial spirit, Datuk Mohd Radzif ventured into his own business but he was soon back to serving a higher purpose when he was called to take up the position of Chief Executive Officer of two pilgrimage fund companies, as part of the companies' turnaround exercise.

In between 2006 - 2010, he assumed duties as the Group Managing Director of IJN Holdings Sdn. Bhd. and was in charge of three companies as Group Managing Director and Chief Executive Officer including Institut Jantung Negara Sdn. Bhd., IJN Capital Sdn. Bhd. and IJN College Sdn. Bhd. His diversified job exposure in taking charge of an international healthcare institution, property company and financial institution had proven his leadership ability in the fraternity. As Group Managing Director of SME Bank (2010 - 2017), he has managed to gain acceptance internationally as part of a global DFI group; The Montreal Group representing Malaysia and ASEAN.

Datuk Mohd Radzif was also a Chairman of ADFIM (Association of Development Finance Institutions of Malaysia) and a Vice Chairman of ADFIMI (Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank). He was also the member of Board of Advisor for Franchise Association and UKM-CESMED and was Board Member of Kinrara Berhad, SIME Darby Healthcare and IRM Berhad. Currently he is a Board Member of CCM DuoPharma BioTech Berhad, Perbadanan Kampung Bharu and a Committee of Pembangunan Intelek Agensi Inovasi Malaysia.

Datuk Mohd Radzif does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences over the past 10 years.

## PROFILES OF SENIOR MANAGEMENT



### **Fakhruzi Bin Ahmad**

*Group Financial Officer (Executive Committee)*

*Member of Executive Committee*

Malaysian, 42 years old

Fakhruzi Bin Ahmad holds a Bachelor of Business Degree majoring in Accounting from Monash University, Australia and he is a member of the Malaysian Institute of Accountants and CPA Australia.

Fakhruzi started his career with a medium-sized accounting firm in Kedah in 1998. He joined the Company as Accounts Executive in 2001 and was later progressively promoted to various senior management positions before being appointed as Group Financial Officer on 1 January 2018.

Fakhruzi has extensive exposure in financial management with his working experience of over 13 years in the managerial position of a listed corporation and is primarily responsible for the corporate finance, treasury, taxation, financial reporting, budgetary controls and internal controls of the Group.

Fakhruzi is also a Director of BDB Land Sdn. Bhd., BDB Leisures Sdn. Bhd., Kedah Holdings Sdn. Bhd. and BDB Construction Sdn. Bhd. He does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences over the past 5 years.



### **Mohd Sobri Bin Hussein**

*Executive Director, BDB Infra Sdn. Bhd.*

*Member of Executive Committee*

Malaysian, 51 years old

Mohd Sobri Bin Hussein holds a Bachelor of Engineering (Civil Engineering) from University of Wollongong, Australia. Sobri joined BDB Synergy in 1994 as a site engineer.

Recognising his contribution to the BDB Group, Sobri was promoted as a General Manager in BDB Construction Sdn. Bhd. in January 2003. Sobri managed the company for one year and a half, then he returned to BDB Synergy as a General Manager in 2004. In 2011, he was transferred to BDB Infra as General Manager, in charge of the company. Commencing 1 January 2014, Sobri was appointed as an Executive Director of BDB Infra until present.

Sobri is also a Director of BDB Construction Sdn. Bhd. and he does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences over the past 5 years.



### **Tahir Bin Md Zin**

*Executive Director, BDB Synergy Sdn. Bhd.*

Malaysian, 53 years old

Tahir Bin Md Zin is an Engineer by qualification, where he obtained his BSc in Civil Engineering in 1986 from California State University, Chico, California, USA. Tahir joined the Group in 1997 when he was appointed as the Construction Manager in one of the Group's subsidiaries, Kedah Sato Sdn. Bhd., which is now known as BDB Synergy Sdn. Bhd. ("BSSB"). Tahir was then promoted to the post of General Manager in 2004 to head BSSB.

Tahir was then transferred to Bina Darulaman Berhad in 2005 to take on a bigger role as the General Manager of Group Business Development. His vast experience in dealing with land matters and building good rapport with local authorities had benefited the Group in achieving its strategic target and business planning. Tahir was promoted to assume the position of Executive Director of BDB Synergy Sdn. Bhd. on 1 January 2018 until present.

Tahir is also a Director of Darulaman Medical Centre Sdn. Bhd. and Aman Lagenda Sdn. Bhd. He does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences over the past 5 years.





**Mohd Iskandar Dzulkarnain Bin Ramli**

*Deputy General Manager, Group Corporate Planning and Enterprise Risk Management Department  
/ Acting Head of Property Division  
Malaysian, 34 years old*

Mohd Iskandar Dzulkarnain Bin Ramli is a Deputy General Manager of Group Corporate Planning and Enterprise Risk Management Department. He holds a Bachelor of Accounting from International Islamic University Malaysia, and is a member of Malaysian Institute of Accountants, Institute of Internal Auditors Malaysia, and Malaysian Association of Risk and Insurance Management.

Iskandar first joined Bina Darulaman Berhad (BDB) in 2014. He is responsible for the Group Corporate Planning and Enterprise Risk Management (GCPERM), focusing principally to lead, monitor and coordinate the integrated business viability of Group's business strategy and its execution. In this role, he leads the GCPERM team to identify and assess the risk on new business opportunities i.e. commercial development, land development, and Corporate Exercises i.e. Equity of Debt Capital Markets.

Prior to BDB, Iskandar has served numerous companies including Khazanah Nasional Berhad Group of Companies, Kumpulan Perangsang Selangor Berhad and Sapuracrest Berhad, etc. Iskandar's experience includes a broad range of strategic risk management, which has included Strategic Development Risk in reviewing key projects i.e. Malaysia-China Kuantan Industrial Park (MCKIP), Kuantan Port Expansion (KPE) and involved in Special Water Project Restructuring Program at the Government Statutory Body.



**Khairulmuna Binti Abd Ghani**

*General Manager, Group Corporate Services & Legal  
Malaysian, 47 years old*

Khairulmuna Binti Abd Ghani is the General Manager, Group Corporate Services & Legal of the Company. Muna is responsible for providing day-to-day leadership and management of the Group's Corporate Services and Legal. Her responsibilities include implementing legal requirements and compliance matters and procedures. Throughout her career path with the Company, Muna was involved with many corporate exercises, managing board and board committee meetings and she was directly involved in key management committee meetings at the Company's level.

Prior to her employment with the Company, Muna started her career as an Advocate & Solicitor of the High Court of Malaya in 1995. Muna then moved in-house as Legal Officer of the Company. She was appointed as Joint Company Secretary of BDB subsidiary companies in 2001. She was then promoted as Company Secretary of BDB in 2005.

Muna graduated with Bachelor of Laws from the International Islamic University, Malaysia in 1993. She is an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a licensed secretary with Suruhanjaya Syarikat Malaysia.



**Ahmad Fauzi Bin Zainal Abidin**

*Deputy General Manager, BDB Leisures Sdn. Bhd.  
Malaysian, 49 years old*

Ahmad Fauzi Bin Zainal Abidin is the Deputy General Manager of BDB Leisures Sdn. Bhd. His current scope of responsibility is managing and leading the overall operation of all BDB Leisures business units, Darulaman Golf Country Club and BDB Hotels. He is required to ensure the smooth running of all leisure components, Fantasia Aquapark, Darulaman Park, Darulaman Perdana and Darulaman Sanctuary in Langkawi. On the other hand, Ahmad Fauzi is also responsible for the daily operation of the 18-hole golf course and BDB Hotels. Ahmad Fauzi is also involved in planning, implementing and activating Sales & Marketing activities to generate business and maximise revenue in order to achieve greater financial results for Leisure group.

Prior to his appointment, Ahmad Fauzi has 30 years' experience working in hospitality and tourism industry mostly in hotels and resorts in Penang, Kedah, Perlis and Selangor. He has been in a senior position in several hotels such as Shangri La Penang, Parkroyal Penang, Kangar Travelodge, EDC hotel UUM, Country Heights Kajang and BDB Hotels.

Ahmad Fauzi graduated with Diploma in Accountancy from the MARA Institute of Technology in 1989.

## MANAGEMENT TEAM



**Zakba Bin Shafie**  
*Head of Group  
Procurement*



**Roslina Binti Shaari**  
*Head of Group  
Corporate Assurance*



**Sajahan Bin Abdul  
Waheed**  
*Head of Group  
Corporate Communications*



**Aswat Bin Abu Bakar**  
*Head of Group  
Government Affairs*



**Mohammad Fauzi  
Bin Harun**  
*Head of Group  
Graphic Design*



**Muhammad Syukri  
Bin Dollah**  
*Head of Group IT*



**Zaidi Bin Osman**  
*Head of Group  
Human Resource*



**Md Fauzi Bin Morad**  
*Head of Group  
Administration*



## CHAIRMAN'S STATEMENT



Dear Valued  
Shareholders,

On behalf of the Board of Directors (the Board), it is my pleasure and privilege to present the Annual Report and Financial Statements of Bina Darulaman Berhad (BDB or the Group) for the financial year ended 31 December 2017.

**DATO' PADUKA HAJI RASLI  
BIN BASIR**

*Chairman*

## OVERVIEW

The Malaysian economy maintained solid momentum in the fourth quarter of 2017, with GDP expanding 5.9% in annual terms from a 6.2% increase in the previous quarter. The mild deceleration reflected slightly softer domestic demand growth, particularly in public capital outlays, which was partially offset by a larger contribution from the external sector (*Bank Negara Malaysia*).

## PROSPECTS

### Property Division

The property market remains challenging and the bleak property market sentiment is anticipated to continue into 2018. This warrants the division to remain agile in its strategies and action plans.

The division will be focusing on clearing its inventory, the available units in Bandar Darulaman, Darulaman Perdana and Kuala Kangsar. Besides, the division would continue to introduce new and innovative products that match the market's requirements. Approximately 75% of the product launches would be affordable housing priced at RM400,000 and below.

As part of the strategy for long term sustainability, BDB Land Sdn. Bhd. will continue to offer quality living in its integrated townships in Bandar Darulaman, Darulaman Perdana and Darulaman Utama. Pocket commercial developments is to be introduced within BDB's townships to enhance the lifestyle of the communities. Kedah Holdings Sdn. Bhd. is set to launch new pocket-developments in Pokok Sena and Serdang, Kedah.

### Road & Quarry Division

The Road and Quarry Division is expected to remain stable based on the current demand for quarry products from the Bukit Perak Quarry and Kulim Premix Plant. The Division will continue to increase its market share in the supply of premix products in Southern Kedah, Penang and Northern Perak.

BDB Infra Sdn. Bhd. is expected to secure more sizeable projects that include the contract renewal of road maintenance works across the state of Kedah. The Company will continue to pursue routine highway maintenance and upgrading works from highway concessionaires and also road pavement works from private sectors.

The division's proven track record in road building and quarry business will position the Group to bid for upcoming large-scale projects.

### Engineering & Construction Division

The Engineering & Construction Division is continuously working to increase its order book by actively participating in internal and external projects. Its aim is to provide high quality products for BDB Land Sdn. Bhd. and Kedah Holdings Sdn. Bhd.

In 2018, BDB Synergy Sdn. Bhd. will focus its resources on the existing 'Projek Perumahan Rakyat' at Ayer Hitam, and the newly secured Amanjaya Racetrack in Sungai Petani, Kedah.

### Leisure Division

The Group is in the process of streamlining the Leisure Division by consolidating its golf, hotel operation and recreational activities. The restructuring exercise will provide cross business collaborations to leverage on the strengths of the business after the opening of the new water theme park, Fantasia Aquapark.

The new water theme park was established with the aim of providing recreational activities that would benefit communities in Kedah particularly in Bandar Darulaman. It also acts as a catalyst for the Bandar Darulaman Township and its surrounding areas, especially the Northern region in Malaysia. Riding on the encouraging response, plans for Phase 2 of the Fantasia Aquapark is currently underway.



## SUSTAINABILITY

The Board is cognisant of the importance of business sustainability and, in conducting BDB's business, the impact on the Environment, Social and Governance (ESG) is taken into consideration. BDB has embraced the values of sustainability and corporate responsibility since its early days and embedded them into the core values, policy statements and work practices across its operations. We consider economic, environmental and social sustainability factors as part of our consideration of our risks. Each year we undertake an assessment to help us determine those risks and opportunities that are most important to our business and stakeholders.

Further details on the Sustainability Statement can be found on page 36 to page 37 of this Annual Report.

## CORPORATE GOVERNANCE

BDB subscribes and will continue to uphold the principles of good corporate governance. We believe it is the only platform to ensure sustainable enhancement of our shareholders' value. Our practices are set out in our Statement of Corporate Governance on pages 58 to 73.

There were no sanctions and/or penalties imposed on the Company and subsidiaries, directors or management by any regulatory authorities for financial year 2017.

## RELATED PARTY TRANSACTIONS

Except for those disclosed in Note 28 to the Financial Statements, there were no material contracts involving either the major shareholders or any of the Directors.

## ACKNOWLEDGEMENT

On behalf of the Board we would like to express our heartfelt condolences to the late Y. Bhg. Dato' Izham Bin Yusoff's family members. His sudden demise on 13 March 2018 has deeply saddened the Group and its employees.

Due to the departure of the late Dato' Izham Bin Yusoff, the Board has re-activated the Executive Committee ("EXCO") to ensure business continuity. The EXCO members and functions are described in page 59 of the Annual Report.

On behalf of the Board, I wish to express my sincere gratitude and appreciation to the shareholders, various government agencies, clients, consultants, financiers, contractors, suppliers and business partners who have contributed significantly to our success and for their continuous support and confidence in BDB Group.

I would also like to register my deepest gratitude to all the management and staff of BDB and its Group of Companies for their dedication and commitment to the Group's success. It is indisputable that the strength of the Group lies with its people who have worked relentlessly towards the goals and dreams of the Group. I would like to commend everyone for their effort.

To my fellow board members, I thank you for all your unceasing support and immense contribution of ideas that helped guide the Group.

# GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS



**Dato' Izham Bin Yusoff**  
*Group Managing Director*

Dear Valued  
Shareholders,

We view adversity as an opportunity to rise to the occasion and go beyond the norm. Despite the challenging property market and economic conditions, Bina Darulaman Berhad (BDB) and its management team continue to demonstrate resilience and determination as we forged our way through the year. The team is determined to ensure long-term business sustainability for the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Highlights

Throughout year 2017, the Group recorded revenue of RM251.7 million compared to RM356.6 million achieved in the previous year. The Group recorded loss before tax of RM6.3 million compared to profit before tax of RM52.5 million in the previous year.

Our financial standing remains strong with assets totalling RM802.0 million and a cash reserve of RM119.8 million as of 31 Dec 2017. Total equity stands at RM515.7 million compared to RM537.0 million in 2016. Net tangible assets per share are RM1.70 compared to RM1.77 in 2016.

During the year, the Group had made an early settlement for the construction loan of Kolej Universiti Insaniah under the Private Finance Initiative (PFI) contract upon receiving repayment from the Kedah State Government. Our debt-to-equity ratio decreased to 0.31 as of 31 December 2017 from 0.66 in 2016.

The Group had also established the Sukuk Wakalah Programme with a limit of up to RM100.0 million for working capital requirement. The Sukuk Wakalah Programme had been assigned a short-term MARC-2<sub>IS</sub> rating, by the Malaysian Rating Corporation Berhad – indicating strong capacity to make timely payment on the instrument issued.

## BUSINESS ACTIVITIES

### Property Division

The Property Division recorded lower revenue of RM81.4 million compared to RM213.0 million in 2016. The Division recorded loss before tax of RM25.0 million for the year 2017 compared to the profit before tax of RM38.7 million in the previous year.

The decrease in revenue and profitability for the year was mainly due to lower recognition of its ongoing projects at the Bandar Darulaman and Darulaman Perdana townships since most of the projects are nearing completion. Land disposal had also significantly contributed to the revenue and profit for the previous year.



The continued stringent requirement for housing loan approval that limits customers' access to gain their desired funding also negatively affected the revenue. This resulted in many customers having to cancel their bookings. Several projects planned for launch in 2017 had since been held back given the weak market sentiment. Nevertheless, BDB Land Sdn. Bhd. continued to launch properties in Bandar Darulaman, Darulaman Perdana and Darulaman Utama in 2017 whilst Kedah Holdings Sdn. Bhd. rolled out its maiden pocket development outside Kedah in Kuala Kangsar.

Bandar Darulaman was awarded "Best Integrated Township Development in the Northern Region" during the Property Insight Prestigious Developers Awards (PIPDA) 2017 award ceremony on 25 August 2017.

### Road & Quarry Division

Road and Quarry Division recorded 6% lower revenue totalling RM104.3 million compared to RM111.5 million in the previous year. It was mainly due to lower contribution from the state's road and highway maintenance projects. Profit contribution has decreased from RM25.9 million in 2016 to RM13.3 million in 2017 due to the increase in production costs.

In addition to the existing quarry and premix plant in Bukit Perak Pendang, the Division had successfully commenced operation of a new premix plant in Kulim, Kedah in early 2017. The Kulim Premix Plant is expected to provide an additional capacity of 150,000 metric tonnes of premix annually.

The Division completed its 3-year state road maintenance project for all 6 districts in Kedah worth RM198.0 million during the year. Other completed projects include routine highway maintenance and Laluan 67 Persimpangan Lencongan Timur - Jalan Kuala Ketil.

Besides existing contracts, the Division managed to grow its Order Book by securing an irrigation contract from the Agriculture and Agro-based Industry Ministry during the year.

### Engineering & Construction Division

The Engineering & Construction Division contributed higher revenue of RM55.7 million compared to RM25.6 million in 2016 but lower profit of RM3.2 million compared to RM4.0 million in 2016. Lower profit for the year was mainly due to lower margin from the on-going construction projects.

### Leisure Division

The Leisure Division contributed RM7.7 million to the Group's revenue compared to RM4.6 million recorded last year. The 67% increase in revenue was due to higher contribution from golfing activities, hotel, food and beverages and the opening of a new water theme park. The Division recorded a slightly higher loss before tax by RM0.1 million mainly due to higher administrative and overhead expenses necessary to pave way for the opening of "Fantasia Aquapark" in Bandar Darulaman in November 2017.

### CONCLUSION

Despite the challenging business environment, the Group is confident to ride through this trying period with the availability of undeveloped land banks that would sustain future developments and the Group's stable financial position is reflected by its strong balance sheets and healthy cash flow. The Group's primary focus is to strategise for long-term growth and sustainability.

I would like to thank the Board of Directors for their invaluable contributions to the Group. To the management team and all members of the BDB family, thank you for your perseverance and dedication.

To our shareholders, we are grateful for your support and we are committed to add value to our business in the years to come. Our appreciation and gratitude also extends to our stakeholders and business associates for their continuous support.

Reviewed by the late Dato' Izham on 12 March 2018.



# SUSTAINABILITY STATEMENT

## DRIVING SUSTAINABLE GROWTH

The BDB Group had since its incorporation embedded building sustainability in its corporate culture and has recently paid increased attention to how its business impacts the economic, environmental and social aspects of the areas of operation.

We undertake developments that are socially, economically and environmentally conducive for a sustainable long-term future. This is because we regard them as needs that we should fulfil and opportunities that we could tap into.

With years of experience developing townships, we believe that human, nature and economic elements are interdependent and draw strength from each other.

To ensure a sustainable development, these elements become the essence of our foundation for each development which is expressed in the 4 pillars below:-

1. **Technology** – to introduce the latest technology in each upcoming development for the community.
2. **Recreation** – to promote active & healthy living amidst nature.
3. **Community** – to facilitate the creation & building of a desired community (virtual or physical).
4. **Nature** – to respect and conserve nature where possible & have microclimate control and extensive landscaping within the township.

Our key sustainable areas are summarised below:-

## ECONOMIC GROWTH

Our four (4) distinctive yet inter-related business divisions, Property, Construction, Road & Quarry and Leisure have helped built contemporary and sustainable townships at Bandar Darulaman, Jitra as well as Darulaman Perdana, Sungai Petani. This has contributed significantly to the economic growth of the community.

A broad range of development variants and pricing strategies had been adopted to provide urban lifestyle amenities to a wide spectrum of residents from different backgrounds and income levels in the projects that we undertake. This includes statutory and affordable housing projects to ensure an inclusive community.

## ENVIRONMENTAL MANAGEMENT

We strive to create healthier and sustainable lifestyles by incorporating recreational elements such as the Darulaman Park and Darulaman Sanctuary within the Bandar Darulaman Township. This move has won us the “Best Integrated Township Development in Northern Region” by Property Insight Prestigious Developers Award in 2017.

We diligently make efforts to preserve nature and undertake extensive landscaping at Bandar Darulaman and Darulaman Perdana to support the “Green” concept. Our business operations at Lubuk Semilang in Langkawi is an example of a nature resource protection programme while generating revenue from activities such as bird watching, jungle trekking etc.



Two of our divisions, Road & Quarry and Engineering & Construction had in 2017 achieved certifications for:-

- a) ISO 14001:2015 Environmental Management System
- b) OHSAS 18001:2007 Occupational Health & Safety Management System

BDB Infra Sdn. Bhd. has been awarded 5 Stars for Noise & Chemical Management for SoHELP organised by Department of Occupational Safety & Health ("DOSH"), Kedah.

## SOCIAL CONTRIBUTION

We recognise the importance of balancing business operations with fulfilment of corporate social responsibility (CSR) in order to achieve long-term sustainable growth. The CSR initiatives in BDB are primarily built on these four (4) pillars:-

- 1. **Religious** – to ensure balanced lifestyle between work and spiritual wellbeing.
- 2. **Government & Community Engagement** – to reach out to the under-privileged and less fortunate families.
- 3. **Health & Sports** – promoting healthy living and work-life balance.
- 4. **Education & Knowledge** – to support the education needs of the community.

With strict safety measures taken by our employees and contractors at the Property and also the Construction Division, we have gradually improved the Health and Safety Environment by achieving:-

- a) "Zero" Loss Time Rate (LTR) in 2017.
- b) "Zero" Accident Rate (AccR) in 2017.
- c) Making provision for HSE allocation on project basis.

## MOVING FORWARD

We at BDB are dedicated and committed towards the following for long-term benefits of the company and all stakeholders:-

- Quality products & services
- Health, safety and environment
- Employee welfare
- Regulatory compliance
- Social responsibility

With this maiden sustainability statement, we are continuously improving on crafting a roadmap to gain an objective assessment and prepare a more detailed sustainability report for the next financial year.

This roadmap would enable us to identify, evaluate & manage material sustainability factors in economic, environmental and social aspects that will include the risks and opportunities that may have significant impact and influence on the Group and the stakeholders that would be addressed by each of our business divisions.

# NOTICE OF 23<sup>RD</sup> ANNUAL GENERAL MEETING (AGM)

**NOTICE IS HEREBY GIVEN** that the 23<sup>rd</sup> Annual General Meeting of Bina Darulaman Berhad ("BDB or the Company") will be held at Ballroom 3, Intercontinental Hotel Kuala Lumpur 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 April 2018 at 11.00 a.m. to transact the following businesses:

## AGENDA

### As Ordinary Business

- |   |                          |
|---|--------------------------|
| 1. To receive the Audited Financial Statements for the Financial Year Ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.<br>(See Explanatory Note 1)   | (See Explanatory Note 1) |
| 2. To approve the payment of Directors' Fees for the Financial Year Ended 31 December 2017.<br>(See Explanatory Note 2)   | (Resolution 1)           |
| 3. To approve the payment of Directors' Benefits in accordance with Section 230(1) of the Companies Act 2016 with effect from the 23 <sup>rd</sup> Annual General Meeting until the next Annual General Meeting of the Company.<br>(See Explanatory Note 3) | (Resolution 2)           |
| 4. To re-elect the following Directors who retire in accordance with Article 86 of the Company's Constitution:  |                          |
| i. Dato' Paduka Haji Rasli Bin Basir  | (Resolution 3)           |
| ii. Encik Sudirman Bin Masduki  | (Resolution 4)           |
| iii. Datuk Mohd Radzif Bin Mohd Yunus<br>(See Explanatory Note 4)   | (Resolution 5)           |
| 5. To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.<br>(See Explanatory Note 5)   | (Resolution 6)           |

### As Special Business

- |   |                |
|---|----------------|
| 6. Proposed <b>Renewal</b> of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate") | (Resolution 7) |
|---|----------------|

**"THAT**, subject to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries ("**BDB Group**") to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("**Recurrent Related Party Transactions**") as set out in Section 2.3 of the Circular to Shareholders dated 28 March 2018, subject to the following:



- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on BDB Group's normal commercial terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on an arm's length basis which are not detrimental to the minority shareholders of the Company; and
- (ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the shareholders' mandate is renewed;
  - (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 (2) of the Companies Act 2016 ("Act") (subject to such extension as may be allowed pursuant to Section 340 (4) of the Act; or
  - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Recurrent Related Party Transactions contemplated and/or authorised by this ordinary resolution."

- 
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.
- 

By Order of the Board,  
**KHAIRULMUNA BINTI ABD GHANI**  
 (LS 0008190)  
 Company Secretary

Alor Setar, Kedah Darul Aman  
 28 March 2018

## **NOTES**

1. With regards to deposited securities, only members whose names appear in the Record of Depositors as at 12 April 2018 shall be eligible to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A member shall specify the shareholding proportion where two (2) proxies are appointed. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. The instrument appointing a proxy shall:
  - i. In the case of an individual, be signed by the appointor or by his/her attorney.
  - ii. In the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. The instrument appointing a proxy together with the power of attorney or other authority, shall be deposited at the Company's Registered Office at Aras 9, Menara BDB, 88, Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman not less than forty eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
6. For the purpose of determining who shall be entitled to attend this meeting the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. ("Depository") in accordance with Rules of the Depository, to issue Record of Depositors and make available to the Company pursuant to Article 52(iii) of the Company's Constitution and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
7. Please refer to the Administrative Details circulated with this notice for administrative details on 23<sup>rd</sup> Annual General Meeting.
8. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that he or she has obtained such proxy(ies)' and/or representative's(s') prior consent for the Company's (or its agents) processing of such proxy(ies)' and/or representative's(s') personal data for the Purposes, and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



**EXPLANATORY NOTES ON ORDINARY BUSINESS:****1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (AUDITED FYE2017)**

The Audited Financial Statements in Agenda 1 are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. Audited FYE 2017 does not require shareholders' approval and hence will not be put for voting.

**Resolution 1****2. DIRECTORS' FEES**

- (a) The Board Nomination Remuneration & ESOS Committee ("BNREC") has deliberated on the proposed Directors' Fees at the 34<sup>th</sup> BNREC meeting and agreed to propose to the Board to maintain the same quantum. The Board subsequently approved the BNREC's recommendation for the Directors' Fees to remain unchanged in respect of the FY 2017.

**Resolution 2****3. DIRECTORS' REMUNERATION**

- (a) Section 230(1) of the CA2016 provides amongst others, that the "fees" of the directors and "any benefits" payable to the directors of a listed company shall be approved at the general meeting. In this respect the Board agreed that the shareholders' approval shall be sought at the 23<sup>rd</sup> AGM on the Directors' Remuneration in two (2) separate resolutions as below:

- Resolution 1 : On payment of Directors' Fees in respect of the preceding year 2017; and
- Resolution 2 : On payment of Directors' Remuneration (excluding Directors' Fees) in respect of the current year 2018 until next AGM. ("Relevant Period").

- (b) The Directors' remuneration (excluding Directors' fees) comprising allowances and other emoluments payable to Chairman and members of the Board and Board Committees are as follows:

Description(s)	Chairman		*NEDs	
	RM		RM	
	2018	2017	2018	2017
<b>Monthly fixed allowance</b> (2017 – RM10,500.00 per month) (2018 – RM12,500.00 per month)	150,000.00	126,000.00	Not Applicable	
<b>Meeting allowances per meeting:</b>				
- Board Meeting	15,000.00	17,500.00	60,000.00	64,000.00
- AGM	2,500.00	2,500.00	10,000.00	8,000.00
- Board Committee Meetings:				
i. Board Audit Committee	10,000.00	12,000.00	22,500.00	19,500.00
ii. Board Nomination, Remuneration and ESOS Committee	8,000.00	4,000.00	24,000.00	6,000.00
iii. Board Risk Committee	8,000.00	6,000.00	18,000.00	13,500.00
iv. Board Procurement Committee	8,000.00	8,000.00	12,000.00	12,000.00

\*Non-Executive Director

**EXPLANATORY NOTES ON ORDINARY BUSINESS: (CONTINUED)****3. DIRECTORS' REMUNERATION (CONTINUED)**

Description(s)	Chairman		*NEDs	
	RM		RM	
	2018	2017	2018	2017
<b>Other Allowances:</b>				
i. Study Trip	40,000.00	40,000.00	200,000.00	200,000.00
ii. Proposed Gratuity Payment	-	-	55,000.00	-
<b>TOTAL</b>	<b>241,500.00</b>	<b>216,000.00</b>	<b>401,500.00</b>	<b>323,000.00</b>
	(a)		(b)	
<b>TOTAL – Directors Benefits 2018 – (a) + (b) = RM643,000.00</b>				

\*Non-Executive Director

- (c) The monthly fixed allowance given to the Chairman is in recognition of his significant roles in leadership contribution to the Company. The increase in 2018 of his fixed monthly allowance amounting to RM2,000.00 is due to his renewal of contract in January 2018. In determining the estimated total amount of remuneration (excluding Directors' Fees) for the NEDs including the Non-Executive Chairman, the Board had considered various factors which include amongst others, the number of scheduled meetings for the Board and Board Committees as well as the number of NEDs involved in these meetings. The estimated amount of RM643,000.00 for the relevant period from 1 January 2018 until the next AGM in 2019.
- (d) The payment of the remuneration (excluding Directors' Fees) to the NEDs will be made on monthly basis and/or as and when incurred if the proposed Resolution 2 has been passed at the 23<sup>rd</sup> AGM. The Board is of the view that it is fair and equitable for the NEDs to be paid the Directors' Remuneration (excluding Directors' Fees) on a monthly basis and/or as when incurred given that they have duly discharged their responsibilities and provided their services to the Company throughout the said period.

**Resolution 3, Resolution 4 and Resolution 5****4. RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 86 OF THE COMPANY'S CONSTITUTION**

- i. Directors who are standing for re-election or re-appointment at the 23<sup>rd</sup> Annual General Meeting are Dato' Paduka Haji Rasli Bin Basir, Encik Sudirman Bin Masduki and Datuk Radzif Bin Md Yunus. The profiles of the Directors who are standing for re-election or re-appointment are set out on pages 22 to 27 of the Annual Report.

**Resolution 6****5. APPOINTMENT OF AUDITORS**

The Board Audit Committee (BAC) has considered the re-appointment of KPMG PLT as Auditors of the Company based on criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements. Both the BAC and the BOD had on 12 February 2018 recommended the re-appointment of KPMG as Auditors of the Company, under Resolution 6.

**Resolution 7****6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The ordinary resolution, if approved, will authorise the Company to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 28 March 2018 ("the Circular") provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally aggregate value of transactions conduct pursuant to the Proposed Shareholders Mandate during the financial year. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company or will subsist until the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is earlier.



# ADMINISTRATIVE DETAILS

## 1. REGISTRATION

- a. Registration will start at 9.00 a.m. at Ballroom 3, Intercontinental Hotel Kuala Lumpur, 165 Jalan Ampang 50450 Kuala Lumpur and will end at a time as directed by the Chairman of the Meeting.
- b. Please note that you will not be allowed to register on behalf of another person even if the original IC of that person is produced/presented.
- c. Please read the signage to ascertain where you should register yourself as a member or proxy for the meeting and join the queue accordingly.
- d. Please produce your **ORIGINAL** Identification Card ('MYKAD') during registration for verification. Please make sure you collect your MYKAD thereafter.
- e. The registration counter will handle **ONLY** verification of identity and registration.
- f. After the registration, please vacate the registration area immediately and proceed to the Gateway Ballroom.

## 2. IDENTIFICATION WRISTBAND

- a. You will be provided with an identification wristband upon verification and registration.
- b. The identification wristband must be worn throughout the AGM. No person will be allowed to enter the meeting room without the identification wristband.
- c. There will be no replacement in the event that you lose or misplace the identification wristband.

## 3. DOOR GIFT POLICY

- a. As a token of appreciation, each member or proxy who is present at the AGM will be entitled to **ONE (1) door gift only upon registration (per head count)**, irrespective of the number of members he/she represents.
- b. Where a shareholder appoints **TWO (2) Proxies**, only the proxy who **Registered FIRST** is **ELIGIBLE** for the door gift.
- c. A shareholder who is also attending as a proxy is entitled to a maximum of **ONE (1)** door gift.
- d. A door gift coupon will be provided upon registration. Please bring your door gift coupon to the Door Gift Counter to collect your door gift.
- e. A door gift will be given on a first come, first served basis.

## 4. REFRESHMENT

- a. Each member or proxy who is present at the AGM will be entitled for light refreshment.
- b. Each member or proxy is **NOT ALLOWED** to take away the food.

## 5. MOBILE DEVICE

- a. Please ensure that all mobile devices i.e. phones/pagers/other sound-emitting devices are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.

## 6. PERSONAL BELONGINGS

- a. Please take care of your personal belongings. The organiser will not be held responsible for any item that has gone missing.

## 7. VENUE DIRECTION

- a. Each member or proxy is encouraged to use the KELANA JAYA LINE Light Rail Transit (LRT) and descend at the Ampang Park Station, which is about a 3-minute walking distance to the venue of the AGM.

## 8. VOTING PROCEDURE

- a. The voting at the 23<sup>rd</sup> AGM will be conducted on a poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- b. The Company has appointed Bina Management (M) Sdn. Bhd. as Poll Administrator to conduct the poll and Niche Unity Consultant Sdn. Bhd. as Scrutineers to verify the poll results.
- c. Voting for each of the resolutions as set out in the Notice of 23<sup>rd</sup> AGM will take effect only upon the conclusion of the deliberations of all the businesses transacted at the 23<sup>rd</sup> AGM.
- d. The registration for attendance will be closed, to facilitate commencement of the poll.
- e. Each shareholder/proxy is invited to cast his/her vote, and the whole polling process for the 23<sup>rd</sup> AGM is expected to be concluded in 30 minutes.
- f. Thereafter, the results of the polling will be announced by the Chairman.

## 9. PARKING

- a. Ample parking spaces are available at the Hotel.
- b. The Company will only bear parking charges incurred by shareholder/proxies attending the AGM and who park their vehicles at the car park at the Hotel.
- c. The **VALIDATION Counter** for the parking will be **OPENED AFTER** the AGM.
- d. All parking tickets are to be paid at the Counter/Autopay machine before you exit with a flat rate of RM14 nett.

## FINANCIAL CALENDAR

<b>Financial Year End</b>	31.12.2017
<b>ANNOUNCEMENT OF RESULTS</b>	
• First Quarter	15.05.2017
• Second Quarter	02.08.2017
• Third Quarter	19.10.2017
• Fourth Quarter	20.02.2018
<b>Notice of Annual General Meeting</b>	28.03.2018
<b>Annual General Meeting</b>	19.04.2018

## SHARE PRICE MOVEMENT

Bina Darulaman Berhad | Period: 18 February 2017 until 19 February 2018



### Summary

Highest price during this period is	Lowest price during this period is	Highest volume during this period is
<b>RM0.84 on 27 February 2017</b>	<b>RM0.555 on 09 February 2018</b>	<b>972,600 on 27 February 2017</b>



# BDB INDUSTRY RECOGNITION AWARDS



## Property Insight, Prestigious Developer Awards 2017

Best Integrated Township  
Development in Northern Region  
(Bandar Darulaman)



## Asia Pacific Entrepreneurship Awards (APEA) 2017



## The BrandLaureate Most Eminent Brand Icon Leadership Award 2017



## Malaysia Investor Relations Award Best Investor Relations Website (Small Cap)



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Throughout the year 2017, Bina Darulaman Berhad (BDB) continued to contribute donations and organised various community programmes in order to balance the business operations and Corporate Social Responsibility (CSR) towards the community while maintaining good corporate image.

This year, BDB has emphasised on contributing to activities related to education, religion and community. Apart from that, BDB's employees also participated in most of the CSR activities organised this year especially those related to community engagement such as the 'Program Kembara BDB'. The practice helps to strengthen bonds and cultivate teamwork among BDB staff and also to build a good rapport with the community.

### 1. Community Engagement

As part of its responsibilities to help the underprivileged and less fortunate, BDB has chosen a few houses from various districts around Kedah including Kubang Pasu, Bandar Baharu and Kota Setar and contribute to the families in terms of house renovation. Other activities that involve the community include contribution to the needy in conjunction with Ramadhan and Hari Raya celebrations, CSR activities in Surau Haji Hussain and Program Kembara BDB in Masjid As-Salam.

In addition, BDB has collaborated with Persatuan Wanita Muda Prihatin Bandar Alor Setar to organise the company's annual activity which is the Back-to-School Program that involves 100 recipients from Kota Setar district. BDB also continued to contribute Lembu Qurban to the Kedah State Government which has benefited people around Kedah in celebrating Hari Raya Aidil Adha.

### 2. Religious

BDB has initiated various religious activities to ensure a balanced lifestyle between work and spiritual wellbeing including cash contributions to help those in need, poor and underprivileged group during Iftar Programs and Zakat Program where more than 1,000 recipients benefited from it. Other than cash, BDB also donated Al-Qurans to mosques and surau across Kedah.

On top of that, BDB also donated cash to Surau Taman Desa Bidara in Kuala Ketil and Program Bubur Lambuk which was organised by DUN Bandar Baharu in conjunction with Ramadhan.



### 3. Education

As education is one of the main focuses for BDB's CSR activities this year, it has contributed to some educational programme such as Program Motivasi dan Teknik Menjawab Soalan Sekolah Kebangsaan Kampung Baru, Pendang which was held in Darulaman Golf & Country Club, Jitra & Program Kecemerlangan UPSR 2017 for Sekolah Kebangsaan Haji Wan Yahya. Other than that, BDB continued to help school libraries by donating English books to selected schools in Kedah.

### 4. Sports

BDB also recognised the importance of sports and by that, BDB has played its role by contributing some funds to several sports organisations and events. One of them is financial assistance to Kelab Kampung Naga to improve their sports infrastructure. In addition, BDB also contributed to Sultan Abdul Hamid Old Collegians Association & Kelab Suara Kontemporari Kosmo! by supporting their events through contribution in terms of sponsoring their jersey.



## CSR ACTIVITIES & CORPORATE EVENTS

### QUARTER 1

#### FEBRUARY

Visit to Pusat Jagaan Insan  
Kesayanganku, Jitra



BDB-Kelab Media Elit Kedah  
Media Night 2017





22<sup>nd</sup> Annual  
General Meeting  
Bina Darulaman  
Berhad

**MARCH**



23<sup>rd</sup> Annual  
General Meeting  
BDB Darulaman  
Golf Resort Berhad



Grand Launch of BDB  
Triple Challenge 2017



CSR Contribution for Cancer  
Fighter - Puan Zuliaty Zulkiffli



## QUARTER 2



### APRIL

BDB Climb and Run  
Langkawi 2017



### MAY

CSR Programme in Surau  
Haji Hussain by BDB  
Kedah Holdings Sdn. Bhd.







**JUNE**

Iftar Program  
DUN Bakar Bata

Iftar Program  
DUN Kuala  
Nerang



Iftar Program  
DUN Sungai  
Tiang



Raya Shopping  
with orphans from  
Pusat Jagaan Insan  
Kesayanganku, Jitra



## QUARTER 3

### JULY



Hari Raya Open House  
Bina Darulaman Berhad  
(Kedah)



### AUGUST

Ground-breaking  
Ceremony PPR  
Ayer Hitam by  
BDB Synergy  
Sdn. Bhd.







Ground-breaking Ceremony  
Puncak Harmoni, Kuala Kangsar &  
Hari Raya Open House by Kedah  
Holdings Sdn. Bhd.



Hari Raya Open House  
Bina Darulaman Berhad  
(Kuala Lumpur)



## SEPTEMBER

CSR Contribution by  
BDB Synergy Sdn. Bhd.



BDB Extreme Jitra 2017



## QUARTER 4

### OCTOBER

Majlis Penyerahan Kunci Rumah  
Bantuan by BDB Land Sdn. Bhd.



BDB Masters &  
Charity Golf 2017

Zakat Program DUN  
Tanjung Dawai



BDB Rafting  
Kulim 2017



DECEMBER

Back-to-School Programme in  
collaboration with Persatuan Wanita  
Muda Prihatin Bandar Alor Setar



BDB Media Night  
Kuala Lumpur 2017

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Bina Darulaman Berhad ("the Company" or "BDB") has always been proactive and committed to promote good corporate governance practices. The Board always believes that a strong corporate governance is essential in enhancing shareholders' value for long-term sustainability and growth.

This statement sets out the principles and features of BDB Group's corporate governance framework and key governance practices. We do not see governance as just a matter for the Board. Good governance is also the responsibility of senior management and all employees.

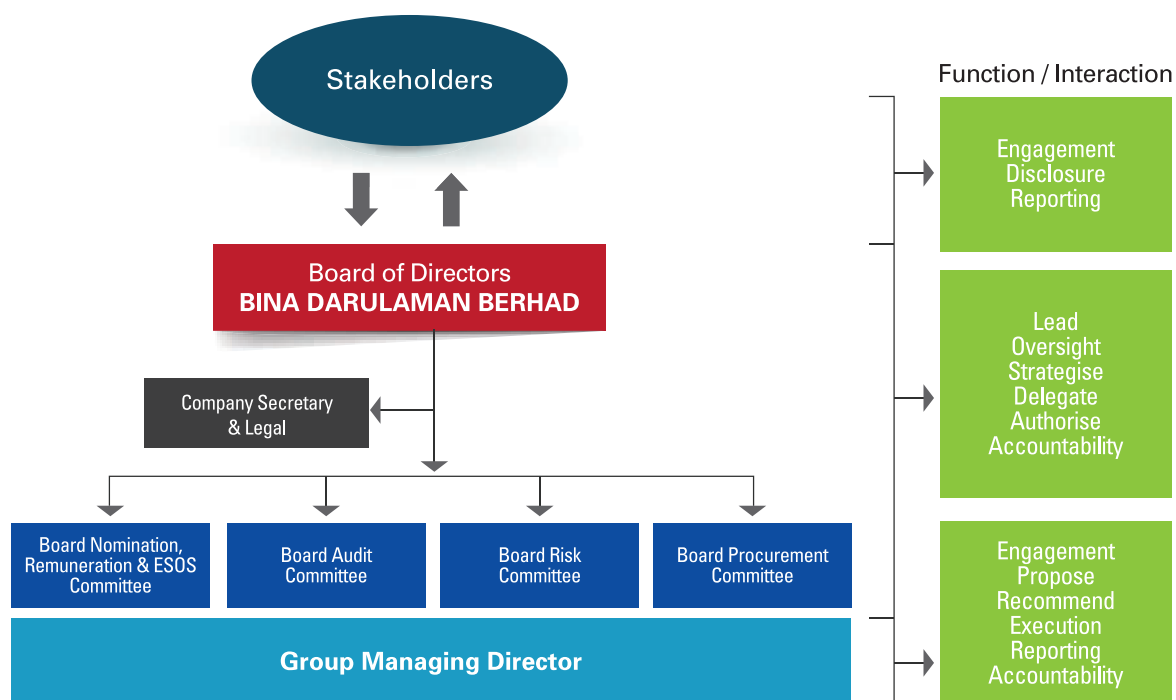
We benchmark the statement against the Malaysian Code on Corporate Governance 2017 (New CG Code) on 26 April 2017 and is committed to ensure that the principles and best practices set out in the new Code are understood, applied and reported.

We will continue its efforts in evaluating its governance practices, in response to evolving best practices and the changing needs of BDB. In brief, BDB has applied the three (3) principles which are set out in the New CG Code:-

- A. Board leadership and effectiveness;
- B. Effective audit and risk management; and
- C. Integrity in corporate reporting and meaningful relationship with stakeholders.

## CORPORATE GOVERNANCE STRUCTURE

As an overview, BDB has the following corporate governance structure. It explains how BDB's structure facilitated the role and function at each level, a two-way interaction between the Board, the Board Committees and Group Managing Director down to the management and operational level. At the same time, the actions, execution of plans, reporting and accountability will flow back upwards to the Board for further evaluation and decision.





Due to the demise of the Group Managing Director on 13.03.2018 the Board had on 16.03.2018 approved the re-activation of Executive Committee ("EXCO") as delegation authority from the Board to assist the Management to decide on important and urgent issues, day-to-day operations and other business dealings until a new Group Managing Director is appointed.

The EXCO comprises the following gentlemen as members:

1. Tuan Haji Abdul Rahman Bin Abdullah (Chairman)
2. Encik Mohd Sobri Bin Hussein (Member)
3. Encik Fakhruzi Bin Ahmad (Member)

Key responsibilities of the EXCO are as follows:

- To implement all policies and decisions approved by the Board and to assist the Board in formulating and implementing strategic plans of the Group;
- To review the performance of the Group's operating units and set the key performance indicators for the Board's approval;
- To review and approve the terms and conditions in relation to new business dealings, joint ventures and other related matters of the Group;
- To approve any expenditure which exceeds the authorised limit of the Group, but below the limit of the Board as stipulated in Delegated Authority Limit ("DAL");
- To review and approved the acceptance of the Letter of Award for projects awarded to Bina Darulaman Berhad and Subsidiary Companies for the purpose of preparing the immediate announcement to Bursa Malaysia Securities Berhad;
- To review and approve any proposal request based on authority limit of Group Managing Director's eligibility under DAL;
- Any other matters that require the EXCO's approval.

A brief description of the Board Committee and its roles and responsibilities is stated in this CG statement as well as the Board Charter and the Terms of Reference where these documents are available on the Company's website: [www.bdb.com.my](http://www.bdb.com.my).

#### **COMPLIANCE WITH THE NEW CG CODE 2017**

BDB is a "Non-Large Company" of the CG Code, we have taken best effort. However, we continue to strive for even the step-up practices. We consider we have complied with the provisions and applied the main principles of the CG Code for the financial year ended 31 December 2017 ("FYE 2017") except for:-

- (a) Practice 4.5 (The Board must have at least 30% women Directors)
- (b) Practice 7.1 (The Board discloses on a named basis the detailed remuneration of individual directors)
- (c) Practice 7.2 (A step-up practice whereby the Board discloses on a named basis the top 5 senior management's remuneration in bands of RM50,000)

The explanation for departure is further disclosed in the Corporate Governance Compliance Analysis Report, which is available on the Company's website: [www.bdb.com.my](http://www.bdb.com.my).

## **PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS**

### **Board Responsibilities**

The Board has a primary role and function to protect the interest of BDB and to provide thought leadership and advice in fine tuning corporate strategies, championing good governance and ethical practices and execution of these corporate strategies and plans for the long-term success of BDB.

The Board is responsible for the corporate governance practices that include establishing and monitoring the company's business direction as well as setting the aims and performance of the Management.

With regard to practice, the Board plays a strategic role in its review and approval of the Group's budgets and performance targets to ensure effective use of the Group's resources and profitability of the Group's businesses in an ever-changing environment.

The Board is responsible for establishing and reviewing the strategic direction of the Group. The Board also oversees and evaluates the conduct of the Group's businesses, identifies the principal risks and ensures that the risks are properly managed. In ensuring that the policies and procedures are duly implemented in the Group's operation, the Board is tasked with reviewing the adequacy of the internal control reporting statement through Board of Audit Committee.

### **Board Charter**

There is a demarcation of responsibilities between the board, board committees and management. The Board Charter sets out the roles, responsibilities, composition, operation and processes of the Board of Directors. It serves to guide the Board members in discharging their duties and responsibilities diligently and effectively always. The Board Charter covers inter alia, the objectives, Role of the Board, Composition and Board balance, appointment and re-election, Board Committees function and role, Financial Reporting, Directors Remuneration, Training, Investors communication and Code of Ethics and Conduct. The Board Charter was adopted by the Board in May 2015 and was reviewed on 11 March 2018 for enhancement.

The Board Charter is available online at [www.bdb.com.my](http://www.bdb.com.my).

### **Code of Conduct and Ethics ("the Code of Conduct")**

In previous years, the Board has been guided by the Directors Code of Conduct. Following the new CG Code 2017 recommended that a group wide Code of Conduct be introduced. The Board has adopted the Code of Conduct and Ethics in 2018 to promote and exemplify the Company's commitment in upholding the highest standards of business conduct and ethical behaviours that are fundamental to the preservation of the reputation and success of the Company and its subsidiaries. The Code of Conducts and Ethics is applicable to all directors, management and employees of the Company (the officer).

The provisions of the Code of Conduct are in addition to, and not in substitution for, any obligation imposed upon an officer by agreement, law or regulation.

The principles of the Code of Conduct of the Group will guide the directors, management and employees of the Company to exercise reasonable judgement when conducting the Company's business. It serves as a set of guiding principles for all employees in carrying out their duties of the Company.

A copy of this Code of Conduct can be found on the Company's website at [www.bdb.com.my](http://www.bdb.com.my).

## Whistleblowing Policy

BDB and its Board of Directors are committed to upholding lawful and ethical behaviours in all its activities and require its employees to act in accordance with all applicable laws, regulations and policies and to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. In 2018, the Board has reviewed and revised its Whistleblowing Policy based on the Company's values and principles of integrity, honesty, accountability, responsibility and corporate social responsibility. This policy mainly is to:

- a. Support the Company's commitment for good corporate governance and practices;
- b. Ensure employees can raise genuine concerns without fear of suffering retribution; and
- c. Provide a transparent process for dealing with concerns.

The Company encourages all genuine report of grave concerns with adverse impact on the Company, focusing on the following categories:

**(a) Illegal or unlawful conduct**

Conduct may be illegal or unlawful in terms of the laws of Malaysia and international law such as theft, fraud, corruption, bribery, insider trading or blackmail and therefore constitute reportable misconduct.

**(b) Un-procedural conduct**

Conduct may be un-procedural if it violates clearly communicated procedures (in the form of policies, regulations or rules) governing the operations. For example: non-factual or misleading disclosure such as financial reporting, failure to comply with legal or regulatory obligations, circumvent or not following approved accounting practices and internal control guidelines and related matters.

**(c) Unethical conduct**

Conduct may be unethical if it undermines the Company's core ethical values, such as integrity, respect, honesty, responsibility, accountability, fairness or activities that are not in line with the Company's value and policy for example sexual harassment and engaging in activities that are endangering the health or safety of fellow employees.

**(d) Wasteful conduct**

Conduct may be wasteful if available resources are used in a wasteful manner that would result in significant adverse impact or material financial loss to the Company.

A copy of BDB's Whistleblowing Policy and Procedures is available on the Company's website at [www.bdb.com.my](http://www.bdb.com.my).

BDB welcomes genuine concerns and invites whistleblowers to email us at email: [whistleblower@bdb.com.my](mailto:whistleblower@bdb.com.my); or in writing to the Whistleblowing Committee at the following address:- Aras 9, Menara BDB, 88 Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman.

## Board Composition

In our mission to ensure an effective team and compliance with regulatory requirements, the board size will continuously be reviewed and if necessary, improvements will be made.



Currently the Board comprises five (5) members, five (5) of whom are Non-Executive Directors (“NED”). Amongst the Non-Executive Directors, three (3) are Independent Directors (“ID”). The Chairman is one (1) of the Non-Independent Non-Executive Director. This provides an effective check and balance of the Board’s function and is in compliance with the Listing Requirements which require at least two (2) directors or one-third (1/3) of the Board to be independent.

For effective functioning of the Board, in 2018 the Board has decided to re-designate an Independent Non-Executive Director to be the Senior Independent Director, to provide a sounding board for the Chairman and to serve as an intermediary for the other directors where necessary.

The Board meets every quarter with additional meetings convened as and when necessary. For the financial year ended 31 December 2017, seven (7) Board Meetings were held and each Director attended at least more than 80% of the total meetings held during the year. Details of attendance of each member of the Board are stated below.

Name of Director	BOD	BAC	BNREC	BRC	BPC
Dato’ Paduka Haji Rasli Bin Basir (Chairman)	7 / 7 (100%)	n/a	n/a	n/a	n/a
Dato’ Izham Bin Yusoff (Executive Director)	7 / 7 (100%)	n/a	n/a	3 / 3 (100%)	4 / 4 (100%)
Tuan Haji Abdul Rahman Bin Abdullah (Non-Independent Director) (appointed w.e.f 1/1/2017)	7 / 7 (100%)	n/a	0/1* (0%)	3 / 3 (100%)	n/a
Dato’ Abdul Rahman Bin Ibrahim (Non-Independent Director) (resigned w.e.f 31/12/2017)	7 / 7 (100%)	5 / 6 (83.3%)	3 / 3 (100%)	3 / 3 (100%)	4 / 4 (100%)
Dato’ Haji Asri Bin Hamidon (Senior Independent Director)	6 / 7 (85.7%)	6 / 6 (100%)	3 / 3 (100%)	3 / 3 (100%)	4 / 4 (100%)
Datuk Wan Azhar Bin Wan Ahmad (Independent Director) (resigned w.e.f 20/10/2017)	5 / 6 (83.3%)	4 / 5 (80%)	2/2 (100%)	3 / 3 (100%)	4 / 4 (100%)
Encik Sudirman Bin Masduki (Independent Director) (appointed w.e.f 28/2/2017)	5 / 5 (100%)	4 / 4 (100%)	1 / 1* (100%)	n/a	n/a
Datuk Mohd Radzif Bin Mohd Yunus (Independent Director) (appointed w.e.f 20/11/2017)	n/a	n/a	n/a	n/a	n/a

**\*Notes : Appointment as BNREC on 1.1.2017 and 28.2.2017 respectively.**

Abbreviations:

n/a	Not applicable
BOD	Board of Directors
BAC	Board Audit Committee
BNREC	Board Nomination, Remuneration & ESOS Committee
BRC	Board Risk Committee
BPC	Board Procurement Committee

## Board Balance and Independence

The Board believes that its present composition constitutes an optimal size for the Group's current business profile, which is appropriate to lead the Group effectively on its future thrust for business growth. The Board's composition consists of qualified individuals with a broad base of financial knowledge, experience and technical skill necessary in the management and direction of the Group.

Although all the Directors have equal responsibilities for the Group's operations, the roles of the Independent Directors are particularly important in bringing independent judgement and ensuring all issues proposed by the executive management are fully discussed and examined to consider the long-term interests, not only of the shareholders, but also of other stakeholders such as the employees, customers and business associates.

## Independence

There is no specific definition for independent director except those criteria outlined in the MMLR. BDB has always adhered to the maximum limit of nine (9) year as stated in MMLR. As of now, none of BDB's independent directors has reached nine (9) years cumulative term as independent directors. This practice has been adopted as the new policy of BDB upon approval by the Board in 2018.

## Board Gender Diversification

The Board has always placed gender diversity as an agenda in strengthening the performance of its Board and/or Board Committees. Notwithstanding this, the Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a Director to have an effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience, track records and capabilities.

The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time. The Board will continuously search for additional women candidates in its recruitment exercise.

## Board Appointments

There is a transparent process for the selection, nomination and appointment of suitable candidates to the Board of BDB.

The Board Nomination, Remuneration & ESOS Committee ("BNREC") has been empowered to review the candidates including the review of existing composition of Board to identify the gaps based on BDB's board composition framework and subsequently review and recommend to the Board a candidate with relevant skill sets, expertise and experience to fill in the gaps.

The process adopted by BDB for Board appointment is as follows:

- Step 1: identify gap/vacancy
- Step 2: shortlist candidates
- Step 3: evaluate suitability of candidate
- Step 4: conduct background check/meet the candidates
- Step 5: final deliberation by the BNREC
- Step 6: recommend to the Board

### Board Induction/Orientation Programme

Each new Board member participates in a formal Board induction Programme co-ordinated by the Company Secretary together with Group Financial Officer and Deputy General Manager of Group Corporate Planning & Enterprise Risk Management.

The Board Induction Programme includes in-person presentation with the Senior Management with the objectives of providing newly appointed Directors with the necessary information and overview to assist him/her/them in understanding the operations of the Company, current issues deliberated at the Board, financial achievement, corporate strategies, challenges as well as the structure and management of the Company.

### Re-appointment and Re-election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors or if the number is not a multiple of three (3) then the number nearest to one-third (1/3), shall retire from office at each AGM of the company. All retiring Directors can offer themselves for re-election. The Directors to retire at the AGM in each year are the Directors who have been longest in office since their appointment or re-election.

In accordance with the Company's Constitution, the Director newly appointed during the year must offer himself to the shareholders for re-election at the first AGM following his appointment.

The Company's Constitution further provides that all Directors except GMD shall retire from office at least once in every three (3) years but shall be eligible for re-election.

At the forthcoming AGM, the three (3) Directors who will be retiring by rotation are Dato' Paduka Haji Rasli Bin Basir, Encik Sudirman Bin Masduki and Datuk Mohd Radzif Bin Mohd Yunus. All of them, being eligible, offer themselves for re-election.

### Board Meetings

The Board Annual Calendar for Board meetings ("The calendar") is fixed for the whole year in advance. The calendar for board meetings consist of scheduled dates for meetings of the Board including Board Committees meetings and AGM. The calendar provides major items on the agenda for each meeting and trading by directors during closed period. The calendar is to enable the Board and management to plan ahead and ensure the Board meetings are pre-booked in their respective schedules.

The overall calendar of meetings of the Board and Board Committees held in Year 2017 is provided below:

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Board	-	• *Special	*Special	-	•	-	-	•	-	*Special	*Special	-
BAC	*Special	•	-	-	•	-	•	-	-	*Special	•	-
BNREC	-	• *Special	-	-	-	-	-	-	-	-	•	-
BRC	-	-	-	-	•	-	•	-	-	*Special	-	-
BPC	-	*Special	-	-	-	*Special	•	-	-	*Special	-	-



**Abbreviations/Symbol:-**

•	Full Board & Committee Meetings
*Special	Special Board & Committee Meetings
Board	Board of Directors' Meeting
BAC	Board Audit Committee Meeting
BNREC	Board Nomination, Remuneration & ESOS Committee Meeting
BRC	Board Risk Committee Meeting
BPC	Board Procurement Committee Meeting

**Total number of Meetings:**

No.	Types of Meeting	2017 Total Number of Meetings	Terms of Reference (TOR) for each Meeting	Complied with TOR
1.	Board	7 times	6 times in each Financial Year	✓
2.	BAC	6 times	4 times a Year	✓
3.	BNREC	3 times	At least Twice a Year	✓
4.	BRC	3 times	At least Quarterly	✓
5.	BPC	4 times	4 times a Year	✓

**Supply of Information**

Board papers with sufficient notice are distributed to Directors before Board meetings to enable the Directors to peruse and have the opportunity to seek additional information, and obtain further explanation and clarification on the matters for deliberations. The senior management is invited to attend the Board meetings to report on matters relating to their areas of responsibility. They also attend to brief and provide details on recommendation to assist the Directors whenever necessary so as to enable the Directors to make independent and informed decisions.

Presentations to the Board are prepared and delivered in a manner that ensures latest information, clear and adequate presentation with latest site progress photos.

Whenever necessary, Senior Management or external advisors or consultants are also invited to attend the Board and Board Committee meetings to explain matters within their expertise, knowledge and provide clarity on agenda being discussed. The process is good governance practice to enable the Board and Board Committees to arrive at considered and informed decisions.

The Directors are also notified of any corporate announcements released to Bursa Securities. They are also notified of the restriction in dealing with the securities of the Company prior to the announcement of financial results or corporate proposals.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made. The circular resolutions will be tabled in the next Board meeting for ratification and information.

## Management of Conflict of Interest

The Board will be notified by the Company Secretary on a quarterly basis to update their disclosure of interests under Section 197 of the Companies Act 2016. In the event of potential conflict of interest, the Director concerned will make a declaration at the meeting and shall abstain from deliberation, voting and decision on the subject matter and where appropriate excuses himself from being present in the deliberations.

In the event a corporate proposal or general mandate is required to be approved by the shareholders, interested Directors should abstain from voting in respect of their shareholding in BDB on resolutions relating to corporate proposal.

## Board Committees

There are currently four (4) main Board Committees empowered by the Board:

- Board Audit Committee ("BAC")
- Board Nomination Remuneration & ESOS Committee ("BNREC")
- Board Risk Committee ("BRC")
- Board Procurement Committee ("BPC")

The TORs of the Board Committees are available online at [www.bdb.com.my](http://www.bdb.com.my).

Board Committees meetings are normally held a day before or in conjunction with the Board meetings. All deliberations and recommendations of the Board Committees are recorded as minutes of the proceedings thereat and subsequently confirmed the contents at the subsequent Board Committees meetings. During the Board meeting, Chairman of the various Board Committees provides summary of deliberations and key decisions or recommendations and highlights to the Board. If any further deliberation is required by the Board member, respective Senior Management, consultants or advisers are usually on stand-by to brief the Board. Verbal updates are provided if Board Committees meetings are held on the same day of Board meetings and Papers were circulated in advance prior to the meetings.

A brief description of each Board Committee is provided below:

a) BAC - The members of BAC are as follows:-

- |      |  |  |
|------|--|--|
| i.   | Encik Sudirman Bin Masduki - Chairman<br>Independent Non-Executive |  |
| ii.  | Dato' Abdul Rahman Bin Ibrahim<br>Non-Independent Non-Executive    | (Resigned w.e.f. 31 December 2017)     |
| iii. | Dato' Haji Asri Bin Hamidon<br>Senior Independent Non-Executive    | (Re-designated w.e.f. 28 January 2018) |
| iv.  | Datuk Mohd Radzif Bin Mohd Yunus<br>Independent Non-Executive      | (Appointed w.e.f. 20 November 2017)    |

Further details on the BAC Report during FY 2017 is presented on page 74 of this Annual Report. The former Chief Financial Officer, Encik Mohd Rizal Bin Zubair attended all meetings of the BAC except when meetings are held between the BAC and external auditors without management's presence.

Encik Rizal's contract ended on 8 November 2017 and Encik Fakhruzi Bin Ahmad was appointed as Acting Chief Financial Officer until 31 December 2017 and confirmed his position as Group Financial Officer on 1 January 2018. He attended all BAC meetings since his appointment.

## b) BNREC - The members of BNREC are as follows:-

- |  |                                     |
|--|-------------------------------------|
| i. Datuk Mohd Radzif Bin Mohd Yunus - Chairman | (Appointed w.e.f. 20 November 2017) |
| Independent Non-Executive                      |                                     |
| ii. Dato' Haji Asri Bin Hamidon                |                                     |
| Senior Independent Non-Executive               |                                     |
| iii. Dato' Abdul Rahman Bin Ibrahim            | (Resigned w.e.f. 31 December 2017)  |
| Non-Independent Non-Executive                  |                                     |
| iv. Tuan Haji Abdul Rahman Bin Abdullah        |                                     |
| Non-Independent Non-Executive                  |                                     |
| v. Encik Sudirman Bin Masduki                  |                                     |
| Independent Non-Executive                      |                                     |

The key responsibilities of the BNREC are as follows: -

- i) To oversee the selection and assessment of Directors and to ensure that the Board Composition meets the requirements of MMLR and Companies Act 2016.
- ii) To recommend or approve, as the case may be based on the TOR, the appointment of key management of the Group.
- iii) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendation to the Board with regard to any changes.
- iv) Reviewed and recommended renewal of fixed terms contract for GMD of BDB.

During the FY 2017, the BNREC met 6 times a year where key activities were as follows:

- i) Deliberated on Board Committees composition.
- ii) Reviewed on directors' benefits.
- iii) Reviewed on staff benefits and scheme and housing benefits for employees.
- iv) Reviewed on Board structure.

## c) BRC - The members of BRC are as follows:-

- |   |  |
|---|--|
| i. Dato' Haji Asri Bin Hamidon - Chairman | (Re-designated w.e.f. 28 January 2018) |
| Senior Independent Non-Executive          |  |
| ii. Dato' Abdul Rahman Bin Ibrahim        | (Resigned w.e.f. 31 December 2017)     |
| Non-Independent Non-Executive             |  |
| iii. Haji Abdul Rahman Bin Abdullah       |  |
| Non-Independent Non-Executive             |  |
| iv. Datuk Mohd Radzif Bin Mohd Yunus      | (Appointed w.e.f. 20 November 2017)    |
| Independent Non-Executive Director        |  |

The key responsibilities of the BRC are as follows:

- i) To assist the Board in ensuring the Group's risk management strategy, framework and methodology have been implemented and consistently applied.
- ii) To assist the Board in screening and assessing the investment opportunities and risk assessment evaluation.
- iii) To assist the Board in monitoring and reporting mechanism to the Board.



During FY 2017, the BRC met 6 times where the key activities were as follows:

- i) Quarterly Report on Risk assessment for business segment.
- ii) Risk evaluation and recommendation on new business ventures and land acquisition.

d) BPC - The members of BPC are as follows:-

- i. Dato' Abdul Rahman Bin Ibrahim (Resigned w.e.f. 31 December 2017)  
Non-Independent Non-Executive
- ii. Dato' Haji Asri Bin Hamidon (Re-designated w.e.f. 28 January 2018)  
Senior Independent Non-Executive
- iii. Datuk Mohd Radzif Bin Mohd Yunus (Appointed w.e.f. 20 November 2017)  
Independent Non-Executive

The key responsibilities of the BPC are as follows:

- i) The Committees operate under clearly defined terms of reference and are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. Dato' Abdul Rahman bin Ibrahim is the Chairman of BPC.

During FY 2017, the BPC met 3 times where the key activities were as follows:

- i) Evaluation and appointment of sub-contractor above Delegated Authority Limit ("DAL").
- ii) Revised DAL.

## Remuneration

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. In the case of the Executive Director, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. Where applicable, the Board also considers any relevant information provided by independent consultants or from survey data.

### Aggregate remuneration of Directors categorised into appropriate components:

	<b>Directors' Fees*</b>	<b>Salary &amp; Bonus**</b>	<b>Other Emoluments**</b>	<b>Benefits In Kind**</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive Director	36	1,185	49	5	1,275
Non-Executive Directors	207	120	409	11	747

\*To be approved at the forthcoming AGM

\*\*Approved by the Board

- (a) The number of Directors of the Company whose total remuneration during the financial year falls within the required disclosure band is as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM550,001 – RM1,200,000	1	-
RM150,001 – RM550,000	-	1
RM100,001 – RM150,000	-	2
RM50,001 – RM100,000	-	3
RM0 – RM50,000	-	1
<b>TOTAL</b>	<b>1</b>	<b>7</b>

All Directors were paid meeting allowances as determined by the Board. Expenses incurred by the Directors in the course of performing their duties are reimbursed.

### Benefits

Common benefits-in-kind prevalent to similar size of PLC, BDB provides to directors such as study trip to be determined based on certain criteria on every three (3) years basis, mobile communication devices such as iPad for paperless board meeting, telecommunication facilities, medical benefits and insurance benefits including Directors' & Officers' Liability insurance.

The benefit is reviewed every three (3) years after it is reviewed by the BNREC.

The Directors' aggregate remuneration for the Financial Year 2017 distinguishing between the Executive Director and Non-Executive Directors with categorisation into appropriate components is set out in the Audited financial statements on page 85 of this Annual Report.

### RESTRICTION ON DIRECTORSHIPS IN LISTED COMPANY

Directors are required to declare respective shareholdings in the Company and related companies and their interests in any contracts with the Company or any of its related companies. Directors are also required to declare their directorships in other companies and shall abstain from any discussions and decision-making in relation to these companies.

The Board members' directorship in companies other than the Company and the Group, are well within the restriction of not more than five (5) public listed companies. This is to ensure that their commitment, resources and time are focused on the affairs of the Company and the Group thereby enabling them to discharge their duties and responsibilities effectively.

### DIRECTORS' TRAINING

A dedicated budget for training is allocated every year for Directors, Senior Management and employees training.

In addition to the Mandatory Accreditation Programme ("MAP") as required by the Bursa Malaysia, Board members are also encouraged to attend training programmes conducted by highly competent professionals that are relevant to the Company's operations and businesses. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

All Directors have successfully completed the MAP prescribed by Bursa Malaysia. Tuan Haji Abdul Rahman Bin Abdullah, the newly appointed director has attended the MAP before the due date in May 2017. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

The Directors are also constantly updated by the Company Secretary on new and/or revised requirements to the MMLR as and when the same were advised by Bursa Malaysia.

During FY 2017, all Directors had attended various training programmes, conferences and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The Board will continually evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and effectively discharge their duties.

#### List of Directors' Training from 1 January 2017 - 16 March 2018

Directors	List of Training / Conference / Seminar / Workshop Attended / Participated
Dato' Paduka Haji Rasli Bin Basir	<ul style="list-style-type: none"> <li>MICG: Setting up for International Success: ISO 37001 Anti-Bribery Management System.</li> <li>½ Day Training on New Companies Act 2016 &amp; Malaysian Code Corporate Governance.</li> <li>7<sup>th</sup> Annual National Procurement Conference 2018 – "What's New In Procurement Governance".</li> </ul>
Dato' Izham Bin Yusoff	<ul style="list-style-type: none"> <li>3 Days Masterclass in Senior Care.</li> <li>2<sup>nd</sup> Annual Aerotropolis Asia Successful City of the Future.</li> <li>½ Day Training on New Companies Act 2016 &amp; Malaysian Code Corporate Governance.</li> <li>Affordable Housing Australia "Striving Towards Affordable Housing for Better Future".</li> </ul>
Tuan Haji Abdul Rahman Bin Abdullah	<ul style="list-style-type: none"> <li>½ Day Training on New Companies Act 2016 &amp; Malaysian Code Corporate Governance.</li> </ul>
Encik Sudirman Bin Masduki	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme (MAP).</li> <li>½ Day Training on New Companies Act 2016 &amp; Malaysian Code Corporate Governance.</li> <li>The Breakfast Talk - Leading in a Volatile, Complex, Ambiguous (VUCA) World.</li> </ul>
Dato' Haji Asri Bin Hamidon	<ul style="list-style-type: none"> <li>½ Day Training on New Companies Act 2016 &amp; Malaysian Code Corporate Governance.</li> </ul>
Dato' Abdul Rahman Bin Ibrahim (Resigned w.e.f. 31 December 2017)	<ul style="list-style-type: none"> <li>½ Day Training on New Companies Act 2016 &amp; Malaysian Code Corporate Governance.</li> </ul>
Datuk Wan Azhar Bin Wan Ahmad (Resigned w.e.f. 20 October 2017)	<ul style="list-style-type: none"> <li>½ Day Training on New Companies Act 2016 &amp; Malaysian Code Corporate Governance.</li> </ul>
Datuk Mohd Radzif Bin Mohd Yunus (Appointed w.e.f. 20 November 2017)	<ul style="list-style-type: none"> <li>Attended MAP organised by Bursa Malaysia.</li> </ul>



## Board Evaluation

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Peer Evaluation and Assessment using questionnaire based approach. The assessment of the Board is based on board's roles and responsibilities and Board Committees' role and responsibilities. For Director's Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his or her contribution to Board processes and the business strategies and performance of BDB. The Board is currently engaging with external expert for an independent review and assessment.

## The Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Board Audit Committee (BAC)

The Board Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group.

### Financial Reporting

The Board and the BAC are to ensure that BDB's financial statements are:-

- Prepared in accordance with applicable approved accounting standards.
- The disclosure timeline, format and content are compiled rules and regulation, including provisions of the Bursa's MMLR.
- The Board, with the assistance of the BAC, shall oversee and manage the financial reporting and internal control policies and will maintain for appropriate relationship with the Company's Auditors.
- The Board, through the BAC, shall also assess the suitability, objectivity and independence of the Company's Auditors.

The appointment of the Company's Auditors is subject to the approval of shareholders at general meeting. The Company's Auditors have to retire during the Annual General Meeting every year and be subject for re-appointment by the shareholders of the Company for the ensuing year.

Based on the requirement of the new CG Code, the BAC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. To date, BDB has been in compliance with this matter in practice.

The BAC assists the Board in maintaining a sound system of internal control across the Group. In ensuring that the financial statements use appropriate accounting policies, the BAC will meet with the external auditors without the presence of Management, and it will be a session where the external auditors may raise any concern pertaining to the compliance of the financial statements.

## **Risk Management and Internal Control Management**

The Board has overall responsibility for maintaining a sound system of internal control, which encompasses risk management, financial, organisational, operational and compliance controls necessary for the Group to achieve its objectives within an acceptable risk profile. These controls can only provide reasonable but not absolute assurance against material misstatement, errors of judgment, loss or fraud.

Information on the Group's Internal Control is as set out in the Group Statement of Risk Management & Internal Control ("SORMIC") set out in page 80 to page 84 of this Annual Report.

The BAC manages the relationship with its external auditors on behalf of the Board. The BAC considers the re-appointment, remuneration and terms of engagement of auditors annually. The role of the BAC in relation to the External Auditors can be found in the Report of the Audit Committee as set out in page 74 to page 79 of this Annual Report.

The external auditors are invited to attend the Audit Committee Meeting where the Group's annual financial results are considered, as well as at meetings to review and discuss the Group's audit findings, internal controls and accounting policies, whenever the need arises.

The external auditors will also be present in each AGM in order to address clarifications pertaining to the audited financial statements sought by the shareholders.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **Integrity in Corporate Reporting**

It is the Board of Directors' Responsibility for Preparing the Annual Audited Financial Statements. The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of BDB Group's state of affairs, results and cash flows. The Directors are of the opinion that BDB has adequate resources and uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Financial Reporting Standards and the provisions of the Companies Act 2016 and the MMLR of Bursa Malaysia.

The Directors having reviewed the business plans, capital expenditure commitments and expected cash flows are satisfied that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing these Financial Statements. The Directors are satisfied that BDB has been keeping accounting records which disclose with reasonable accuracy the financial position of BDB which enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of BDB. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

### **Corporate Disclosure Policies and Procedures**

The Board reviews and approves all quarterly and other important announcements. The Company announces its quarterly and full-year results within the mandatory period. The financial statements and, where necessary, other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via Bursa Link on a timely basis to ensure effective dissemination of information relating to BDB to ensure that communications to the public regarding BDB are timely, factual, accurate, and complete. We have put in place authority and process for Disclosure Policy which is applicable to all Directors, those authorised to speak on BDB's behalf.

### **Communication with Shareholders**

The Board believes that building relationship with Shareholders through interaction during AGM and systematic engagement with the Shareholders through media releases, public announcements, answers to their queries and informative website to disseminate information.

The efforts were recognised through recognition received from the Malaysia Investor Relations Award being conferred to the Company in November 2017.

### **Conduct of General Meetings**

The Board always ensures that the conduct of Board Meetings comply with the best practices and Shareholders are notified with the meeting details. The Annual Report with sufficient notice of the AGM shall be distributed to the Shareholders in a timely manner and before the AGM.

All resolutions are voted by poll and subjected to scrutineering services, in compliance with the MMLR.

The General Meetings have been and will be conducted in Kuala Lumpur where it is accessible by the Shareholders. For Shareholders who are unable to attend, we also encourage them to write in their feedback and inquiries anytime to our office. All inquiries, feedback and suggestions will be addressed.

All Board of Directors will attend the meeting to engage with the shareholders, in the event they are not able to attend in person, electronic devices will be used for their participation. Unless it is not possible to do so, the directors will be updated on issues that require his/her follow-up.

**This Statement is issued in accordance with a resolution of the Board dated 16 March 2018.**



# REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Bina Darulaman Berhad is pleased to present the Report of the Audit Committee for the financial year ended 31 December 2017.

## 1. MEMBERS

The Audit Committee comprises four (4) members of the Board made up of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, with an Independent Non-Executive Director presiding as the Chairman. Bina Darulaman Berhad ("the Company") has complied with Paragraph 15.09 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), which requires that all of the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. The members of the Audit Committee are as follows:

	Name	Directorial Status
1.	Encik Sudirman Bin Masduki (Appointed on 28.02.2017)	Chairman / Independent Non-Executive Director
2.	Dato' Abdul Rahman Bin Ibrahim (Resigned on 31.12.2017)	Member / Non-Independent Non-Executive Director
3.	Dato' Haji Asri Bin Hamidon	Member / Independent Non-Executive Director
4.	Datuk Wan Azhar Bin Wan Ahmad (Resigned on 20.10.2017)	Member / Independent Non-Executive Director
5.	Datuk Mohd Radzif Bin Mohd Yunus (Appointed on 20.11.2017)	Member / Independent Non-Executive Director

Datuk Wan Azhar Bin Wan Ahmad chaired the Board Audit Meetings during the period October 2016 to February 2017.

## 2. CONSTITUTION

The Audit Committee of the Company was established by the Board of Directors in 1996.

## 3. MEETINGS

During the year ended 31 December 2017, the Committee met four (4) times by way of ordinary meetings on 12 February 2017, 7 May 2017, 31 July 2017 and 16 November 2017. There were also two (2) Special Meetings on 18 January 2017 and 15 October 2017.

	Name	Number of Meetings	
		Held	Attendance
1.	Encik Sudirman Bin Masduki	4	4/4
2.	Dato' Abdul Rahman Bin Ibrahim	6	5/6
3.	Dato' Haji Asri Bin Hamidon	6	6/6
4.	Datuk Wan Azhar Bin Wan Ahmad	5	4/5
5.	Datuk Mohd Radzif Bin Mohd Yunus	-	-

#### 4. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

##### Membership

The Audit Committee shall be appointed by the Board of Directors from amongst the Non-Executive Directors and must be composed of not fewer than three (3) members, with a majority of them being Independent Directors. The members of the Audit Committee must elect a Chairman amongst themselves who is an Independent Director. An alternate director shall not be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:

- a. must be a member of the Malaysian Institute of Accountants ("MIA"); or
- b. if he is not a member of MIA, he must have at least 3 years' working experience and:
  - he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - he must be a member of one (1) of the Associations of Accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
- c. fulfills such other requirements as prescribed or approved by the Bursa Malaysia.

The Audit Committee has three (3) Independent Non-Executive Directors.

In the event of any vacancy in the Audit Committee resulting in non-compliance with Bursa Malaysia Listing Requirements on the composition of Audit Committee, the Board of Directors must fill the vacancy within three (3) months.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee has carried out its duties in accordance with its terms of reference.

##### Meetings and Minutes

Meetings shall be held at least four (4) times a year with the attendance of the Group Managing Director ("GMD"), Group Financial Officer ("GFO"), Head of Group Corporate Services & Legal/Company Secretary and Head of Group Corporate Assurance. Other Board members and Senior Management may attend meetings at the invitation of the Audit Committee. Additional meetings may be held upon request by any Audit Committee member, the Management, Internal or External Auditors. At least two (2) times a year, the Audit Committee shall meet with the external auditors and internal auditors without any Executive Director or Officer of the Group being present.

The minutes shall be circulated to the Audit Committee members and to all other members of the Board. The Chairman of the Audit Committee engages on a continuous basis with Senior Management such as the GMD, GFO, Head of Group Corporate Services & Legal/Company Secretary, Head of Group Corporate Assurance and the external auditors in order to keep abreast of matters and issues affecting the Group. Key issues discussed are reported by the Chairman of the Audit Committee to the Board.

### **Secretary**

The Company Secretary shall act as Secretary of the Audit Committee. The Secretary of the Audit Committee shall provide the necessary administrative and secretarial services for the effective functioning of the Committee.

### **Quorum**

The quorum shall consist of a majority of Independent Directors and shall not be less than two (2).

### **Voting**

Each member of the Audit Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the Audit Committee. In the event of an equality of votes, the Chairman of the Audit Committee shall be entitled to a second or casting vote.

### **Authority**

In view of its duties and functions, the Audit Committee has the following authority, as empowered by the Board to:

- (i) investigate any matters within the scope of the Committee's duties and its terms of reference;
- (ii) obtain external independent legal or other professional advice as necessary;
- (iii) secure full, free and unrestricted access to any information, records, properties and personnel of the Company and any other companies within the Group;
- (iv) communicate directly with the External Auditors, Internal Auditors and all employees of the Group;
- (v) be able to convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of other Board of Directors, Senior Management and employees, where necessary; and
- (vi) report to the Bursa Malaysia matters duly reported by it to the Board which have not been satisfactorily resolved resulting in a breach of any regulatory requirements.

All costs involved in the exercise of the Audit Committee's authority shall be absorbed by the Company.

### **Duties**

The following are the main duties and responsibilities of the Audit Committee collectively:

- (i) to consider the nomination and appointment of the external auditors, the audit fee and resignation, replacement or termination;
- (ii) to discuss with the external auditor before the commencement of the audit, their nature, and scope of the audit and to ensure co-ordination where more than one audit firm is involved;



- (iii) to review the quarterly financial results and year-end financial statements prior to deliberation and approval by the Board, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards, regulatory and other legal requirements; and
  - other judgmental areas.
- (iv) to discuss problems and reservations arising from the interim and final audits and any matters the external and internal auditors may wish to discuss (in the absence of Management where necessary);
- (v) to discuss the impact of any proposed changes in accounting principles on future financial statements;
- (vi) to review the assistance given by the employees of the Company and the Group to the External Auditors;
- (vii) to review with the External Auditors, their evaluation of the system of internal controls, their management letter and management responses;
- (viii) to do the following, in relation to the internal audit function:
  - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its duties;
  - to consider the major findings or internal investigations and managements' responses;
  - review the internal audit plan, programme and results of the internal audit process and ensure appropriate actions are taken on the recommendations of the internal audit function;
  - assessment of the performance of the staff of the internal audit function;
  - approve any appointment, replacement or termination of senior staff members of the internal audit function; and
  - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (ix) to monitor any related party transactions and situation where a conflict of interest may arise within the Company or Group, including any transaction procedure or course of conduct that raises questions of management integrity and ensure that the Directors report such transactions annually to the shareholders in the Annual Report;
- (x) to review all prospective financial information provided to the regulators and/or the public;
- (xi) to report promptly to Bursa Malaysia on any matter reported by it to the Board of Directors, which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Listing Requirements; and
- (xii) to consider other topics defined by the Board of Directors from time to time.

## 5. SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES

During the financial year, the Audit Committee met six (6) times. Activities carried out by the Audit Committee included the deliberation and review of the following:

### External Audit

- (i) the audit plan of the External Auditors in terms of their scope of audit prior to the commencement of the interim and annual audit;
- (ii) the audited year-end financial results of the Group prior to submission to the Board for consideration and approval;
- (iii) the audit reports of the External Auditors in relation to audit and accounting issues arising from the audit;
- (iv) matters arising from the audit of the Group in a meeting with the External Auditors without the presence of the Management;
- (v) the performance of the External Auditors and the recommendations to the Board on their re-appointment and remuneration;
- (vi) review the findings of the External Auditors and followed up on the recommendations.

### Internal Audit

- (i) the risk-based annual audit plan proposed by the Internal Auditors was appropriately designed by considering audit universe, audit interval, risk profiles and past history. Inputs were given to improve the annual audit plan, where necessary;
- (ii) the Audit process, is effective and resources are adequate to support the completion of annual audit plan;
- (iii) proper and timely corrective actions were instituted by management to resolve any internal control failures and/or weaknesses highlighted under major audit issues by the auditors;
- (iv) the progress of management action plans to resolve audit issues as presented in follow-up audit until satisfactory closure. Extension of time if any was proposed;
- (v) revision to the Internal Audit Charter and changes to the Internal audit issue rating.

### Other

- (i) the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;
- (ii) the Statement on Internal Control and Statement of Corporate Governance and its recommendation to the Board for inclusion in the Annual Report;

- (iii) related party transactions as required under the Bursa Malaysia Listing Requirements to ascertain that transactions are conducted at arm's length prior to submission for the Board's consideration and where appropriate, shareholders' approval;
- (iv) the unaudited quarterly financial results and the announcements thereof and made recommendations to the Board for consideration and approval.

## 6. INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve BDB's operations. The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The Internal Audit activity helps BDB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The Internal Audit Charter was revised and approved by the Audit Committee on 7 May 2017. The charter redefined Internal Auditing activities and re-emphasised adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards). The charter also specifies that the Internal Audit activity will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit activity. The program will include an evaluation of the Internal Audit activity's conformance with the Definition of Internal Auditing and the Standards, evaluate whether internal auditors apply the Code of Ethics and assesses the efficiency and effectiveness of the Internal Audit activity and identifies opportunities for improvement.

The Chief Audit Executive will communicate to Senior Management and the Board on the Internal Audit activity's quality assurance and improvement program, including results of ongoing internal assessments conducted at least annually and external assessments at least every five (5) years.

To enhance audit report, ratings on the individual audit issue/finding were changed to Minor, Moderate and Major whilst the Overall audit opinion shall be rated as Satisfactory, Some Weakness and Weak. Audit issues/findings shall also be summarised into four (4) categories; Non-Compliance with Policy/SOP and/or Rules and Regulations, Internal Control Improvements, Business Process Efficiency and Malpractice/Fraud.

For 2017, Group Corporate Assurance Department performed eight (8) audit assignments involving BDB and its subsidiaries; spanning over thirteen (13) audit scopes in planning and land administration, project management, defect management, treasury management, quality assurance and quality control, sales and marketing for Kedah Holdings, hotel operations, procurement management, Finance, Accounts and Quarry operations. Apart from routine audit, follow-up audits were also carried out on quarterly basis. Issues/findings highlighted were mostly in the internal control improvement and business process efficiency category.

The total cost incurred for the Internal Audit Function in respect of the financial year was **RM557,059**.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This statement is made in accordance with the Malaysian Code on Corporate Governance 2012 ("The Code") and Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Set out below is the Board's Statement on Internal Control which has been prepared in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia.

### BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound internal control system and the need to review its adequacy and integrity on a regular basis. The system of internal control is meant to effectively manage business risk towards the achievement of objectives so as to enhance the value of shareholders' investments and to safeguard the Group's assets.

The Board maintains overall responsibility for the Group's system of internal controls and has reviewed the effectiveness of the controls established. The Board has delegated the implementation of the system of internal control within an established framework throughout the Group to the Management. The system of internal control is supported by the corporate governance and risk management framework.

The Board through its Risk Management Committee is responsible for identifying, evaluating and managing major business risks faced by the Group. The Committee will continuously evaluate suggested mitigation measures and quarterly review planned actions and implementation strategies to ensure that key risks are mitigated and well managed.

The Board is reasonably satisfied that throughout the year the Company's Risk Management and internal control system operated adequately and effectively in all material aspects based on the Risk Management Model adopted by the Company.

In line with the Code, the system of internal control is designed to safeguard the assets of the Group and shareholders' investment, by ensuring the maintenance of proper accounting records and providing reliable financial information for use within the business and for publications. However, these controls provide only reasonable and not absolute assurance against material error, misstatement, loss or breach. In addition, the concept of reasonable assurance also recognises that the overall cost of control procedures shall not exceed the expected benefits.

### KEY INTERNAL CONTROLS FEATURES

The key features of the Group's internal control comprise the following components which have been in place throughout the financial year:

### CONTROL ENVIRONMENT

#### Accountability and Reporting within the Organisation:

The terms of reference including functions, authorities and responsibilities of the Board Committees and Management Committees have been established in the Group, to assist the Board in discharging its duties. The Board Committees comprise of:

- Board Audit Committee ("BAC")
- Board Risk Committee ("BRC")
- Board Nomination, Remuneration and ESOS Committee ("BNREC")
- Board Procurement Committee ("BPC")

### **Organisation Structure & Authority Limits**

The internal control of the Group is supported by a formal organisational structure with lines of responsibility and accountability delegated to the Group's Senior Management. The Group, via its Delegated Authority Limit ("DAL"), assigns authority to appropriate levels of management to exercise control over the Groups' commitment on both strategic and operational business objectives.

The DAL is approved by the Board and is updated to reflect changing business conditions. The DAL provides a framework that defines and specifies the authority levels for personnel to carry out their assigned responsibilities and it also covers the basic decision-making policy throughout the BDB Group of Companies.

### **Standardised and Documented Policies and Procedures**

Relevant policies and procedures are recommended by management and approved by the Board to ensure the Group's values and internal control mechanism is embedded in business operations. These policies and procedures are made available to guide Management and staff in their day-to-day operations and compliance with relevant laws and regulations. Updates will be made on need basis to reflect any changes in operational requirements and/or statutory requirements.

### **Strategic Business Planning**

BDB Group performs annual business planning and budgeting for consideration of the Group Managing Director before being tabled to the Board for approval. The Board has reviewed and approved the annual budgets and three (3) year Business Plans within which the business objectives, strategies and targets are articulated to facilitate management in focusing on areas of concern. Key business risks are identified and mitigated during the business planning process and reviewed during the year.

### **Staff Development and Training**

Internal and external trainings are developed by Group Human Resource and provided to all employees to facilitate daily operations and enhance staff competencies.

### **Whistleblowing**

The Whistleblowing Policy provides an avenue for employees to communicate any instances of breach or suspected breach of any law or regulation, illegal and/or immoral conduct in a safe and confidential manner. It also provides proper investigation to be initiated on all allegations or reports about the Group.

### **CONTROL ACTIVITIES**

Control activities are part of the Group's system of internal control. Control activities are performed at all levels of the entity and at various stages within the business processes. They include a diverse range of activities such as the process of approvals, authorisations, verifications and reconciliations, reviews of operating performance, security of assets and segregation of duties. Among the significant control activities are:

- The preparation of quarterly and full-year financial results, as announced or otherwise published to shareholders. Analysis of actual financial performance versus business plans is carried out on a quarterly basis.

- Group Managing Director and Senior Management staff make annual site visits and communicate with employees of different levels to have first-hand knowledge of significant operational issues and risks.
- Quarterly reporting of legal, accounting and other new developments to the Board.
- Annual review and improvement, continuously manages and controls the quality requirement of the Company's products and services which is in accordance with ISO 9001 Quality Management System.

## REVIEW AND MONITORING PROCESS

The Board has initiated an ongoing process to ensure the achievement of the Group business objectives where budgets, key business indicators and performance results on operations are in place to monitor performance. The system allows the Management and Group Managing Director to review business unit's performances against budgets and other performance indicators on a monthly basis. Key variances are followed up by Management and reported on a quarterly basis to the Board.

The Board has taken the necessary measures and reviewed the effectiveness of the system of internal control during the financial year through the review and monitoring process set out above.

The Group Managing Director actively communicates the Board's expectations to management teams during management meetings. In these meetings, risks relating to strategy, operational, financial and external environment matters were discussed and action plans were deliberated.

## INTERNAL AUDIT FUNCTION

The Internal Audit function includes undertaking reviews to evaluate the adequacy and effectiveness of financial and operating controls and highlight significant risks and non-compliance impacting the Group. Where applicable they provide recommendations to improve the effectiveness of risk management, control and governance process. Audits are carried out on Subsidiaries, Departments and Units on a rotation basis using the risk-based audit approach.

The Audit Committee meets on a quarterly basis plus as and when required to review the internal control issues identified in Internal Audit Reports, in order to ensure the effectiveness and adequacy of the Group's internal control system. Management's response will always be sought on comments and suggestions by the Internal Audit as well as on the status of follow-up action taken. The Audit Committee also reviews the Internal Audit independence, adequacy of resources and scope of work. The details of the oversight activities undertaken by the Audit Committee are highlighted in the Audit Committee Report.

## STATE OF INTERNAL CONTROL DURING THE YEAR UNDER REVIEW

The Board is of the view that the existing Group's system of internal controls in place for the year under review and up to the date of issuance of financial statements is generally sound and adequate to safeguard the shareholders' investment, the interest of customers, regulators, employees and the Group's assets. None of the control weaknesses identified has resulted in any material loss, contingencies or uncertainties that would require disclosure in the Annual Report.

## STATEMENT ON RISK MANAGEMENT/ ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group has established an Enterprise Risk Management (ERM) framework to proactively identify, evaluate and manage key risks to an optimal level in line with the Group's commitment to deliver sustainable value. This framework aims to provide an integrated and organised approach entity-wide.



During the financial year ended 31 December 2017, the Group had executed the ERM initiatives based on the approved ERM Framework which includes the establishments of the key mitigation strategies for the key risk areas identified and the tracking and monitoring of its implementation Group wide.

### **Risk Policy**

BDB Group is committed in meeting its vision, mission and corporate objectives. It is critical for BDB Group to have the ability of managing risks to an acceptable level. In 2017, Risk Management has conducted three (3) BRC Meetings where risks were identified, assessed and ranked accordingly with regards to the mitigating actions.

The Board is responsible to understand risks and provide guidance when dealing with risks to ensure all risks are managed in an organised and consistent manner. The policies of the Board for ERM are as follows:

- To integrate risk management into the work culture, business activities and decision-making processes.
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively.
- To manage risks pragmatically, to an acceptable level given the particular circumstances of each situation.
- To require that all papers submitted to the Board of Directors by Management relating to strategy, key project approval, significant action or investment must include a comprehensive risk assessment report.
- To implement a robust and sustainable ERM framework that is aligned with BDB Group's vision, mission, corporate objectives, and in accordance with best practices.

The above policies will be attained through:

- Quarterly reporting to the Board on ERM activities and keep the Board updated of all ERM aspects including significant risks and risk trends;
- Provision of adequate and suitable resources, including tools and manpower to ensure ERM framework and system are operating effectively;
- Provision of adequate education and communication channels to ensure staffs' understanding on the requirements, benefits, their roles and responsibilities associated to ERM; and
- Maintain documented risk information (risk registers and action plans) for continuous ERM activities.

The Group Corporate Planning & Enterprise Risk Management ("GCP&ERM") is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and control information is captured in the format of risk registers. Key risks of key business units are identified, assessed and categorised to highlight the source of risks, their impact and the likelihood of occurrence and it is being monitored by respective Senior Management of the business units.

Roles and Responsibilities of the GCP&ERM can be summarised as follows:

- To communicate, evaluate and improve the ERM Policy and Framework;
- Facilitate the risk assessment and risk action plan processes;
- Provide independent input on risk assessment (risk type and rating) and action plans;
- Coordinator of Business Continuity Management (BCM);
- Prepare and report to BRC on a timely manner;
- Coordinate for the ERM educational programmes; and
- To share inputs on risks and market trends.

**Assurance Received from Group Managing Director and Group Financial Officer**

In accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed issuers, the Board has received assurance from the Group Managing Director and Group Financial Officer that to the best of their knowledge the risk management and internal control of the Group are operating effectively and adequately in all material aspects, based on the risk management and internal control framework adopted by the Group.

**Review of Statements by the External Auditors**

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide (“RPG”) 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the annual report of the Group for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

**Conclusion**

Risk Management in BDB Group has been accepted not merely as a compliance tool but to the extent of becoming a business culture. The Risk Management framework and findings act as an additional decision-making tool to drive towards an excellent business strategy planning and execution. In this regard, an effective Risk Management lies on its ability to implement the framework and create values throughout BDB Group in order to achieve its established vision, mission, and objectives that lead towards enhancing shareholders’ value.

This statement is made in accordance with the resolution of the Board of Directors dated 11 March 2018.



# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2017.

#### 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, except 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	Company RM
(Loss)/Profit for the year attributable to :		
Owners of the Company	(7,596,691)	9,868,585
Non-controlling interests	(33,424)	-
	<u>(7,630,115)</u>	<u>9,868,585</u>

#### Reserves and provisions

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

#### Dividends

Since the end of the previous financial year, the Company declared a first and final dividend of 4.50 sen per ordinary share, totalling RM13,673,813 in respect of the financial year ended 31 December 2016 on 21 February 2017 and paid on 27 April 2017.

## Directors of the Company

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

Dato' Paduka Haji Rasli Bin Basir	
Dato' Asri Bin Hamidin @ Hamidon	
Tuan Haji Abdul Rahman Bin Abdullah	
Sudirman Bin Masduki	(Appointed on 28.02.2017)
Datuk Mohd Radzif Bin Mohd Yunus	(Appointed on 20.11.2017)
Datuk Wan Azhar Bin Wan Ahmad	(Resigned on 20.10.2017)
Dato' Abdul Rahman Bin Ibrahim	(Resigned on 31.12.2017)
Dato' Izham Bin Yusoff	(Deceased on 13.03.2018)

## Directors' interests in shares

None of the Directors holding office on 31 December 2017 had any interest in the shares and options over 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 issued and paid-up capital of the Company and no debentures were issued during the financial year.

## Options granted over unissued shares

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

## Indemnity and insurance costs

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

## Other statutory information

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2017 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 21 to the financial statements.

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

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**Dato' Paduka Haji Rasli Bin Basir**

*Director*

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**Tuan Haji Abdul Rahman Bin Abdullah**

*Director*

Alor Setar,

Date : 15 March 2018

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31.12.2017 RM	31.12.2016 RM	1.1.2016 RM
<b>Assets</b>				
Property, plant and equipment	3	98,702,855	83,081,217	68,895,214
Investment property	4	36,000,000	36,000,000	36,000,000
Other investments	6	446,384	7,109,756	910,924
Land held for property development	7	344,437,482	302,200,223	292,098,309
Deferred tax assets	8	190,174	1,056,478	1,191,337
Trade and other receivables		-	-	267,421,943
<b>Total non-current assets</b>		<b>479,776,895</b>	<b>429,447,674</b>	<b>666,517,727</b>
Trade and other receivables	9	99,339,685	465,657,170	157,313,417
Property development costs	10	55,841,853	97,923,145	22,260,889
Inventories	11	37,504,959	22,895,159	34,953,210
Current tax assets		9,613,339	586,188	119,467
Deposits with licensed banks	12	22,162,222	25,447,738	25,862,702
Cash and bank balances	13	97,592,123	52,552,016	76,352,622
<b>Total current assets</b>		<b>322,054,181</b>	<b>665,061,416</b>	<b>316,862,307</b>
<b>Total assets</b>		<b>801,831,076</b>	<b>1,094,509,090</b>	<b>983,380,034</b>

**Consolidated statement of financial position as at 31 December 2017 (continued)**

	Note	31.12.2017 RM	31.12.2016 RM	1.1.2016 RM
<b>Equity</b>				
Share capital	14	331,019,698	303,854,977	303,854,977
Reserves	15	184,708,199	233,143,424	211,136,120
<b>Total equity attributable to owners of the Company</b>		515,727,897	536,998,401	514,991,097
<b>Non-controlling interests</b>		22,428	55,852	83,723
<b>Total equity</b>		515,750,325	537,054,253	515,074,820
<b>Liabilities</b>				
Deferred tax liabilities	8	101,407	101,407	1,096,742
Loans and borrowings	16	36,461,372	36,041,876	270,262,231
<b>Total non-current liabilities</b>		36,562,779	36,143,283	271,358,973
Trade and other payables	17	124,723,929	194,382,738	151,522,875
Current tax payables		198	7,801,687	4,371,542
Loans and borrowings	16	124,793,845	319,127,129	41,051,824
<b>Total current liabilities</b>		249,517,972	521,311,554	196,946,241
<b>Total liabilities</b>		286,080,751	557,454,837	468,305,214
<b>Total equity and liabilities</b>		801,831,076	1,094,509,090	983,380,034

The notes on page 101 to 180 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
<b>Continuing operations</b>			
Revenue	18	251,707,223	356,586,048
Cost of sales	19	(194,022,156)	(236,916,254)
<b>Gross profit</b>		57,685,067	119,669,794
Distribution expenses		(18,438,319)	(18,186,312)
Administrative expenses		(43,981,710)	(48,981,213)
Other operating income		4,791,850	5,358,190
Other operating expenses		(599,631)	(2,965,062)
<b>Results from operating activities</b>		(542,743)	54,895,397
Unwinding of discount on non-current receivables		-	17,168,747
Finance costs	20	(5,719,794)	(19,607,966)
<b>(Loss)/Profit before tax</b>	21	(6,262,537)	52,456,178
Tax expense	24	(1,367,578)	(18,322,546)
<b>(Loss)/Profit and total comprehensive (expense)/ income for the year</b>		(7,630,115)	34,133,632
<b>(Loss)/Profit and total comprehensive (expense)/ income for the year attributable to:</b>			
Owners of the Company		(7,596,691)	34,161,503
Non-controlling interests		(33,424)	(27,871)
<b>(Loss)/Profit and total comprehensive (expense)/ income for the year</b>		(7,630,115)	34,133,632
<b>Basic (loss)/earnings per ordinary share (sen)</b>	25	(2.50)	11.24

The notes on page 101 to 180 are an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

← — Attributable to owners of the Company — →						
	Note	Non-distributable		Distributable		Total equity RM
		Share capital RM	Share premium RM	Retained earnings RM	Non-controlling interests RM	
<b>At 1 January 2016, as previously stated</b>		303,854,977	27,164,721	182,044,671	83,723	513,148,092
Impact of changes in accounting policies	32	-	-	1,926,728	-	1,926,728
<b>At 1 January 2016, restated</b>		303,854,977	27,164,721	183,971,399	83,723	515,074,820
Profit and total comprehensive income for the year		-	-	34,161,503	(27,871)	34,133,632
Total distribution to owners						
- Dividend to owners of the Company	26	-	-	(12,154,199)	-	(12,154,199)
<b>At 31 December 2016/1 January 2017, restated</b>		303,854,977	27,164,721	205,978,703	55,852	537,054,253
Loss and total comprehensive expense for the year		-	-	(7,596,691)	(33,424)	(7,630,115)
Total distribution to owners						
- Dividend to owners of the Company	26	-	-	(13,673,813)	-	(13,673,813)
Transfer in accordance with Section 618(2) of the Companies Act 2016	14	27,164,721	(27,164,721)	-	-	-
<b>At 31 December 2017</b>		331,019,698	-	184,708,199	22,428	515,750,325

The notes on page 101 to 180 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
<b>Cash flows from operating activities</b>			
(Loss)/Profit before tax		(6,262,537)	52,456,178
Adjustments for:			
Depreciation of property, plant and equipment	3	9,169,661	7,016,862
Property, plant and equipment written off		10,185	7,339
Gain on disposal of property, plant and equipment		(478,508)	(345,748)
Dividend income from other investments		(5,932)	(5,932)
Interest income		(1,681,861)	(1,790,277)
Unwinding of discount on non-current receivables		-	(17,168,747)
Loss on re-estimation of present value on non-current receivables		-	3,088,554
Interest expense		5,719,794	19,607,966
Operating profit before working capital changes		6,470,802	62,866,195
Changes in working capital:			
Land held for development and property development costs		(155,967)	(85,764,170)
Trade and other receivables		366,317,485	(26,767,831)
Inventories		(14,609,800)	12,058,051
Trade and other payables		(69,658,809)	42,859,863
<b>Cash generated from operations</b>		<b>288,363,711</b>	<b>5,252,108</b>
Interest paid		(5,719,794)	(19,607,966)
Income taxes paid		(17,329,914)	(16,219,598)
<b>Net cash used in operating activities</b>		<b>265,314,003</b>	<b>(30,575,456)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3.1	(23,281,266)	(14,097,002)
Proceeds from disposal of property, plant and equipment		607,672	658,977
Proceeds from disposal/(Purchase) of other investments		6,663,372	-
Purchase of other investments		-	(6,198,832)
Dividend received		5,932	5,932
Interest income received		1,681,861	1,790,277
<b>Net cash used in investing activities</b>		<b>(14,322,429)</b>	<b>(17,840,648)</b>

**Consolidated statement of cash flows for the year ended 31 December 2017 (continued)**

	Note	2017 RM	2016 RM
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders of the Company	26	(13,673,813)	(12,154,199)
Drawdown of loans	B	85,572,000	37,850,000
Repayment of loans	B	(285,859,734)	(37,414,056)
Movement of other borrowings	B	5,848,493	20,037,485
Repayment of finance lease payables	B	(2,489,782)	(1,977,596)
Withdrawal/(Placement) of pledged deposits		846,706	(1,114,352)
<b>Net cash (used in)/from financing activities</b>		<b>(209,756,130)</b>	<b>5,227,282</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>41,235,444</b>	<b>(43,188,822)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>53,274,027</b>	<b>96,462,849</b>
<b>Cash and cash equivalents at end of the year</b>	A	<b>94,509,471</b>	<b>53,274,027</b>

Note

*A. Cash and cash equivalents*

	2017 RM	2016 RM
Cash and bank balances	97,592,123	52,552,016
Deposits placed with licensed banks	22,162,222	25,447,738
Less : Deposits pledged	(6,018,382)	(6,865,088)
Bank overdraft	(19,226,492)	(17,860,639)
	<b>94,509,471</b>	<b>53,274,027</b>

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

	2016 RM	Cash flows RM	Non-cash changes# RM	2017 RM
Loan and borrowings (excluding bank overdraft)	337,308,366	(196,929,023)	1,649,382	142,028,725

#The Group acquired plant and equipment by finance lease (Note 3.1).

The notes on page 101 to 180 are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2017

	Note	31.12.2017 RM	31.12.2016 RM	1.1.2016 RM
<b>Assets</b>				
Property, plant and equipment	3	16,113,416	16,822,731	17,147,074
Investment properties	4	16,356,000	16,356,000	16,356,000
Investment in subsidiaries	5	109,909,961	66,922,169	58,157,529
Other investments	6	311,134	6,974,506	737,887
Land held for property development	7	213,426,026	213,068,027	207,601,140
<b>Total non-current assets</b>		<b>356,116,537</b>	<b>320,143,433</b>	<b>299,999,630</b>
Trade and other receivables	9	27,668,644	33,788,523	46,861,927
Inventories	11	7,123,000	7,123,000	7,123,000
Current tax assets		160,898	205,666	115,600
Cash and bank balances	13	7,223,853	939,794	12,739,589
<b>Total current assets</b>		<b>42,176,395</b>	<b>42,056,983</b>	<b>66,840,116</b>
<b>Total assets</b>		<b>398,292,932</b>	<b>362,200,416</b>	<b>366,839,746</b>
<b>Equity</b>				
Share capital	14	331,019,698	303,854,977	303,854,977
Reserves	15	6,188,329	37,158,278	43,016,340
<b>Total equity</b>		<b>337,208,027</b>	<b>341,013,255</b>	<b>346,871,317</b>
Loans and borrowings	16	50,137,710	106,304	-
Trade and other payables	17	10,130,492	20,270,359	19,547,201
<b>Total current liabilities</b>		<b>60,268,202</b>	<b>20,376,663</b>	<b>19,547,201</b>
Deferred tax liabilities	8	421,228	421,228	421,228
Loans and borrowings	16	395,475	389,270	-
<b>Total non-current liabilities</b>		<b>816,703</b>	<b>810,498</b>	<b>421,228</b>
<b>Total liabilities</b>		<b>61,084,905</b>	<b>21,187,161</b>	<b>19,968,429</b>
<b>Total equity and liabilities</b>		<b>398,292,932</b>	<b>362,200,416</b>	<b>366,839,746</b>

The notes on page 101 to 180 are an integral part of these financial statements.



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
<b>Continuing operations</b>			
Revenue	18	30,164,991	25,566,138
Cost of sales	19	(707,858)	(626,360)
<b>Gross profit</b>		<b>29,457,133</b>	<b>24,939,778</b>
Distribution expenses		(2,298,223)	(4,253,569)
Administrative expenses		(14,701,371)	(15,861,267)
Other operating income		1,515,770	1,609,841
Other operating expenses		(3,864,034)	(131,608)
<b>Results from operating activities</b>		<b>10,109,275</b>	<b>6,303,175</b>
Finance costs	20	(240,690)	(7,038)
<b>Profit before tax</b>	21	<b>9,868,585</b>	<b>6,296,137</b>
Tax expense	24	-	-
<b>Profit and total comprehensive income for the year</b>		<b>9,868,585</b>	<b>6,296,137</b>

The notes on page 101 to 180 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital RM	Non-distributable Share premium RM	Distributable Retained earnings RM	Total equity RM
<b>At 1 January 2016, as previously stated</b>		303,854,977	27,164,721	7,848,280	338,867,978
Impact of changes in accounting policies	32	-	-	8,003,339	8,003,339
<b>At 1 January 2016, restated</b>		303,854,977	27,164,721	15,851,619	346,871,317
Profit and total comprehensive income for the year		-	-	6,296,137	6,296,137
Total distribution to owners					
- Dividend to owners of the Company	26	-	-	(12,154,199)	(12,154,199)
<b>At 31 December 2016/ 1 January 2017, restated</b>		303,854,977	27,164,721	9,993,557	341,013,255
Profit and total comprehensive income for the year		-	-	9,868,585	9,868,585
Total distribution to owners					
- Dividend to owners of the Company	26	-	-	(13,673,813)	(13,673,813)
Transfer in accordance with Section 618(2) of the Companies Act 2016	14	27,164,721	(27,164,721)	-	-
<b>At 31 December 2017</b>		331,019,698	-	6,188,329	337,208,027

The notes on page 101 to 180 are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
<b>Cash flows from operating activities</b>			
Profit before tax		9,868,585	6,296,137
Adjustments for:			
Depreciation of property, plant and equipment	3	1,705,023	1,293,292
Gain on disposal of plant and equipment		(46,952)	(223,032)
Dividend income		(24,000,000)	(20,100,001)
Interest income		(310,532)	(161,220)
Interest expense		240,690	7,038
Operating loss before working capital changes		(12,543,186)	(12,887,786)
Changes in working capital:			
Land held for property development		(357,999)	(5,466,887)
Trade and other receivables		(36,867,913)	4,308,766
Trade and other payables		(10,139,867)	723,158
<b>Cash used in operations</b>		(59,908,965)	(13,322,749)
Interest paid		(240,690)	(7,038)
Taxes refund/(paid)		44,768	(90,066)
Dividend received		24,000,000	20,100,001
<b>Net cash (used in)/from operating activities</b>		(36,104,887)	6,680,148
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3.1	(843,523)	(590,901)
Proceeds from disposal of plant and equipment		46,958	431,045
Proceeds from disposal of other investments		6,663,372	-
Purchase of other investments		-	(6,236,619)
Interest income received		310,532	161,220
Investment in a subsidiary		-	(2)
<b>Net cash from/(used in) investing activities</b>		6,177,339	(6,235,257)

## Statement of cash flows for the year ended 31 December 2017 (continued)

	Note	2017 RM	2016 RM
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders of the Company	26	(13,673,813)	(12,154,199)
Repayment of finance lease payables	A	(114,580)	(90,487)
Drawdown of SUKUK	A	50,000,000	-
<b>Net cash from/(used in) financing activities</b>		<b>36,211,607</b>	<b>(12,244,686)</b>
<b>Net increase/(decrease) in cash and bank balances</b>		<b>6,284,059</b>	<b>(11,799,795)</b>
<b>Cash and bank balances at beginning of the year</b>		<b>939,794</b>	<b>12,739,589</b>
<b>Cash and bank balances at end of the year</b>	13	<b>7,223,853</b>	<b>939,794</b>

Note

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

	Note	2016 RM	Cash flows RM	Non-cash changes <sup>#</sup> RM	2017 RM
Loan and borrowings	16	495,574	49,885,420	152,191	50,533,185

<sup>#</sup>The Group acquired plant and equipment by finance lease (Note 3.1).

The notes on page 101 to 180 are an integral part of these financial statements.



# 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  
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 2017 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the year ended 31 December 2017 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.

The financial statements were approved by the Board of Directors on 15 March 2018.

## 1. Basis of preparation

### (a) Statement of compliance

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

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

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- FRS 9, *Financial Instruments* (2014)
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

The Group's and the Company's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

The Group and the Company fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate* and MFRS 141, *Agriculture*. Therefore, the Group and the Company are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

The subsequent adoption of the MFRS Framework would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2017, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a restatement of the annual financial performance for the financial year ended 31 December 2017 in accordance with MFRS, which would form the MFRS comparatives for the annual financial performance for the financial year ending 31 December 2018 respectively.

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 except as mentioned below:

#### **(i) MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

MFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

#### (i) MFRS 15, *Revenue from Contracts with Customers* (continued)

The new revenue standard will supersede all current revenue recognition requirements under MFRS. As the Group is a transitioning entity, a full retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the partial retrospective (practical expedients applied). During financial year 2017, the Group performed a detailed assessment of MFRS 15.

The Group and the Company have assessed the estimated impact that the initial application of MFRS 15 will have on its consolidated financial statements for the year ended 31 December 2017 as below. The estimated impact on initial application is based on assessment undertaken to date and the actual impacts of adopting the standard may change because the Group and the Company have not finalised the testing and assessment of controls over its new accounting system.

	<b>Statement of financial position as at 31 December 2017</b>	
	<b>As currently stated</b>	<b>Expected restatement</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Property development costs	55,842	-
Inventories	37,505	93,342
Contract costs	-	5

Based on the assessment, there is no significant impact on profit or loss for the year ended 31 December 2017. However, there will be reclassification of certain items in the statement of financial position as at 31 December 2017 as disclosed above.

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

#### (ii) MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required.

During 2017, the Group has performed an impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt MFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity.

### (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, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 estimate is revised and in any future periods affected.

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

- Note 8      Deferred tax assets/(liabilities)
- Note 10.2    Recognition of property development cost.



## 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 other than as disclosed in Note 2(c) – Investment property.

### (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.

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.

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### *(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 from 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 an available-for-sale financial asset depending on the level of influence retained.

#### *(v) Non-controlling interests*

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

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

#### *(vi) Transactions eliminated on consolidation*

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

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

## 2. Significant accounting policies (continued)

### (b) Property, plant and equipment

#### (i) *Recognition and measurement*

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

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

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

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

#### (ii) *Subsequent costs*

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

#### (iii) *Depreciation*

Depreciation of property, plant and equipment is provided for 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.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land has an unlimited useful life and therefore is not depreciated. Construction work-in-progress are also not depreciated until the assets are ready for their intended use. The cost of the golf course, which consists of freehold land and the related development expenditure, is not depreciated.

## 2. Significant accounting policies (continued)

### (b) Property, plant and equipment (continued)

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

Leasehold land	1.25%
Office buildings, club house, chalets and others	2% - 10%
Estate development expenditure	10%
Plant and machinery and site equipment	10% - 20%
Furniture and fittings, electrical installations and office equipment	20% - 25%
Renovation	20%
Motor vehicles	20%

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

### (c) Investment property

#### (i) Investment property carried at fair value

Prior to 1 January 2016, investment properties were carried at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Following the changes in accounting policies, investment properties are measured at fair value.

Investment properties are properties which are owned or held under a leasehold interest 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 are measured initially at cost and subsequently 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.

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.

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.



## 2. Significant accounting policies (continued)

### (c) Investment property (continued)

#### (ii) Reclassification to/from investment property

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.

### (d) 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.

### (e) Property development costs

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

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

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit and loss is classified as progress billings within trade payables.

## 2. Significant accounting policies (continued)

### (f) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract cost incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

### (g) Financial instruments

#### (i) Initial recognition and 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 instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

## 2. Significant accounting policies (continued)

### (g) Financial instruments (continued)

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

##### *Financial assets*

##### *(a) Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### *(b) Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(i)(i)).

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

## 2. Significant accounting policies (continued)

### (g) Financial instruments (continued)

#### (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.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

#### (iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### (v) 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 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 and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity 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. 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)

### (h) Inventories

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

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

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

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

### (i) Impairment

#### (i) Financial assets

All financial assets (except for financial assets categories as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

## 2. Significant accounting policies (continued)

### (i) Impairment (continued)

#### (ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) 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.

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

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

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

### (j) Leases assets

#### (i) Finance lease

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

## 2. Significant accounting policies (continued)

### (j) Leases assets (continued)

#### (i) Finance lease (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or an investment property if held to earn rental income or for capital appreciation or for both.

#### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks including the accounts maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991, 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

### (l) 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.

## 2. Significant accounting policies (continued)

### (m) 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 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.

### (n) 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(c), 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 substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.



## 2. Significant accounting policies (continued)

### (o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### *(i) Sale of development properties*

Revenue from sale of development properties is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

#### *(ii) Completed development properties and development land*

Revenue relating to sale of completed development properties and development land is recognised net of discounts when transfer of risks and rewards has been completed.

#### *(iii) Construction contracts and road paving works*

Revenue from construction contracts and road paving works is accounted for using the stage of completion method as described in Note 2(f).

#### *(iv) Goods sold*

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### *(v) 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.

## 2. Significant accounting policies (continued)

### (o) Revenue recognition (continued)

#### *(vi) Revenue from water theme park, hotel and golf resort operations*

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 on an accrual basis.

#### *(vii) Dividend income*

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

#### *(viii) Management fees*

Management fees are recognised when services are rendered.

#### *(ix) Interest income and profit from Islamic deposit*

Interest income is recognised as it accrues, using the effective interest method.

### (p) 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.

### (q) Borrowing costs

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

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

## 2. Significant accounting policies (continued)

### (q) Borrowing costs (continued)

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

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

### (r) Earnings per ordinary share

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

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

### (s) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director 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) 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)

### (u) Fair value measurement

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

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

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

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

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



### 3. Property, plant and equipment

Group	* Land, buildings and estate development expenditure	Plant and machinery and site equipment	#Others	Motor vehicles	Construction work-in-progress	Total
	RM	RM	RM	RM	RM	RM
<b>Cost</b>						
At 1 January 2016	56,854,260	52,069,602	13,515,690	11,967,954	105,177	134,512,683
Additions	5,139,023	10,016,176	2,792,036	2,116,981	1,533,003	21,597,219
Disposals	-	(1,096,500)	(440,490)	(171,521)	(105,177)	(1,813,688)
Write off	-	-	(117,821)	-	-	(117,821)
At 31 December 2016/1 January 2017	61,993,283	60,989,278	15,749,415	13,913,414	1,533,003	154,178,393
Additions	15,345,465	3,770,558	3,594,270	1,475,866	744,489	24,930,648
Disposals	-	(1,866,323)	(440,534)	(1,160,637)	-	(3,467,494)
Write off	-	-	(89,226)	-	-	(89,226)
Reclassification	1,941,712	-	-	-	(1,941,712)	-
At 31 December 2017	79,280,460	62,893,513	18,813,925	14,228,643	335,780	175,552,321

## 3. Property, plant and equipment (continued)

Group	* Land, buildings and estate development expenditure RM	Plant and machinery and site equipment RM	*Others RM	Motor vehicles RM	Construction work-in- progress RM	Total RM
<b>Accumulated depreciation</b>						
At 1 January 2016	12,078,353	38,729,199	7,884,604	6,925,313	-	65,617,469
Depreciation charge for the year (Note 21)	780,809	3,075,861	1,558,989	1,601,203	-	7,016,862
Depreciation capitalised in construction contract costs (Note 17.1)	-	-	-	73,786	-	73,786
Disposals	-	(1,096,468)	(232,471)	(171,520)	-	(1,500,459)
Write off	-	-	(110,482)	-	-	(110,482)
At 31 December 2016/1 January 2017	12,859,162	40,708,592	9,100,640	8,428,782	-	71,097,176
Depreciation charge for the year (Note 21)	877,026	3,603,109	2,668,648	2,020,878	-	9,169,661
Disposals	-	(1,828,721)	(348,990)	(1,160,619)	-	(3,338,330)
Write off	-	-	(79,041)	-	-	(79,041)
At 31 December 2017	13,736,188	42,482,980	11,341,257	9,289,041	-	76,849,466

## 3. Property, plant and equipment (continued)

Group	* Land, buildings and estate development expenditure	Plant and machinery and site equipment	#Others	Motor vehicles	Construction work-in- progress	Total
Carrying amounts						
At 1 January 2016	44,775,907	13,340,403	5,631,086	5,042,641	105,177	68,895,214
At 31 December 2016/1 January 2017	49,134,121	20,280,686	6,648,775	5,484,632	1,533,003	83,081,217
At 31 December 2017	65,544,272	20,410,533	7,472,668	4,939,602	335,780	98,702,855

#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:

Group	Freehold land RM	Long term leasehold land RM	Office building RM	Golf course RM	Club house, chalets and other buildings RM	Estate development expenditure RM	Total RM
<b>Cost</b>							
At 1 January 2016	3,923,045	6,315,886	12,289,856	9,605,754	23,859,040	860,679	56,854,260
Additions	4,982,580	-	-	-	156,443	-	5,139,023
At 31 December 2016/ 1 January 2017	8,905,625	6,315,886	12,289,856	9,605,754	24,015,483	860,679	61,993,283
Additions	-	-	15,280,465	-	65,000	-	15,345,465
Reclassification	-	-	-	-	1,941,712	-	1,941,712
At 31 December 2017	8,905,625	6,315,886	27,570,321	9,605,754	26,022,195	860,679	79,280,460



### 3. Property, plant and equipment (continued)

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

Group	Freehold land RM	Long term leasehold land RM	Office building RM	Golf course RM	Club house, chalets and other buildings RM	Estate development expenditure RM	Total RM
<b>Accumulated depreciation</b>							
At 1 January 2016	-	1,053,964	3,214,282	-	6,949,429	860,678	12,078,353
Depreciation charge for the year	-	78,949	278,844	-	423,016	-	780,809
At 31 December 2016/ 1 January 2017	-	1,132,913	3,493,126	-	7,372,445	860,678	12,859,162
Depreciation charge for the year	-	78,949	406,765	-	391,312	-	877,026
At 31 December 2017	-	1,211,862	3,899,891	-	7,763,757	860,678	13,736,188
<b>Carrying amounts</b>							
At 1 January 2016	3,923,045	5,261,922	9,075,574	9,605,754	16,909,611	1	44,775,907
At 31 December 2016/ 1 January 2017	8,905,625	5,182,973	8,796,730	9,605,754	16,643,038	1	49,134,121
At 31 December 2017	8,905,625	5,104,024	23,670,430	9,605,754	18,258,438	1	65,544,272

## 3. Property, plant and equipment (continued)

Company	Long term leasehold land RM	Office building RM	Estate development expenditure RM	Plant and machinery RM	#Others RM	Motor vehicles RM	Total RM
<b>Cost</b>							
At 1 January 2016	6,000,000	11,457,680	860,679	3,343,160	5,403,530	1,238,987	28,304,036
Additions	-	-	-	-	590,901	586,061	1,176,962
Disposal	-	-	-	-	(414,190)	(171,521)	(585,711)
At 31 December 2016/ 1 January 2017	6,000,000	11,457,680	860,679	3,343,160	5,580,241	1,653,527	28,895,287
Additions	-	-	-	-	843,522	152,192	995,714
Disposal	-	-	-	-	(8,765)	(353,239)	(362,004)
At 31 December 2017	6,000,000	11,457,680	860,679	3,343,160	6,414,998	1,452,480	29,528,997

### 3. Property, plant and equipment (continued)

Company	Long term leasehold land RM	Office building RM	Estate development expenditure RM	Plant and machinery RM	#Others RM	Motor vehicles RM	Total RM
<b>Accumulated depreciation</b>							
At 1 January 2016	1,012,500	2,749,842	860,679	3,343,159	2,407,699	783,083	11,156,962
Depreciation charge for the year (Note 21)	75,000	229,154	-	-	805,278	183,860	1,293,292
Disposals	-	-	-	-	(206,178)	(171,520)	(377,698)
At 31 December 2016/ 1 January 2017	1,087,500	2,978,996	860,679	3,343,159	3,006,799	795,423	12,072,556
Depreciation charge for the year (Note 21)	75,000	229,154	-	-	1,150,439	250,430	1,705,023
Disposals	-	-	-	-	(8,762)	(353,236)	(361,998)
At 31 December 2017	1,162,500	3,208,150	860,679	3,343,159	4,148,476	692,617	13,415,581
<b>Carrying amounts</b>							
At 1 January 2016	4,987,500	8,707,838	-	1	2,995,831	455,904	17,147,074
At 31 December 2016/ 1 January 2017	4,912,500	8,478,684	-	1	2,573,442	858,104	16,822,731
At 31 December 2017	4,837,500	8,249,530	-	1	2,266,522	759,863	16,113,416

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

### 3. Property, plant and equipment (continued)

#### 3.1 Assets under finance lease

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Finance lease	1,649,382	7,500,217	152,191	586,061
Cash and cash equivalents	23,281,266	14,097,002	843,523	590,901
	24,930,648	21,597,219	995,714	1,176,962

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Plant and machinery	9,390,963	10,247,162	-	-
Motor vehicles	2,335,520	1,437,482	562,219	586,061
	11,726,483	11,684,644	562,219	586,061

Details of the finance lease arrangements are disclosed in Note 16.2.

#### 3.2 Fully depreciated assets

Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM36,113,952 (2016 : RM36,101,757) and RM1,383,403 (2016 : RM1,745,401) respectively.

#### 4. Investment property

	Freehold land RM	Leasehold land RM	Total RM
<b>Group</b>			
<b>At fair value</b>			
At 1 January 2016/31 December 2016	19,400,000	16,600,000	36,000,000
At 1 January 2017/31 December 2017	19,400,000	16,600,000	36,000,000

	Freehold land RM	Buildings RM	Total RM
<b>Company</b>			
<b>At fair value</b>			
At 1 January 2016/31 December 2016	2,326,000	14,030,000	16,356,000
At 1 January 2017/31 December 2017	2,326,000	14,030,000	16,356,000

##### 4.1 The following are recognised in profit or loss in respect of investment property:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income	-	-	120,000	120,000
Direct operating expenses:				
- income generating investment property	-	-	43,473	12,006
- non-income generating investment property	1,950,406	1,878,102	-	-

##### 4.2 Security

The entire investment property of the Group is pledged as security for borrowing (Note 16).



## 4. Investment property (Continued)

### 4.3 Fair value information

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

Level 3 fair value is estimated using unobservable inputs for the investment properties. The below shows 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.

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).

## 5. Investment in subsidiaries - Company

	2017 RM	2016 RM
Unquoted shares, at cost	59,257,533	59,257,533
Accumulated impairment losses	(1,100,002)	(1,100,002)
	<hr/> 58,157,531	<hr/> 58,157,531
Advances to subsidiaries*	51,752,430	8,764,638
	<hr/> 109,909,961	<hr/> 66,922,169

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

## 5. Investment in subsidiaries - Company (continued)

### 5.1 The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2017 %	2016 %
BDB Land Sdn. Bhd. (BDB Land)	Malaysia	Property development, investment holding and project management services	100	100
BDB Synergy Sdn. Bhd.	Malaysia	Building and general contractor	100	100
BDB Infra Sdn. Bhd.	Malaysia	Granite quarry operator and civil engineering contractor	100	100
Kedah Holdings Sdn. Bhd.	Malaysia	Property development and property investment	100	100
BDB Construction Sdn. Bhd.	Malaysia	Dormant	100	100
BDB Ventures Sdn. Bhd.*	Malaysia	Dormant	100	100
BDB Hotels Sdn. Bhd.*	Malaysia	Dormant	100	100
BDB Trading Sdn. Bhd.*	Malaysia	Dormant	100	100
Aman Legenda Sdn. Bhd.*	Malaysia	Property investment	100	100
BDB Holdings Bhd**	Malaysia	Investment Holding	100	100
<b>Subsidiaries of BDB Land</b>				
BDB Darulaman Golf Resort Berhad (BDGRB)*^	Malaysia	Golf resort owner and operator	99	99
BDB Leisures Sdn. Bhd.*@	Malaysia	Water theme park operator	100	100

\* The Company has provided financial support to these subsidiaries.

^ 52,218 ordinary shares of RM1 each are equivalent to 99% and are held by subsidiaries of the Company.

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

@ A wholly-owned subsidiary of which 1 ordinary share is held in trust by one of the former Directors of the Company.

**5. Investment in subsidiaries - Company (continued)****5.2 Non-controlling interest in a subsidiary**

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

	2017 RM	2016 RM
<b>NCI percentage of ownership interest and voting interest - BDGRB</b>	<b>1%</b>	<b>1%</b>
Carrying amount of NCI	22,428	55,852
Loss allocated to NCI	33,424	27,871
<b>Summarised financial information before intra-group elimination:</b>		
<b>As at 31 December</b>		
Non-current assets	14,802,831	15,298,512
Current assets	1,454,603	1,184,521
Non-current liabilities	(406,541)	(404,910)
Current liabilities	(14,123,938)	(11,777,478)
Net assets	1,726,955	4,300,645
<b>Year ended 31 December</b>		
Revenue	6,234,233	5,890,935
Loss and total comprehensive expense for the year	2,573,690	2,193,632
Cash flows from operating activities	356,641	379,933
Cash flows used in investing activities	(179,806)	(57,706)
Cash flows used in financing activities	(284,869)	(201,840)
Net (decrease)/increase in cash and cash equivalents	(108,034)	120,387
Dividend paid to NCI	-	-

## 6. Other investments

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
- Held for trading	446,384	7,109,756	311,134	6,974,506

## 7. Land held for property development

	Freehold land	Leasehold land	Total
	RM	RM	RM
<b>Group</b>			
At 1 January 2016	243,758,561	48,339,748	292,098,309
Additions (Note 7.5)	25,806,498	5,466,887	31,273,385
Transferred to property development cost (Note 10)	(2,088,563)	-	(2,088,563)
Disposal of land	(19,082,908)	-	(19,082,908)
At 31 December 2016/1 January 2017	248,393,588	53,806,635	302,200,223
Additions (Note 7.5)	21,794,786	357,999	22,152,785
Transferred from property development costs (Note 10)	20,084,474	-	20,084,474
At 31 December 2017	290,272,848	54,164,634	344,437,482
<b>Company</b>			
At 1 January 2016	161,176,454	46,424,686	207,601,140
Additions	-	5,466,887	5,466,887
At 31 December 2016/1 January 2017	161,176,454	51,891,573	213,068,027
Additions	-	357,999	357,999
At 31 December 2017	161,176,454	52,249,572	213,426,026

## 7. Land held for property development (continued)

### 7.1 Other outgoing costs

Included in land held for property development of the Group and Company are amounts of RM97,155,500 (2016 : RM52,190,977) and RM11,024,848 (2016 : RM10,666,849) respectively representing other outgoing costs incurred.

### 7.2 Security

Freehold land of the Group with the carrying amount of RM26,712,045 (2016 : RM19,913,040) is pledged as security for borrowings (Note 16).

### 7.3 Title deed

As at 31 December 2016, the title deed to the land held for property development with a carrying amount of RM56,030,000 has yet to be issued under the name of the Company. During the financial year 2017, the title deed has been transferred to the name of the Company.

### 7.4 Joint venture arrangement

Included in land held for property development is an amount of RM7,084,825 (2016 : RM6,689,277) representing freehold land and development expenditure incurred for a joint venture project.

The joint venture agreement 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 joint venture project is to be shared at the following proportion by the two parties and are payable on percentage of completion basis.

	2017	2016
The Group	80%	80%
Ultimate holding company	20%	20%

Losses, if any, from the joint venture project will be borne by the Group.

### 7.5 Additions cost incurred during the year

Included in additions incurred during the year are the following costs:

	2017 RM	2016 RM
Interest expense (Note 20)	32,167	146,963



## 8. Deferred tax assets/(liabilities)

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM	RM	RM
Capital allowance carry-forwards	-	1,935	-	-	-	1,935
Property, plant and equipment - capital allowances	-	-	(2,887,515)	(2,031,916)	(2,887,515)	(2,031,916)
Other temporary differences	3,077,689	3,086,459	-	-	3,077,689	3,086,459
Real Property Gain Tax (RPGT) on changes in fair value of investment property	-	-	(101,407)	(101,407)	(101,407)	(101,407)
Tax assets/(liabilities)	3,077,689	3,088,394	(2,988,922)	(2,133,323)	88,767	955,071
Set-off of tax	(2,887,515)	(2,031,916)	2,887,515	2,031,916	-	-
	190,174	1,056,478	(101,407)	(101,407)	88,767	955,071
						94,595
<b>Company</b>						
RPGT on changes in fair value of investment property	-	-	(421,228)	(421,228)	(421,228)	(421,228)

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

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

Movements in temporary differences during the year are as follows:

	At 1 January 2016 RM	Charged to profit or loss (Note 24) RM	At 31 December 2016/ 1 January 2017 RM	Charged to profit or loss (Note 24) RM	At 31 December 2017 RM
<b>Group</b>					
Capital allowance carry-forwards	-	1,935	1,935	(1,935)	-
Property, plant and equipment-capital allowances	(3,067,493)	1,035,577	(2,031,916)	2,031,916	-
Other temporary differences	3,263,495	(177,036)	3,086,459	(2,896,285)	190,174
RPGT on changes in fair value of investment property	(101,407)	-	(101,407)	-	(101,407)
	94,595	860,476	955,071	(866,304)	88,767

**Company**

RPGT on changes in fair value of investment property	(421,228)	-	(421,228)	-	(421,228)
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***Unrecognised deferred tax assets***

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

	<b>Group</b>		<b>Company</b>	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax losses carry-forwards	36,332,000	19,133,000	17,563,000	11,490,000
Capital allowances carry-forwards	20,330,000	18,924,000	3,086,000	2,672,000
Other temporary differences	(8,150,000)	(7,436,000)	3,567,000	3,049,000
	48,512,000	30,621,000	24,216,000	17,211,000

## 8. Deferred tax assets/(liabilities) (continued)

### *Unrecognised deferred tax assets (continued)*

The tax losses carry-forwards, capital allowances carry-forwards and other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries and the Company can utilise the benefits therefrom.

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

## 9. Trade and other receivables

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Trade					
Third parties		59,206,665	151,847,803	931,082	991,814
Accrued billings		14,536,211	36,581,699	-	-
Amount due from a related company	9.1	200,000	256,939,101	-	-
Amount due from ultimate holding company	9.2	3,595,305	4,568,929	-	-
		77,538,181	449,937,532	931,082	991,814
Less : Allowance for impairment		(2,161,517)	(2,343,124)	-	-
		75,376,664	447,594,408	931,082	991,814
Construction contracts:					
Amount due from contract customers (Note 17.1)		11,608,095	5,931,068	-	-
Retention sums		2,166,116	1,959,462	-	-
		89,150,875	455,484,938	931,082	991,814

**9. Trade and other receivables (continued)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Non-trade</b>					
Amount due from ultimate holding company	9.2	11,728	11,728	-	-
Amount due from subsidiaries	9.3	-	-	31,187,182	31,159,439
Prepayments		1,746,018	1,160,829	722,764	264,384
Refundable deposits		6,424,435	6,993,909	690,377	3,030,577
Other receivables		2,536,564	2,449,311	552,211	893,247
		10,718,745	10,615,777	33,152,534	35,347,647
Less :					
Allowance for impairment					
- third parties		(529,935)	(443,545)	(65,878)	(52,854)
- subsidiaries		-	-	(6,349,094)	(2,498,084)
		10,188,810	10,172,232	26,737,562	32,796,709
		99,339,685	465,657,170	27,668,644	33,788,523

**9.1 Amount due from a related company**

The trade amount due from a related company is subject to normal trade terms.

In financial year ended 2016, the trade amount due from a related company of RM256,939,101 is unsecured, subject to fixed interest at 4.20% per annum. The Group has granted deferred payment terms and the receivables are recognised based on their net present values discounted at a rate of 5.96% per annum. The discount rate was estimated based on cost of borrowings on inception date. The entire amount has been fully repaid during the financial year.

**9.2 Amount due from ultimate holding company**

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

**9.3 Amounts due from subsidiaries**

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

**10. Property development costs - Group**

	2017 RM	2016 RM
<b>At 1 January</b>		
Land	973,575	676,075
Development costs	199,305,110	60,902,710
Accumulated costs charged to profit or loss	(102,355,540)	(39,317,896)
	<u>97,923,145</u>	<u>22,260,889</u>
<b>Add :</b>		
Development costs incurred during the year (Note 10.1)	63,085,482	174,315,310
Transferred (to)/from land held for property development (Note 7)	(20,084,474)	2,088,563
	<u>43,001,008</u>	<u>176,403,873</u>
<b>Less :</b>		
Costs charged to profit or loss	(60,608,338)	(100,741,617)
Transferred to inventories	(24,473,962)	-
	<u>(85,082,300)</u>	<u>(100,741,617)</u>
<b>At 31 December *</b>	<u><u>55,841,853</u></u>	<u><u>97,923,145</u></u>
<b>* This amount comprises :</b>		
Freehold land	508,084	973,575
Development costs	95,526,345	199,305,110
Accumulated costs charged to profit or loss	(40,192,576)	(102,355,540)
	<u>55,841,853</u>	<u>97,923,145</u>

**10.1 Development costs incurred during the year**

Included in the development costs incurred during the year are the following costs:

	2017 RM	2016 RM
Interest expense (Note 20)	<u>5,196,661</u>	<u>3,478,336</u>



**10. Property development costs - Group (continued)****10.2 Estimates and judgements**

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 specialists.

**11. Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At cost :				
Properties held for sale	30,769,063	16,059,001	7,123,000	7,123,000
Consumables and spares	2,087,661	1,849,605	-	-
Building materials	4,648,235	4,986,553	-	-
	<b>37,504,959</b>	<b>22,895,159</b>	<b>7,123,000</b>	<b>7,123,000</b>

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM60,533,975 (2016 : RM65,775,670).

**12. Deposits with licensed banks - Group**

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Aged more than 3 months	7,128,570	6,827,336
Aged within 3 months	15,033,652	18,620,402
	<b>22,162,222</b>	<b>25,447,738</b>

Deposits placed with the licensed banks which are government-related entities amounted to RM19,831,485 (2016 : RM7,215,307).

Deposits of the Group amounted to RM6,018,382 (2016 : RM6,865,088) are pledged for bank facilities granted to the Group (Note 16).

### 13. Cash and bank balances

Included in cash and bank balances of the Group are amounts of RM8,094,612 (2016 : RM8,339,795), 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 RM73,404,032 (2016 : RM20,548,275) and RM6,858,378 (2016 : RM612,756) respectively.

### 14. Share capital - Group/Company

	Amount RM	2017 Number of shares	Amount RM	2016 Number of shares
<b>Issued and paid-up ordinary shares</b>				
At beginning of year	303,854,977	303,854,977	303,854,977	303,854,977
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 14.2)	27,164,721	-	-	-
At end of year	331,019,698	303,854,977	303,854,977	303,854,977
	Note 14.3			

- 14.1 The concept of authorised share capital and par value of share capital have been abolished on the commencement of Companies Act 2016 on 31 January 2017.
- 14.2 In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.
- 14.3 Included in share capital is share premium amounting to RM27,164,721 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

## 15. Reserves

	Group			Company		
	31.12.2017	31.12.2016	1.1.2016	31.12.2017	31.12.2016	1.1.2016
	RM	RM	RM	RM	RM	RM
<b>Non-distributable</b>						
Share premium	-	27,164,721	27,164,721	-	27,164,721	27,164,721
<b>Distributable</b>						
Retained earnings	184,708,199	205,978,703	183,971,399	6,188,329	9,993,557	15,851,619
	<u>184,708,199</u>	<u>233,143,424</u>	<u>211,136,120</u>	<u>6,188,329</u>	<u>37,158,278</u>	<u>43,016,340</u>

The movements in the reserves are disclosed in statements of changes in equity.

### Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

## 16. Loans and borrowings

	Note	Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
<b>Current</b>					
Secured:					
Term loan 1		-	242,302,813	-	-
Term loan 2		7,915,292	3,268,404	-	-
Term loan 3		3,970,016	1,970,016	-	-
Term loan 4		1,680,076	18,139,650	-	-
Bankers' acceptances		4,102,493	-	-	-
Unsecured:					
Bank overdraft		19,226,492	17,860,639	-	-
Revolving credit		34,800,000	33,054,000	-	-
Islamic commercial papers-Sukuk Wakalah Programme (SUKUK)		50,000,000	-	50,000,000	-
Finance lease liabilities	16.2	3,099,476	2,531,607	137,710	106,304
		<u>124,793,845</u>	<u>319,127,129</u>	<u>50,137,710</u>	<u>106,304</u>

**16. Loans and borrowings (continued)**

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
Non-current					
Secured:					
Term loans:					
Term loan 2		17,684,708	22,331,596	-	-
Term loan 3		13,723,465	7,248,812	-	-
Finance lease liabilities	16.2	5,053,199	6,461,468	395,475	389,270
		36,461,372	36,041,876	395,475	389,270
		161,255,217	355,169,005	50,533,185	495,574

**16.1 Security*****Term loan 1***

Term loan 1 relates to Syndicated Islamic Financing Facility up to RM330 million, (RM200 million by Bank Islam Malaysia Berhad and RM130 million by Affin Islamic Bank Berhad) for the Kolej Universiti Insaniah (KUIN) project and is secured by way of:

- (a) first legal charge over the KUIN Campus;
- (b) deposits pledged with licensed banks as disclosed in Note 12;
- (c) letter of comfort from Kedah State Government;
- (d) corporate guarantee by the Company of RM330 million;
- (e) assignment of project site rights; and
- (f) a first fixed charge over the Designated Accounts.

During the financial year 2017, the Group made early settlement of the term loan upon the receipt of repayment from Kedah State Government (see Note 9.1).

***Term loan 2***

Term loan 2 relates to Murabahah Term Financing-i up to RM25,600,000 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 lands as disclosed in Note 4; and
- (b) corporate guarantee by the Company of RM25.6 million.

## 16. Loans and borrowings (continued)

### 16.1 Security (continued)

#### *Term loan 3*

Term loan 3 relates to Musharakah Mutanaqisah Term Financing-i up to RM9,850,000 by Affin Islamic Bank Berhad to finance 80% of the purchase price of 2 parcels of land located at Pokok Sena and Kuala Kangsar and is secured by way of:

- (a) first legal charge over the lands for development as disclosed in Note 7; and
- (b) corporate guarantee by the Company of RM9.85 million.

#### *Term loan 4*

Term loan 4 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 lands as disclosed in Note 7; and
- (b) corporate guarantee by the Company of RM280 million.

#### *Islamic Commercial Papers – Sukuk Wakalah Programme (SUKUK)*

The unsecured Islamic Commercial Papers bear interest rates ranging from 4.50% to 4.60% (2016 : Nil) per annum.

#### **Bankers' acceptances**

Bankers' acceptances related to facility from OCBC Al-Amin Bank Berhad for working capital purposes and was secured by cash deposit and a corporate guarantee from the Company.

#### **Revolving credit**

Revolving credit relates to facility from Affin Islamic Bank Berhad and Bank Islam Malaysia Berhad for working capital purpose.



## 16. Loans and borrowings (continued)

### 16.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

	← 2017 →			← 2016 →		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	RM	RM	RM	RM	RM	RM
<b>Group</b>						
Less than 1 year	3,522,093	422,617	3,099,476	3,034,654	503,047	2,531,607
Between 1 and 5 years	5,467,883	414,684	5,053,199	7,144,142	682,674	6,461,468
	<u>8,989,976</u>	<u>837,301</u>	<u>8,152,675</u>	<u>10,178,796</u>	<u>1,185,721</u>	<u>8,993,075</u>
<b>Company</b>						
Less than 1 year	161,064	23,354	137,710	125,796	19,492	106,304
Between 1 and 5 years	460,745	65,270	395,475	460,192	70,922	389,270
	<u>621,809</u>	<u>88,624</u>	<u>533,185</u>	<u>585,988</u>	<u>90,414</u>	<u>495,574</u>

**17. Trade and other payables**

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
<b>Trade</b>					
Trade payables		91,746,094	131,944,943	-	76,094
Progress billing		871,777	3,706,366	-	-
Amount due to contract customers	17.1	799,171	-	-	-
Amount due to ultimate holding company	17.2	69,154	9,870,112	-	-
		93,486,196	145,521,421	-	76,094
<b>Non-trade</b>					
Other payables and accruals	17.3	30,277,552	47,791,059	7,606,514	12,321,494
Refundable deposits		907,087	1,013,636	662,076	785,251
Amount due to related companies	17.4	1,762	29,763	1,810,571	7,060,661
Dividend payable		51,332	26,859	51,331	26,859
		31,237,733	48,861,317	10,130,492	20,194,265
		124,723,929	194,382,738	10,130,492	20,270,359

**17.1 Amount due from/to contract customers - Group**

	2017 RM	2016 RM
Construction contract costs incurred to date	120,913,208	109,141,401
Attributable profits	6,119,910	5,328,199
	127,033,118	114,469,600
Less : Progress billings	(116,224,194)	(108,538,532)
	10,808,924	5,931,068

## 17. Trade and other payables (continued)

### 17.1 Amount due from/to contract customers (continued)

	2017 RM	2016 RM
Represented by:		
Amount due from contract customers (Note 9)	11,608,095	5,931,068
Amount due to contract customers	(799,171)	-
	<u>10,808,924</u>	<u>5,931,068</u>

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

	2017 RM	2016 RM
Depreciation (Note 3)	-	73,786
Hire of plant and machinery	-	88,594
Rental of premises	19,200	16,600
Interest expense (Note 20)	8,894	5,430
Staff costs	<u>4,381,472</u>	<u>4,410,050</u>

### 17.2 Amount due to ultimate holding company

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

### 17.3 Other payables and accruals

Included in other payables and accruals of the Group and the Company is an amount of RM5,019,767 (2016 : RM6,949,623), payable to ultimate holding company for acquisition of land in 2015. The amount is unsecured, interest-free and repayable on demand.

### 17.4 Amount due to related companies

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

**18. Revenue**

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Sales of development properties and land	80,920,221	212,613,344	-	-
Revenue from sand quarry, road paving and premix aggregate	104,381,337	111,464,346	-	-
Revenue from construction contracts	55,598,499	25,514,487	-	-
Revenue from water theme park, golf resort and hotel operations	7,742,416	4,510,957	-	-
Sales of oil palm fresh fruit bunches	2,922,338	2,185,341	2,532,111	1,833,257
Management fees from subsidiaries	-	-	3,632,880	3,632,880
Dividend income from subsidiaries	-	-	24,000,000	20,100,001
Others	142,412	297,573	-	-
	251,707,223	356,586,048	30,164,991	25,566,138

**19. Costs of sales**

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cost of development properties and land sold	64,858,575	145,378,525	-	-
Sand quarry, road paving and premix aggregate costs	80,081,443	74,072,839	-	-
Construction contract costs	41,979,020	12,686,929	-	-
Cost of water theme park, golf resort and hotel operations	6,030,426	3,655,858	-	-
Cost of oil palm fresh fruit bunches sold	847,944	776,240	707,858	626,360
Others	224,748	345,863	-	-
	194,022,156	236,916,254	707,858	626,360

**20. Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expense on:				
- Term loans and bank overdrafts	10,400,988	22,911,196	219,589	-
- Obligations under finance lease	556,528	327,499	21,101	7,038
	<b>10,957,516</b>	<b>23,238,695</b>	<b>240,690</b>	<b>7,038</b>
Less :				
- land held for property development (Note 7.5)	(32,167)	(146,963)	-	-
- property development costs (Note 10.1)	(5,196,661)	(3,478,336)	-	-
- construction contract costs (Note 17.1)	(8,894)	(5,430)	-	-
	<b>5,719,794</b>	<b>19,607,966</b>	<b>240,690</b>	<b>7,038</b>

**21. (Loss)/Profit before tax**

(Loss)/Profit before tax is arrived at:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
After charging:				
Auditors' remuneration:				
- Statutory audit				
- current year	300,000	289,000	115,000	115,000
- prior year	-	20,000	-	20,000
Other services by:				
- KPMG PLT	78,000	410,000	8,000	10,000
- affiliate of KPMG PLT	88,200	72,200	16,000	14,000



**21. (Loss)/Profit before tax (continued)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Depreciation of:				
- property, plant and equipment (Note 3)	9,169,661	7,016,862	1,705,023	1,293,292
Property, plant and equipment written off	10,185	7,339	-	-
Operating lease - minimum lease payments for:				
- land and buildings	228,370	278,370	128,370	128,370
- plant and machinery	13,820	-	-	-
- office equipment	50,468	44,312	50,468	44,312
Office rental	114,890	83,482	94,341	94,141
Impairment loss on:				
- Trade receivables:	243,779	206,929	-	-
- Other receivables	86,390	-	3,864,034	131,608
Loss on re-estimation of present value on non-current receivables	-	3,088,554	-	-
Royalties and tributes	1,631,472	1,853,009	-	-
and after crediting:				
Rental income from other property	798,000	826,959	1,097,378	1,101,803
Rental income from machinery	3,000	1,236	-	-
Gain on disposal of property, plant and equipment	478,508	345,748	46,952	223,032
Interest income				
- other investments	231,607	136,217	231,607	136,217
- others	1,450,254	1,654,060	78,925	25,003
Unwinding of discount on non-current receivables	-	17,168,747	-	-
Dividend income from:				
- subsidiaries	-	-	24,000,00	20,100,001
- other investments	5,932	5,932	-	-
Bad debts recovered	49,973	35,613	-	-
Reversal of impairment loss on trade receivables	425,386	1,314,340	-	-

## 22. Employee benefits

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Personnel expense (including key management personnel)				
Wages and salaries	24,413,807	24,672,212	5,065,967	6,290,677
Social security costs	335,926	271,534	54,401	46,767
Contributions to defined contribution plan	3,921,258	3,172,294	1,018,558	522,087
Other benefits	2,853,667	3,406,290	979,000	1,164,200
	31,524,658	31,522,330	7,117,926	8,023,731

## 23. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Executive Director:				
Fees	36,000	36,000	36,000	36,000
Salaries and other emoluments	1,234,629	1,115,337	1,234,629	1,115,337
	1,270,629	1,151,337	1,270,629	1,151,337
Current Non-Executive Directors:				
Fees	142,258	207,581	207,193	207,581
Other emoluments	379,000	564,000	529,000	564,000
	521,258	771,581	736,193	771,581
Past Non-Executive Directors:				
Fees	64,935	-	-	-
Other emoluments	150,000	-	-	-
	214,935	-	-	-

**23. Key management personnel compensation (continued)**

The key management personnel compensation is as follows (continued):

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other Directors:				
Fees	54,000	107,225	-	-
Salaries and other emoluments	598,823	533,050	-	-
	652,823	640,275	-	-
Total directors' remuneration	2,659,645	2,563,193	2,006,822	1,922,918
Estimated monetary value of benefits-in-kind	15,658	17,000	15,658	17,000
Total directors' remuneration including benefits-in-kind	2,675,303	2,580,193	2,022,480	1,939,918
Senior management of the Group : Salaries and other emoluments	2,834,465	2,277,118	2,574,879	2,016,921
	5,509,768	4,857,311	4,597,359	3,956,839

**24. Tax expense**

Recognised in profit or loss

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Tax expense	1,367,578	18,322,546	-	-

**24. Tax expense (continued)**

Major components of income tax expense include:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Income tax expense</b>				
- Current year	4,032,578	19,192,851	-	-
- Over provision in prior years	(3,531,304)	(9,829)	-	-
	501,274	19,183,022	-	-
<b>Deferred tax expense</b>				
- Origination and reversal of temporary differences	787,951	1,761,510	-	-
- Under/(Over) provision in prior years	78,353	(2,621,986)	-	-
	866,304	(860,476)	-	-
<b>Total tax expense</b>	<b>1,367,578</b>	<b>18,322,546</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of tax expense</b>				
(Loss)/Profit before tax	(6,262,537)	52,456,178	9,868,585	6,296,137
Tax calculated using Malaysian tax rate at 24%	(1,503,009)	12,589,483	2,368,460	1,511,073
Non-deductible expenses	2,030,136	6,273,636	1,710,355	750,975
Non-taxable income	-	-	(5,760,000)	(4,824,000)
Effect of deferred tax assets not recognised	4,293,776	2,091,600	1,681,185	1,752,952
Group relief	-	-	-	809,000
Over provision in prior years	(3,452,951)	(2,631,815)	-	-
Others	(374)	(358)	-	-
<b>Income tax expense recognised in profit or loss</b>	<b>1,367,578</b>	<b>18,322,546</b>	<b>-</b>	<b>-</b>

## 25. (Loss)/Earnings per share

The calculation of basic earnings per ordinary share at 31 December 2016 was based on the (loss)/profit attributable to ordinary shareholders and number of ordinary shares in issue during the year, calculated as follows:

	Group	
	2017	2016
(Loss)/Profit for the year attributable to owners (RM)	(7,596,691)	34,161,503
Number of ordinary shares at 31 December	303,854,977	303,854,977
Basic (loss)/earnings per ordinary share (sen)	(2.50)	11.24

## 26. Dividends

	Total amount RM	Date of payment
<b>2017</b>		
Final dividend of 4.50 sen per share for financial year 2016	13,673,813	27 April 2017
<b>2016</b>		
Final dividend of 4.00 sen per share for financial year 2015	12,154,199	12 May 2016

## 27. Commitments

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Property, plant and equipment</b>				
Authorised but not contracted for	3,875,000	7,264,000	440,000	1,232,000
Contracted but not provided for	1,136,000	16,955,000	13,000	266,000



## 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 took place at terms agreed between the parties during the financial year:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>Subsidiaries:</b>				
Rental income	-	-	299,376	274,844
Dividend income	-	-	24,000,000	20,100,001
Management fees	-	-	3,632,880	3,632,880
Rendering of services	-	-	6,000	6,000
Interest income	-	-	72,219	9,641
Rental expenses	-	-	131,132	131,770

**28. Related party transactions (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Ultimate holding company:</b>				
Progress billings charged	432,864	1,719,566	-	-
Rental of quarry land	100,000	150,000	-	-
Tributes charged	674,012	766,011	-	-
Acquisition of land	-	10,850,000	-	-
<b>Related party – subsidiaries of ultimate holding company:</b>				
Insurance payable	2,147,101	2,463,109	412,856	368,840
Property management fee payable	60,500	96,903	60,500	96,903
Revenue from oil palm	2,922,338	2,035,461	2,532,111	1,833,257
Estate agency fee payable	193,625	18,135	193,625	16,135
<b>Government-related financial institutions:</b>				
Interest income	1,354,517	1,354,681	6,305	14,961
Interest expenses	4,817,933	2,403,500	240,690	7,038
<b>State Government-related entities:</b>				
Quit rent and assessment	711,458	1,791,676	256,727	899,465
Water expenses	208,514	226,895	10,362	11,709
Progress billing	82,997,446	87,279,461	-	-
Royalties payable	957,460	1,086,998	-	-
<b>Federal Government-related entities:</b>				
Sewerage expenses	93,029	100,209	8,083	7,781
Electricity expenses	2,217,512	1,991,762	240,491	194,863
Progress billing	17,024,347	13,039,546	-	-

**(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 23.

## 29. Financial instruments

### 29.1 Categories of financial instruments

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

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit and loss ("FVTPL"); and
- (c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	FVTPL RM
<b>Financial assets</b>			
<b>2017</b>			
<b>Group</b>			
Other investments	446,384	-	446,384
Trade and other receivables (excluding amount due from contract customers, prepayments and accrued billings)	71,449,361	71,449,361	-
Deposits with licensed banks	22,162,222	22,162,222	-
Cash and bank balances	97,592,123	97,592,123	-
	<b>191,650,090</b>	<b>191,203,706</b>	<b>446,384</b>
<b>Company</b>			
Other investments	311,134	-	311,134
Trade and other receivables (excluding prepayments)	26,945,880	26,945,880	-
Cash and bank balances	7,223,853	7,223,853	-
	<b>34,480,867</b>	<b>34,169,733</b>	<b>311,134</b>

**29. Financial instruments (continued)****29.1 Categories of financial instruments (continued)**

	Carrying amount RM	L&R RM	FVTPL RM
<b>Financial assets</b>			
<b>2016</b>			
<b>Group</b>			
Other investments	7,109,756	-	7,109,756
Trade and other receivables (excluding amount due from contract customers, prepayments and accrued billings)	421,983,574	421,983,574	-
Deposits with licensed banks	25,447,738	25,447,738	-
Cash and bank balances	52,552,016	52,552,016	-
	<b>507,093,084</b>	<b>499,983,328</b>	<b>7,109,756</b>
<b>Company</b>			
Other investments	6,974,506	-	6,974,506
Trade and other receivables (excluding prepayments)	33,524,139	33,524,139	-
Cash and bank balances	939,794	939,794	-
	<b>41,438,439</b>	<b>34,463,933</b>	<b>6,974,506</b>
		Carrying amount RM	FL RM
<b>Financial liabilities</b>			
<b>2017</b>			
<b>Group</b>			
Loans and borrowings		161,255,217	161,255,217
Trade and other payables (excluding amount due to contract customers and progress billings)		123,052,981	123,052,981
		<b>284,308,198</b>	<b>284,308,198</b>

## 29. Financial instruments (continued)

### 29.1 Categories of financial instruments (continued)

	Carrying amount RM	FL RM
<b>Financial liabilities</b>		
<b>2017</b>		
<b>Company</b>		
Loans and borrowings	50,533,185	50,533,185
Trade and other payables	10,130,492	10,130,492
	<u>60,663,677</u>	<u>60,663,677</u>
<b>Financial liabilities</b>		
<b>2016</b>		
<b>Group</b>		
Loans and borrowings	355,169,005	355,169,005
Trade and other payables (excluding amount due to contract customers and progress billings)	190,676,372	190,676,372
	<u>545,845,377</u>	<u>545,845,377</u>
<b>Company</b>		
Loans and borrowings	495,574	495,574
Trade and other payables	20,270,359	20,270,359
	<u>20,765,933</u>	<u>20,765,933</u>

### 29.2 Net gains and losses arising from financial instruments :

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Net gains/(losses) arising from:				
- Fair value through profit or loss	237,539	142,149	231,607	136,217
- Loans and receivables	1,595,444	16,877,277	(3,785,109)	(106,605)
- Finance liabilities measured at amortised cost	(10,957,516)	(23,238,695)	(240,690)	(7,038)
	<u>(9,124,533)</u>	<u>(6,219,269)</u>	<u>(3,794,192)</u>	<u>22,574</u>



## 29. Financial instruments (continued)

### 29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Interest rate risk

### 29.4 Credit risk

Credit risk is the risk of loss that may arise from outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investments, short term deposits and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with counterparties of high credit rating and good business track record.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

#### Receivables

##### *Exposure to credit risk*

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

##### *Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring individual receivables balances on an ongoing basis.

At the reporting date, approximately 68% (2016 : 24%) of the Group's trade receivables were due from a group of customers which are past due but not impaired. The Directors of the Company are of the opinion that no allowance for impairment is necessary as the balances are still considered fully recoverable.

Other than the above and the amounts due from related companies as disclosed in Note 9, the Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

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

## 29. Financial instruments (continued)

### 29.4 Credit risk (continued)

#### Receivables (continued)

*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.

#### *Impairment losses*

The Group and the Company maintain an ageing analysis in respect of trade receivables (excluded amount due from customers on construction contract, accrued billings and retention sum) only. The ageing of receivables as at the end of the reporting period was:

	Gross RM	Individual impairment/ Collective impairment RM	Net RM
<b>Group</b>			
<b>2017</b>			
Not past due	19,328,329	-	19,328,329
Past due less than 30 days	14,927,005	-	14,927,005
Past due 31 - 60 days	8,060,811	-	8,060,811
Past due 61 - 90 days	4,178,642	-	4,178,642
Past due more than 90 days	16,507,183	(2,161,517)	14,345,666
	<b>63,001,970</b>	<b>(2,161,517)</b>	<b>60,840,453</b>
<b>Company</b>			
<b>2017</b>			
Not past due			
Past due less than 30 days	372,322	-	372,322
Past due 31 - 60 days	142,068	-	142,068
Past due 61 - 90 days	-	-	-
Past due more than 90 days	416,692	-	416,692
	<b>931,082</b>	<b>-</b>	<b>931,082</b>

**29. Financial instruments (continued)****29.4 Credit risk (continued)****Receivables (continued)***Impairment losses (continued)*

	Gross RM	Individual impairment/ Collective impairment RM	Net RM
<b>Group</b>			
<b>2016</b>			
Not past due	311,883,147	-	311,883,147
Past due less than 30 days	26,748,928	-	26,748,928
Past due 31 - 60 days	22,239,663	-	22,239,663
Past due 61 - 90 days	16,224,065	-	16,224,065
Past due more than 90 days	36,260,030	(2,343,124)	33,916,906
	<u>413,355,833</u>	<u>(2,343,124)</u>	<u>411,012,709</u>
<b>Company</b>			
<b>2016</b>			
Not past due	-	-	-
Past due less than 30 days	110,614	-	110,614
Past due 31 - 60 days	4,793	-	4,793
Past due 61 - 90 days	147,844	-	147,844
Past due more than 90 days	728,563	-	728,563
	<u>991,814</u>	<u>-</u>	<u>991,814</u>

## 29. Financial instruments (continued)

### 29.4 Credit risk (continued)

#### Receivables (continued)

##### *Impairment losses (continued)*

The movements in the allowance for impairment losses of trade receivables during the financial year were :

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At 1 January	2,343,124	4,034,606
Impairment loss recognised	243,779	206,929
Impairment loss reversal	(425,386)	(1,314,340)
Write off	-	(584,071)
At 31 December	<u>2,161,517</u>	<u>2,343,124</u>

The allowance account in respect of receivable is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

#### Investments and other financial assets

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

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

The investments and other financial assets are unsecured.

#### Inter company balances

The Company provides unsecured advances to subsidiaries within the Group. The Company monitors the results of the subsidiaries regularly and during the financial year 2017, the Company made an impairment loss of RM3,851,010 (2016 : RM131,608) for amount due from subsidiaries (Note 9.3).

## 29. Financial instruments (continued)

### 29.4 Credit risk (continued)

#### Financial guarantees

##### *Risk management objectives, policies and processes for managing the risk*

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

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM83.88 million (2016 : RM328.32 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 refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash, cash convertible investments and committed credit lines to meet its working requirements.



## 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	Contractual interest rates	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
<b>2017</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Term loans and SUKUK	94,973,557	4.50-8.60	106,450,943	59,188,569	11,837,364	35,425,010	-
Revolving credit	34,800,000	5.65	34,800,000	34,800,000	-	-	-
Finance lease liabilities	8,152,675	2.39-5.10	8,989,976	3,522,093	2,710,541	2,757,342	-
Bank overdraft	19,226,492	6.65	19,226,492	19,226,492	-	-	-
Bankers' acceptance	4,102,493	4.65-4.80	4,102,493	4,102,493	-	-	-
Trade and other payables	123,052,981	-	123,052,981	123,052,981	-	-	-
	<u>284,308,198</u>		<u>296,622,885</u>	<u>243,892,628</u>	<u>14,547,905</u>	<u>38,182,352</u>	<u>-</u>

## 29. Financial instruments (continued)

## 29.5 Liquidity risk (continued)

*Maturity analysis (continued)*

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2017							
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
SUKUK	50,000,000	4.50 - 4.60	50,000,000	50,000,000	-	-	-
Finance lease liabilities	533,185	2.49 - 4.00	621,809	161,064	161,064	299,681	-
Trade and other payables	10,130,492	-	10,130,492	10,130,492	-	-	-
Financial guarantee	-	-	83,876,050	83,876,050	-	-	-
	<u>60,663,677</u>		<u>144,628,351</u>	<u>144,167,606</u>	<u>161,064</u>	<u>299,681</u>	<u>-</u>

**29. Financial instruments (continued)****29.5 Liquidity risk (continued)***Maturity analysis (continued)*

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<b>2016</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Term loans	295,261,291	5.80 - 8.60	304,773,732	268,339,338	8,950,900	25,950,047	1,533,447
Revolving credit	33,054,000	5.50 - 5.65	33,054,000	33,054,000	-	-	-
Finance lease liabilities	8,993,075	2.39 - 4.10	10,178,796	3,034,654	3,501,476	3,642,666	-
Bank overdraft	17,860,639	6.65	17,860,639	17,860,639	-	-	-
Trade and other payables	190,676,372	-	190,676,372	190,676,372	-	-	-
	<u>545,845,377</u>		<u>556,543,539</u>	<u>512,965,003</u>	<u>12,452,376</u>	<u>29,592,713</u>	<u>1,533,447</u>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	495,574	2.59 - 4.00	585,989	125,796	125,796	334,397	-
Trade and other payables	20,270,359	-	20,270,359	20,270,359	-	-	-
Financial guarantee	-	-	328,315,291	328,315,291	-	-	-
	<u>20,765,933</u>		<u>349,171,639</u>	<u>348,711,446</u>	<u>125,796</u>	<u>334,397</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:

	2017 RM	2016 RM
<b>Fixed rate instrument</b>		
Financial assets		
- Amount due from a related party	-	256,939,101
- Deposits placed with licensed banks	22,162,222	25,447,738
	<u>22,162,222</u>	<u>282,386,839</u>
Financial liability		
- Finance lease liabilities	8,152,675	8,993,075
<b>Floating rate instrument</b>		
Financial liabilities		
- Term loans and SUKUK	94,973,557	295,261,291
- Revolving credit	34,800,000	33,054,000
- Bank overdraft	19,226,492	17,860,639
- Bankers' acceptance	4,102,493	-
	<u>153,102,542</u>	<u>346,175,930</u>

## 29. Financial instruments (continued)

### 29.6 Interest rate risk (continued)

*Exposure to interest rate risk (continued)*

	Company	
	2017	2016
	RM	RM
<b>Fixed rate instrument</b>		
Financial liability		
- Finance lease liabilities	533,185	495,574
<b>Floating rate instrument</b>		
Financial liability		
- SUKUK	50,000,000	-

*Interest rate risk sensitivity analysis*

Fair value sensitivity analysis for fixed rate instruments

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

*Sensitivity analysis for interest rate risk*

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's post-tax loss or profit would have been increased/decreased by RM581,790 (2016 : RM1,315,469) and the Company's post-tax profit would have been decreased by RM190,000 (2016 : Nil). 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 RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>Group</b>										
<b>2017</b>										
<b>Financial assets</b>										
Other investments	446,384	-	-	446,384	-	-	-	-	446,384	446,384
<b>Financial liabilities</b>										
Term loans	-	-	-	-	-	-	44,973,557	44,973,557	44,973,557	44,973,557
Financial lease liabilities	-	-	-	-	-	-	8,152,675	8,152,675	8,152,675	8,152,675
	-	-	-	-	-	-	53,126,232	53,126,232	53,126,232	53,126,232

## 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	Carrying amount RM
	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value						
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		Level 1 RM	Level 2 RM	Level 3 RM	Total RM			
Group												
2016												
Financial assets												
Other investments	7,109,756	-	-	7,109,756	-	-	-	-	-	7,109,756	7,109,756	
Financial liabilities												
Term loans	-	-	-	-	-	-	-	295,261,291	295,261,291	295,261,291	295,261,291	
Financial lease liabilities	-	-	-	-	-	-	-	8,993,075	8,993,075	8,993,075	8,993,075	
	-	-	-	-	-	-	-	304,254,366	304,254,366	304,254,366	304,254,366	

## 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	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		Level 1 RM	Level 2 RM	Level 3 RM	Total RM			
<b>2017</b>												
<b>Financial asset</b>												
Other investments	311,134	-	-	311,134		-	-	-	-		311,134	311,134
<b>Financial liability</b>												
Financial lease liabilities	-	-	-	-		-	-	533,185	533,185		533,185	533,185
<b>2016</b>												
<b>Financial asset</b>												
Other investments	6,974,506	-	-	6,974,506		-	-	-	-		6,974,506	6,974,506
<b>Financial liability</b>												
Financial lease liabilities	-	-	-	-		-	-	495,574	495,574		495,574	495,574

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 link 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.

#### 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 approximate fair value as their effective interest rate changes accordingly to movements in the market interest rate.

#### 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. (2016 : 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

The carrying amount of floating rate term loans approximate their fair value as their effective interest rates change accordingly to movements in the market interest rate. The fair value of finance lease liabilities is calculated using discounted cash flow where the market rate of interest is determined by reference to similar lease arrangement.

### 30. 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 2017.

### 31. Segment information

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

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

#### Segment profit

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

#### Segment assets

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

#### Segment liabilities

Segment liabilities are 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	Road building and quarrying RM'000	Construction RM'000	Leisure RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
<b>2017</b>								
<b>Revenue</b>								
External sales	81,368	104,381	55,746	7,680	2,532	251,707	-	251,707
Inter-segment sales	132	4,307	66,197	1,204	27,633	99,473	(99,473)	-
<b>Total revenue</b>	<b>81,500</b>	<b>108,688</b>	<b>121,943</b>	<b>8,884</b>	<b>30,165</b>	<b>351,180</b>	<b>(99,473)</b>	<b>251,707</b>
<b>Segment (loss)/profit</b>	<b>(24,953)</b>	<b>13,264</b>	<b>3,192</b>	<b>(2,584)</b>	<b>9,667</b>	<b>(1,414)</b>	<b>(4,849)</b>	<b>(6,263)</b>
<b>Included in the measure of segment profit are:</b>								
- Finance income	1,002	125	322	-	311	1,760	(78)	1,682
- Finance costs	2,916	442	2,138	51	241	5,788	(68)	5,720



## 31. Segment information (continued)

	Property development RM'000	Road building and quarrying RM'000	Construction RM'000	Leisure RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
2017								
<b>Assets</b>								
Segment assets	549,468	95,757	86,846	35,199	34,561	801,831	-	801,831
<b>Included in the measure of segment assets is:</b>								
Additions to non-current assets other than financial instruments and deferred tax assets								
- Property, plant and equipment	734	4,851	207	18,143	996	24,931	-	24,931
- Land held for development	22,153	-	-	-	-	22,153	-	22,153
<b>Liabilities</b>								
Segment liabilities	144,209	2,572	76,677	5,616	57,007	286,081	-	286,081
<b>Other information</b>								
Tax expense	(1,874)	2,266	966	10	-	1,368	-	1,368
Depreciation of property, plant and equipment	1,132	4,835	367	1,052	1,705	9,091	79	9,170

## 31. Segment information (continued)

	Property development		Road building and quarrying		Construction		Leisure		Investment holding		Total reportable segments		Elimination		Consolidated	
	RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000	
<b>2016</b>																
<b>Revenue</b>																
External sales	213,048		111,464		25,607		4,634		1,833		356,586		-		356,586	
Inter-segment sales	132		10,837		156,394		1,131		23,733		192,227		(192,227)		-	
<b>Total revenue</b>	<b>213,180</b>		<b>122,301</b>		<b>182,001</b>		<b>5,765</b>		<b>25,566</b>		<b>548,813</b>		<b>(192,227)</b>		<b>356,586</b>	
<b>Segment profit/(loss)</b>	<b>38,699</b>		<b>25,962</b>		<b>4,004</b>		<b>(2,451)</b>		<b>6,040</b>		<b>72,254</b>		<b>(19,798)</b>		<b>52,456</b>	
<b>Included in the measure of segment profit are:</b>																
- Finance income																
(including unwinding of discount on non-current receivables)	556		185		18,066		-		162		18,969		(10)		18,959	
- Finance costs	2,108		231		17,225		41		7		19,612		(4)		19,608	

## 31. Segment information (continued)

	Property development RM'000	Road building and quarrying RM'000	Construction RM'000	Leisure RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
<b>2016</b>								
<b>Assets</b>								
Segment assets	616,711	89,537	329,331	19,041	39,889	1,094,509	-	1,094,509
<b>Included in the measure of segment assets is:</b>								
Additions to non-current assets other than financial instruments and deferred tax assets								
- Property, plant and equipment	1,652	17,407	588	773	1,177	21,597	-	21,597
- Land held for development	31,273	-	-	-	-	31,273	-	31,273
<b>Liabilities</b>								
Segment liabilities	161,300	34,473	335,771	5,453	20,458	557,455	-	557,455
<b>Other information</b>								
Tax expense	11,314	5,662	1,347	-	-	18,323	-	18,323
Depreciation of property, plant and equipment	1,003	3,905	317	494	1,293	7,012	79	7,091

### 31. Segment information (continued)

#### Geographical segments

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

#### Major customers

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

	2017 RM	2016 RM
Customer A	63,576,140	67,690,048
Customer B	-	65,000,000
Customer C	39,941,953	14,361,699

### 32. Significant changes in accounting policies

#### 32.1 Accounting for investment property

On 1 September 2017, the Group changed its accounting policy with respect to the subsequent measurement of investment property from the cost model to the fair value model, with changes in fair value recognised in profit or loss. The Group believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets, assists users to better understand the risks associated with these assets and is consistent with industry practice in relation to such type of assets.

This change in accounting policy was applied retrospectively and had no impact on earnings per share. The following table summarises the transitional adjustments made to the statement of financial position upon implementation of the new accounting policy:

	Investment property RM	Deferred tax liability RM	Retained earnings RM
<b>Group</b>			
Balance as reported at 1 January 2016	33,971,865	-	182,044,671
Effect of revaluation on 1 January 2016	2,028,135	(101,407)	1,926,728
Restated balance at 1 January 2016	36,000,000	(101,407)	183,971,399

**32. Significant changes in accounting policies (continued)****32.1 Accounting for investment property (continued)**

	Investment property RM	Deferred tax liability RM	Retained earnings RM
<b>Company</b>			
Balance as reported at 1 January 2016	7,931,433	-	7,848,280
Effect of revaluation on 1 January 2016	8,424,567	(421,228)	8,003,339
Restated balance at 1 January 2016	16,356,000	(421,228)	15,851,619

There was no significant financial impact on profit or loss for 31 December 2017 and 2016.

**Bina Darulaman Berhad**  
(Company No. 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 90 to 180 are drawn up in accordance with 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 2017 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:

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**Dato' Paduka Haji Rasli Bin Basir**  
Director

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**Tuan Haji Abdul Rahman Bin Abdullah**  
Director

Alor Setar,

Date : 15 March 2018



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

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

I, **Fakhruzi Bin Ahmad**, 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 90 to 180 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 **Fakhruzi Bin Ahmad**, I/C No 750410-02-6151, at Alor Setar in the State of Kedah Darul Aman on 15 March 2018.

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**Fakhruzi Bin Ahmad**

Before me:

Wan Mohd Fathi Bin Wan Abdullah  
(No. K101)  
Commissioner for Oaths  
Kedah Darul Aman

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BINA DARULAMAN BERHAD

(COMPANY NO. 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 2017 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 90 to 180.

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 2017, and of their financial performance and their cash flows for the year then ended in accordance with 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' *Code of Ethics for Professional Accountants* ("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 and cost recognition on the sales of properties under constructions

Refer to the Notes 18 and 19 to the financial statements.

**The key audit matter**

The Group recognises revenue and cost of units sold 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 and cost 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.

There is a risk that the actual development costs are different to those estimated resulting in material variance in the amount of profit or loss recognised to date and in the current period.

**How the matter was addressed in our audit**

Our audit procedures performed in this area included, among others:

- Tested the Group's controls by checking for evidence of reviews and approvals over development cost, setting budgets and authorising and recording of actual costs incurred;
- Compared the architect certificate against stage of completion of certain projects to ascertain the reasonableness of the percentage of completion recognised in the profit or loss;
- 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 suppliers' agreements or tenders and considered allowance for cost increase included in these estimates; and
- Agreed a sample of costs incurred to date to invoice and/or progress claim, checked that they were allocated to the appropriate construction site, and met the definition of development costs.

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

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 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 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.

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

- 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.
- 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, related safeguards.

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 Matters**

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

Date : 15 March 2018

Penang

**Tai Yoon Foo**  
Approval Number : 2948/05/18 (J)  
Chartered Accountant



# LIST OF MAIN PROPERTIES



## LIST OF MAIN PROPERTIES

No	Title / Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Net Book Value (RM)	Revaluation (RM)	Date/ Year of Acquisition/ Purchase
	<b>BINA DARULAMAN BERHAD</b>							
1.	Lot 120, Section 34, Bandar Alor Setar, Kedah Darul Aman	Land	8,095 sq meter	Leasehold (Expiring 2083)	-	4,837,500	-	2002
2.	Lot 120, Section 34, Bandar Alor Setar, Kedah Darul Aman	10-Storey Office Building	8,095 sq meter	Leasehold (Expiring 2083)	13	8,249,350	-	2004
3.	GM 178050 Lot 8867, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	8-Storey Serviced Apartments	6,003.9 sq meter	Freehold	11	6,887,079	-	2005
4.	GM 178050 Lot 8867, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	Land	6,003.9 sq meter	Freehold	-	700,000	-	2005
5.	HS (D) 1175, PT 1716 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	1,890 sq meter	Leasehold (Expiring 2073)	-	21,386	-	2013
6.	HS (D) 1176, PT 1717 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	1,890 sq meter	Leasehold (Expiring 2073)	-	21,386	-	2013
7.	HS (D) 1117, PT 1718 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	22,890 sq meter	Leasehold (Expiring 2073)	-	251,898	-	2013
8.	HS (D) 1178, PT 1719 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	3,240 sq meter	Leasehold (Expiring 2073)	-	36,131	-	2013
9.	HS (D) 1179, PT 1720 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	2,220 sq meter	Leasehold (Expiring 2073)	-	25,048	-	2013
10.	HS (D) 1180, PT 1721 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	4,070 sq meter	Leasehold (Expiring 2073)	-	45,329	-	2013
11.	HS (D) 69188 - 69197, PT 2333 - 2342 Mukin Sungai Ular, Kulim Kedah Darul Aman	Land for Development	151.41 hectares	Freehold	-	38,204,000	-	2014
12.	HS (D) 2979, PT 2516 Bandar Pokok Sena, Pokok Sena, Kedah Darul Aman	Land for Development	51.45 hectares	Freehold	-	16,351,000	-	2014

No	Title / Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Net Book Value (RM)	Revaluation (RM)	Date/ Year of Acquisition/ Purchase
13.	HS (D) 126043, PT 2416 HS (D) 126045, PT 2418 HS (D) 126050, PT 2423 HS (D) 34392, PT 65003 Bandar Amanjaya, Kuala Muda, Kedah Darul Aman	Land for Development	60.03 hectares	Freehold	-	29,626,000	-	2014
14.	HS (D) 90453, PT 48856 Bandar Sungai Petani Kuala Muda Kedah Darul Aman	Land for Development	33.04 hectares	Freehold	-	16,321,000	-	2014
15.	GRN 11523, 1659 Mukim Hosba, Kubang Pasu, Kedah Darul Aman	Land for Development	83.49 hectares	Freehold	-	56,030,000	-	2014
16.	HS (D) 1149 & 1150, PT 2042 & 2043, Mukim Ulu Melaka, Langkawi, Kedah Darul Aman  HS (D) 1151, PT 2044 Mukim Ulu Melaka, Langkawi, Kedah Darul Aman	Land for Development  Building	79.30 hectares  12.26 hectares	Leasehold (Expiring 2111)	-	45,468,000	-	2014
<b>BDB INFRA SDN. BHD.</b>								
1.	No. 127 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Setar Kedah Darul Aman	Commercial land with a 3-storey shop office	130 sq meter	Freehold	21	132,985 (Land Cost) 134,179 (Building & Renovations)	-	1996
2.	No. 128 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Setar Kedah Darul Aman	Commercial land with a 3-storey shop office	130 sq meter	Freehold	21	132,985 (Land Cost) 134,179 (Building & Renovations)	-	1996
3.	HS (M) 70/1986 PT 70 Bandar Alor Setar Daerah Kota Setar Kedah Darul Aman	Land held for Development	130 sq meter	Freehold	-	143,673	-	1999

No	Title / Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Net Book Value (RM)	Revaluation (RM)	Date/ Year of Acquisition/ Purchase
4.	8 bungalow lots at Kulim Golf & Country Resort HS (D) 369/ 1996, PT 591 Mukim Padang China, Daerah Kulim, Kedah Darul Aman  HS (D) 1424, PT 1730 - Plot No. B718 HS (D) 1425, PT 1731 - Plot No. B719 HS (D) 1426, PT 1732 - Plot No. B720 HS (D) 1427, PT 1733 - Plot No. B721 HS (D) 1428, PT 1734 - Plot No. B722 HS (D) 1429, PT 1735 - Plot No. B723 HS (D) 1319, PT 1625 - Plot No. A613 HS (D) 1238, PT 1544 - Plot No. A532	Bungalow Lots	6,315 sq ft 6,002 sq ft 6,292 sq ft 6,114 sq ft 6,094 sq ft 6,459 sq ft 6,243 sq ft 7,065 sq ft	Freehold	-	1,090,000	-	2010
5	HS (M) 151 PT 315 Pekan Sungai Karangan, Daerah Kulim, Kedah Darul Aman	Industrial Land	20,230 sq meter	Freehold	-	4,982,580	-	2016
	<b>KEDAH HOLDINGS SDN. BHD.</b>							
1.	Lot No. 118 (Second Floor) Lot No. 139 (Second Floor) Lot No. 146 (First Floor) Lot No. 149 (Second Floor) Lot No. 152 (First Floor) Lot No. 153 (Second Floor) Lot No. 154 (Second Floor) Lot No. 157 (First Floor) Lot No. 157 (Second Floor) Kompleks Kanchut Alor Setar Kedah Darul Aman	Office Lots	930 930 1,060 2,105 1,060 930 930 1,060 930 sq ft	Leasehold Expiring in 2083	30	1,050,323	-	1984
2	HS (D) 5439 PT 3908 Seksyen 8, Bandar Pokok Sena Daerah Pokok Sena Kedah Darul Aman	Land for Development	32.82 acres	-	-	8,686,286	-	2016

No	Title / Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Net Book Value (RM)	Revaluation (RM)	Date/ Year of Acquisition/ Purchase
3	Lot 2506 Mukim Sayung Daerah Kuala Kangsar Perak Darul Ridzuan Lot no. 14295 to 14306, Lot no. 14308 to 14315, Lot no. 14307, Lot no. 14316 to 14338, Lot no. 14339 to 14346, Lot no. 14347, Lot no. 14259 to 14294	Residential Development	8.6 acres	-	-	5,200,000	-	2016
4	No. Hakmilik 127938 Lot 2541 Pekan Napoh Daerah Kubang Pasu Kedah Darul Aman	Land for Development	13.61 acres	-	-	7,113,175	-	2016
<b>BDB LAND SDN. BHD.</b>								
1.	HS (D) 17297 PT. 7263 HS (D) 17298 PT. 7264 HS (D) 17299 PT. 7265 HS (D) 17300 PT. 7266 Lot 891 Bandar Darulaman Kedah Darul Aman	Agriculture	4.08 acres	Freehold	-	4	-	1983
2.	GRN 42482 Lot 910 Bandar Darulaman Kedah Darul Aman	Agriculture	1.13 acres	Freehold	-	1	-	1983
3.	GRN 42483 Lot 911 Bandar Darulaman HS (D) 17909 PT 1825 HS (D) 17910 PT 1826 HS (D) 17911 PT 1827 HS (D) 17912 PT 1828 HS (D) 17913 PT 1829 HS (D) 17914 PT 1830	Building	0.61 acres	Freehold	-	1	-	1983
4.	GRN 42484 Lot 909 Bandar Darulaman Kedah Darul Aman	Agriculture	2.32 acres	Freehold	-	1	-	1983
5.	GRN 42485 Lot 892 Bandar Darulaman Kedah Darul Aman	Building	0.55 acres	Freehold	-	1	-	1983
6.	HS (D) 1174 PT 4691 Mukim Naga Kedah Darul Aman	Agriculture	4.60 acres	Freehold	-	1	-	1983
7.	HS (D) 384 PT 3993 - HS (D) 390 PT 3999 (Suasana Indah) Plot 42 - Plot 48 Mukim Naga Kedah Darul Aman	Building	0.83 acres	Freehold	-	1,025,459	-	1983

No	Title / Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Net Book Value (RM)	Revaluation (RM)	Date/ Year of Acquisition/ Purchase
8.	HS (D) 17949 - 17976 PT 1596 - 1625 HS (D) 18044 - 18095 PT 1693 - 1744 Plot 235 Mukim Naga Kedah Darul Aman	Residential	27.21 acres	Freehold	-	109,291	-	1983
9.	HS (D) 17977 - 17988 PT 1626 - 1637 Plot 236 Mukim Naga Kedah Darul Aman	Residential	15.36 acres	Freehold	-	140,051	-	1983
10.	HS (D) 579 PT 4188 Plot 237 Mukim Naga Kedah Darul Aman	Agriculture	43.98 acres	Freehold	-	332,843	-	1983
11.	HS (D) 580 PT 4189 Plot 238 Mukim Naga Kedah Darul Aman	Agriculture	132.14 acres	Freehold	-	1,816,055	-	1983
12.	HS (D) 581 PT 4190 Plot 239 Mukim Naga Kedah Darul Aman	Agriculture	0.34 acres	Freehold	-	1	-	1983
13.	Geran 5035 PT 1237 Mukim Jitra Daerah Kubang Pasu Kedah Darul Aman	Agriculture	43.12 acres	Freehold	-	470,060	-	1983
14.	SP 6986 PT 440 Mukim Jitra Daerah Kubang Pasu Kedah Darul Aman	Residential	4.92 acres	Freehold	-	49,828	-	1983
15.	SP 6987 PT 441 Mukim Jitra Daerah Kubang Pasu HS (D) 19284 - 19289 PT 2170 - 2175 HS (D) 19295 - 19297 PT 2181 - 2183 HS (D) 3171 PT 2093 HS (D) 20211 PT 4619 HS (D) 20215 PT 4623	Residential	84.47 acres	Freehold	-	220,008	-	1983
16.	HS (D) 3356 PT 2059 HS (D) 3165 PT 2061 HS (D) 3170 PT 2092 HS (D) 3172 PT 2094 Bandar Darulaman Kedah Darul Aman  HS (D) 16284 Lot 281 Bandar Darulaman Kedah Darul Aman	Agriculture / Building      Agriculture	213.06 acres      13.60 acres	Freehold	-      -	1,421,680      1	-      -	1983      1983

No	Title / Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Net Book Value (RM)	Revaluation (RM)	Date/ Year of Acquisition/ Purchase
17.	HS (D) 20188 PT 4112 HS (D) 20189 PT 4113 HS (D) 20191 PT 4153 HS (D) 20192 PT 4154 Bandar Darulaman Kedah Darul Aman	Residential	1.85 3.27 0.17 0.04 acres	Freehold	-	-	-	1983
18.	Lot 3105, 3106 & 3127 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Agriculture	258.51 acres	Freehold	-	10,159,864	-	1995
19.	Lot 3107 & 3203 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Residential	155.08 acres	Freehold	-	5,093,634	-	1995
20.	Geran No. 65187 Lot 3271 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Mixed Development	20.00 acres	Freehold	-	1,735,025	-	1996
21.	PT 6933 PT 6934 PT 6935 Kuala Ketil Industrial Estate II Lot 3979 Mukim Tawar Daerah Baling Kedah Darul Aman	Agriculture Agriculture Agriculture	491.52 15.62 2.5 acres	Freehold	-	6,507,537	-	1996
<b>BDB DARULAMAN GOLF RESORT BERHAD</b>								
1.	Geran 42474 Lot 898 Mukim Bandar Darulaman Daerah Kubang Pasu Kedah Darul Aman	Golf Course	179.98 acres	Freehold	-	7,347,748	-	1983
2.	Geran 178049, Lot 8866 Mukim Bandar Darulaman Daerah Kubang Pasu Kedah Darul Aman	Club House	8.14 acres	Freehold	24	5,968,325	-	1983
<b>AMAN LEGENDA SDN. BHD.</b>								
1.	HS (M) 353, PT 1304 Mukim Kedawang Daerah Langkawi Kedah Darul Aman	Industrial Land	5.487 acres	Freehold	-	19,400,000	-	2015
2.	HS (M) 354, PT 1301 Mukim Kedawang Daerah Langkawi Kedah Darul Aman	Industrial Land	6.926 acres	Leasehold (Expiring 2089)	-	16,600,000	-	2015



## ANALYSIS OF SHAREHOLDINGS

### AS AT 19 FEBRUARY 2018

Issued and Paid-up Share Capital : RM331,019,698  
 Types of Shares : Ordinary share  
 No. of Shareholders : 3,527  
 Voting Rights : One vote for every share

#### Distribution of Shareholdings

	Size of Holdings	No. of Holders	%	No. of Shares	%
1	LESS THAN 100	176	4.99	2,504	0.00
2	100-1,000	422	11.96	203,235	0.07
3	1,001-10,000	1,869	52.99	8,653,760	2.85
4	10,001-100,000	906	25.69	27,351,990	9.00
5	100,001 and below 5%	153	4.34	63,199,100	20.80
6	5% and above	1	0.03	204,444,388	67.28
	<b>TOTAL</b>	<b>3,527</b>	<b>100.00</b>	<b>303,854,977</b>	<b>100.00</b>

## LIST OF TOP 30 SHAREHOLDERS

AS AT 19 FEBRUARY 2018

NO.	NAME	SHAREHOLDINGS	%
1	PERBADANAN KEMAJUAN NEGERI KEDAH	204,444,388	67.28
2	CIMSEC NOMINEES (TEMPATAN) SDN. BHD.	6,159,700	2.03
3	LOH ENG CHEANG	2,623,000	0.86
4	ONN PING LAN	2,213,500	0.73
5	PUBLIC NOMINEES (TEMPATAN) SDN. BHD.	2,211,400	0.73
6	LUCKY STAR PTE. LTD.	1,664,500	0.55
7	TEH SENG HOCK	1,620,000	0.53
8	RESON SDN. BHD.	1,567,000	0.52
9	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD.	1,560,000	0.51
10	CHENG HON SANG	1,477,000	0.49
11	ANG HIOH	1,381,900	0.45
12	LEE SEE JIN	1,279,800	0.42
13	ANG HIOH	1,124,700	0.37
14	TEN KIN KOK	1,113,800	0.37
15	ONN PING LAN	1,093,500	0.36
16	SYARIKAT MALURI SDN. BHD.	1,027,800	0.34
17	YEO KHEE HUAT	1,025,000	0.34
18	KWAN CHEE TONG	1,012,100	0.33
19	OOI BENG LIEW & SONS SDN. BHD.	1,000,000	0.33
20	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD.	920,900	0.30
21	KENANGA NOMINEES (ASING) SDN. BHD.	800,000	0.26
22	HLB NOMINEES (TEMPATAN) SDN. BHD.	780,000	0.26
23	CHEAN SENG HONG	751,700	0.25
24	TA NOMINEES (TEMPATAN) SDN. BHD.	737,600	0.24
25	FONG CHEONG KOK	647,000	0.21
26	LOH ENG CHEANG	637,100	0.21
27	CHENG HON SANG	571,000	0.19
28	HUANG PHANG LYE	540,000	0.18
29	TECTONA (M) SDN. BHD.	508,400	0.17
30	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD.	490,500	0.16
	<b>TOTAL</b>	<b>242,983,288</b>	<b>79.97</b>



# PROXY FORM

## 23<sup>RD</sup> ANNUAL GENERAL MEETING

CDS Account No.	No. of Shares held

\*I/ We \_\_\_\_\_  
(FULL NAME AND IN CAPITAL LETTERS)

\*NRIC/ Passport/ Company No. (Compulsory) \_\_\_\_\_

Address (in Capital Letters) \_\_\_\_\_

Mobile Phone No. \_\_\_\_\_

Being a member of <b>Bina Darulaman Berhad</b> ("the Company") I hereby appoint:			
	<b>FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>
<b>Proxy 1</b>	<b>Name:</b>		
	<b>NRIC No./ Passport No.:</b>		
	<b>Address:</b>		
<b>Proxy 2</b>	<b>Name:</b>		
	<b>NRIC No./ Passport No.:</b>		
	<b>Address:</b>		
<b>TOTAL</b>			

or failing \*him/her, the **\*\*CHAIRMAN OF THE MEETING** as \*my/our Proxy to attend and vote for \*me/us on \*my/our behalf at the 23<sup>rd</sup> Annual General Meeting of Bina Darulaman Bhd ("BDB or the Company") to be held at Ballroom 3 Intercontinental Hotel Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on **Thursday, 19 April 2018, at 11.00 a.m.** or any adjournment thereof, as indicated below:

	ORDINARY RESOLUTIONS	FOR	AGAINST
<b>Resolution 1</b>	To approve the payment of Directors' Fees for the Financial Year Ended 31 December 2017.		
<b>Resolution 2</b>	To approve the payment of Directors' Benefits in accordance with Section 230(1) of the Companies Act 2016 with effect from the 23 <sup>rd</sup> Annual General Meeting until the next Annual General Meeting of the Company.		
<b>Resolution 3</b>	To re-elect Dato' Paduka Haji Rasi Bin Basir retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offers himself for re-election.		
<b>Resolution 4</b>	To re-elect Encik Sudirman Bin Masduki retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offers himself for re-election.		
<b>Resolution 5</b>	To re-elect Datuk Mohd Radzif Bin Mohd Yunus retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offers himself for re-election.		
<b>Resolution 6</b>	To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
	<b>SPECIAL BUSINESS</b>		
<b>Resolution 7</b>	<p>Proposed <b>Renewal</b> of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate").</p> <p>"<b>THAT</b>, subject to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries ("<b>BDB Group</b>") to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("<b>Recurrent Related Party Transactions</b>") 28 March 2018 subject to the following:</p> <p>(i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on BDB Group's normal commercial terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on an arm's length basis which are not detrimental to the minority shareholders of the Company; and</p> <p>(ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in force until:</p> <p>(a) the conclusion of the next Annual General Meeting ("<b>AGM</b>") of the Company at which time this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the shareholders' mandate is renewed;</p> <p>(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 (2) of the Companies Act 2016 ("<b>Act</b>") (subject to such extension as may be allowed pursuant to Section 340 (4) of the Act; or</p> <p>(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;</p> <p>whichever is earlier;</p> <p><b>AND THAT</b> the Directors of the Company be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Recurrent Related Party Transactions contemplated and/or authorised by this ordinary resolution."</p>		

[Please indicate with an "X" in the appropriate box against the resolution how you wish your Proxy to vote. If no instruction is given, this form will be taken to authorise the Proxy to vote at his/ her discretion]

\*Strike out whichever is applicable.

\*\* If you do not wish to appoint the Chairman of the Meeting as your proxy/one (1) of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/ proxies you wish to appoint in the blank spaces provided.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

Signature/ Common Seal of Shareholder(s)



**BINA DARULAMAN BERHAD**  
Aras 9 & 10, Menara BDB, 88, Lebuhraya Darulaman,  
05100 Alor Setar, Kedah Darul Aman

*The Company Secretary*

Stamp

#### Notes

1. With regards to deposited securities, only members whose names appear in the Record of Depositors as at 12 April 2018 shall be eligible to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A member shall specify the shareholding proportion where two (2) proxies are appointed. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. The instrument appointing a proxy shall:
  - a. In the case of an individual, be signed by the appointor or by his/her attorney.
  - b. In the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. The instrument appointing a proxy together with the power of attorney or other authority, shall be deposited at the Company's Registered Office at Aras 9, Menara BDB, 88, Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman not less than forty eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
6. For the purpose of determining who shall be entitled to attend this meeting the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. ("Depository") in accordance with Rules of the Depository, to issue Record of Depositors and make available to the Company pursuant to Article 52(iii) of the Company's Constitution and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
7. Please refer to the Administrative Details circulated with this notice for administrative details on 23<sup>rd</sup> Annual General Meeting.
8. By submitting an instrument appointing a proxy (ies) and/or representative (s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that he or she has obtained such proxy(ies)' and /or representative(s)' prior consent for the Company's (or its agents) processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes, and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.







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# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 6173  
**COMPANY NAME** : BINA DARULAMAN BERHAD (“the Company” or “BDB”)  
**FINANCIAL YEAR** : December 31, 2017

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Bina Darulaman Bhd</b> (BDB/the Company) is managed in line with the corporate governance framework and commercial principles that would normally be expected of a public listed company. In this regard, the Company and its management undertakes the following measures: -</p> <ul style="list-style-type: none"><li>• The Board meets 6 to 10 times a year and ad hoc meetings are held as and when required. The Board devotes much of its time to overseeing the Company's strategy, governance, risk and policy, the approval of business plans and significant capital expenditure, acquisitions and disposals and monitoring of performance.</li><li>• The Management Committees such as Management Procurement and Senior Management Committee meets regularly, at least twice a month or more as and when required. The Committees are set up to ensure that the directions, approved policies and decision by the Board are appropriately managed, communicated, executed, implemented and reported back to the Board.</li><li>• The key governance, risk and internal control, financial and operational related policies are periodically reviewed by the Board to ensure they are aligned with the Company's objectives, values and regulatory requirements.</li></ul>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	<p>We have a clear division the roles and responsibilities between the Chairman and the Group Managing Director.</p> <p>The Chairman leads the Board on the following:</p> <ul style="list-style-type: none"><li>• Oversee and review the Company’s strategic matters, risk and corporate governance practices.</li><li>• Deliberate and evaluate proposals put forward by the committees and executive team.</li><li>• Deliberate and maintain a proper process and ensure adequate resources are available to ensure effective implementation the Board Policies.</li><li>• Identify and fulfill the development needs of directors and the Board to continuously enhance their effectiveness as a team.</li></ul>	
Explanation for departure	:	Not applicable	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Not applicable	
Timeframe	:	Not applicable	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Managing Director (MD) has full authority as approved by the Board to lead and manage the business.</p> <p>The MD proposes, implements and reports on the strategic direction of the Company's business.</p> <p>The MD brings forward to the Board business plans, budgets and updates on key strategic issues annually or periodically as required. Once matters are adopted, the MD is responsible for the implementation, delivery and reports on progress at frequent and regular intervals.</p> <p>All members of the senior management team report directly to the MD. He is responsible for appraising the performance of each member of the team as well as developing and training of resources, where necessary.</p> <p>The MD and the Chairman, represent the Company with all external audience. The MD takes lead responsibility for the maintenance and development of the Company's operational matters, reputation and relationships with the media, regulators, governments, local communities, suppliers, customers, trade bodies and all other stakeholders.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>We have an in-house licensed Company Secretary who is an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She has more than 25 years of experience in legal and regulatory related matters. She also has a Bachelor Degree in Law from International Islamic University and was called to the Bar as an Advocate &amp; Solicitor of the High Court of Malaya.</p> <p>The Company Secretary is involved in leading and managing the Group's Corporate Services and Legal Affairs. The Company Secretary's responsibilities include review and advise the Board on the Corporate Governance and Regulatory Requirements to ensure that the board members are up-to-date with all requirements and adhere to good practice in meetings and administrative matters.</p> <p>Adequate trainings and support including resource and external expertise are furnished for continuous improvement and efficiency in discharging her duty.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable



**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.5**

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Board meetings are scheduled and planned in advance, all meetings are conducted by following a structured formal agenda.</p> <p>Depending on issues and agendas to be deliberated, generally all materials and relevant information will be prepared, circulated to board members at least a week prior to a standard meeting.</p> <p>Records and minutes of meetings will be circulated to all board members for confirmation of accuracy and verification. Thereafter, all documents and minutes will be safely filed by the Company Secretary &amp; Legal Department.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BDB's formalized its Board Charter on 25.5.2015. The Board Charter is reviewed periodically, updates and/or revisions will be done to incorporate the latest applicable rules and regulations, as well as updates to the Code of Corporate Governance.</p> <p>The latest copy of the Board Charter is available at BDB company website <a href="https://www.bdb.com.my/">https://www.bdb.com.my/</a> for public viewing.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>BDB’s Board is committed to promoting good business conduct and maintaining a healthy and ethical corporate culture. The Board Members are experienced professionals and experts from various industries, they have been adhering to the Company’s ethical values and regulatory requirements when carrying out their duties all these years.</p> <p>In view of the latest regulatory development, the Company has started to establish a formal Code of Conduct and Ethics which is serve as guidelines and principles for the BDB’s directors, managements and employees which is to be observed by the employees of the Company in the performance and exercise of their responsibilities.</p> <p>The Code of Conduct and Ethics as approved and adopted by the Board, will subject to periodic review and update. The latest copy is available on BDB’s website <a href="https://www.bdb.com.my/">https://www.bdb.com.my/</a> for public viewing.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>A formal Whistle-Blowing Policies and Procedures (“WBP”) has been implemented in the Company since 1st January 2014. The WBP highlights the Company’s commitment in achieving and maintaining high standards with regards to behavior at work.</p> <p>Like all policies, WBP is also subjected to continuous review and update. In 2018, the WBP has incorporated principles of the 10 Integrity Pledge Guidelines issued by SSM, where applicable.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.1**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Currently, BDB has 5 Directors out of which 3 are Independent Directors out. In our mission to ensure an effective team and compliance with regulatory requirements, the board size will continuously be reviewed and if necessary, improvements will be made.</p> <p>For effective functioning of the board, in 2018 the Board has decided to re-designate an independent Non-Executive Directors to be the Senior Independent Director, to provide a sounding board for the Chairman and to serve as an intermediary for the other directors where necessary.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:	Not applicable	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	BDB has been practising this matter even though there were no explicit requirement to do so. In view of the latest regulatory requirements for greater disclosure, the Company will disclose this policy in its ensuing CG Statement, Annual Report and Website.

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.4**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Appointments and recruitment of senior management will be subjected to policies and proper due process. Appropriate strategy and measures are used to identify the best possible candidates. We will take into consideration of the Company's current team's strengths and weaknesses, so that we can focus on best fit such as complimentary skills, knowledge, experience, age, cultural background and gender.</p> <p>The Company take cognisance that diversity in the team is beneficial to the Company. As such, the resource requirements and performance are continuously being reviewed and monitored. Appropriate trainings and development programmes for internal resource are provided, especially those with potential to be developed for bigger roles and responsibilities in the Company.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.5**

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	Not applicable
<b>Explanation for departure</b>	:	<p>The Company adopt a policy on gender diversity on board as required by Malaysia Code of Corporate Governance as issued by the Securities Commission of Malaysia in 2017. The Company's is in construction and properties development, sector a business segment that is less attractive to many suitable female talents. This could be due to a steep learning curve or possibly mobility issues as the main operation is in Kedah.</p> <p>The Board recognises the challenges in achieving the right balance of gender diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time. The Board will continuously search for additional women candidate in its recruitment exercise.</p>
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	We are in the process engaging head hunters and registered with professional bodies to source for suitable candidates for evaluation and assessments, the process will subject to competency, experience, likely contribution and value add to the Company.
<b>Timeframe</b>	:	Within 3 years

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	We have engaged with head hunters, professional advisory firms, professional bodies when it comes to identifying candidates for appointment as directors.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.7**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	It is the Company’s policy that the Chairman of the Board Nomination Remuneration and ESOS Committee (“BNREC”) is to be an Independent Non-Executive Director. The Chairman of BNREC is Datuk Mohd Radzif bin Mohd Yunus who is an Independent Director.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

**Practice 5.1**

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	For overall board effectiveness, the Board has been doing its own self-evaluation and peer review approach on an annual basis. The board conduct annual board assessments against clear evaluation criteria and performance and sustainability indicators However, the Company is currently reviewing the need of getting an independent expert to advise and facilitate the board evaluation moving forward.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	



### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has policies and procedures in determining remuneration of directors and senior management. In this regard, a guideline on the Terms of Reference (TOR) for each board committee has also been put in place to ensure that remuneration is commensurate with skills and experience. Every board committee is governed by their respective TOR.</p> <p>At board level, as a matter of regulatory requirements, the remuneration and fees of Board member will also be put for shareholder's approval during the general meeting.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Nomination, Remuneration and ESOS Committee (“BNREC”) is guided by appropriate policies and procedures when reviewing and recommending remuneration of board and senior management.</p> <p>Generally, the Company’s framework on Directors’ remuneration has the underlying objectives of attracting and retaining Directors of high caliber needed to run the Company successfully. In the case of the Executive Director, the various components of the remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned.</p> <p>Where applicable, the BNREC also considers any relevant information provided by independent consultants or from survey data.</p>	
Explanation for departure	:	Not applicable	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Not applicable	
Timeframe	:	Not applicable	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	Not applicable
<b>Explanation for departure</b>	:	<p>The Company has complied with the disclosure requirements till 2017, there was no requirement to disclose remuneration for individual directors with details breakdown. However, the Company take cognisance on the Malaysia Code of Corporate Governance issued in 2017 recommending such disclosure be made.</p> <p>However, the Board will evaluate on the amount of details to be disclosed its ensuing Annual Report.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company has disclosed what is necessary in the notes to the Notice contained in pages 41-42 and Note 23 on page 152 of the Company's Annual Report 2017.
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	Not applicable
<b>Explanation for departure</b>	:	<p>The Company take cognisance on the Malaysia Code of Corporate Governance issued in 2017 recommending such disclosure be made.</p> <p>However, the Board is of the view that BDB is a small growing company and it needs to take into consideration the importance of internal harmony, effective teamwork environment and unhealthy external factors that may affect the group's growth and survival in the industry. The view is that the Company's interest is safeguarded by proper internal control and continuous review to ensure that all senior management remuneration package is fair, just and reasonable to the individual and the Company.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company has disclosed the aggregate remuneration (including salaries, bonus, allowances, benefits-in-kind or other emoluments) paid or estimated to be paid to the Senior Key Management members for the Financial Year ended 31 December 2017 in note 23 which provides an indication of the remuneration paid to Senior Management.
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Not applicable

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In BDB, the Chairman of the Board and the Chairman of the Board Audit Committee are currently held by different individuals. The Chairman of the Board is Dato' Paduka Haji Rasli Bin Basir (Non-Independent Non-Executive) and the Chairman of Board Audit Committee is Encik Sudirman Bin Masduki, who is an Independent Director.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not Applicable	



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The matter has been practiced by the Company but was not expressly stated in Board Audit Committee policy in the past, this information will be incorporating into the Audit Committee policy.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board Audit Committee’s assessment on suitability of external auditor, the BAC is guided by a set of guidelines such as the routine check on their registration, background check on the audit partner, audit firm capacity and assigned audit team competency.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Currently, the Board Audit Committee consist of 3 members and all are independent directors.

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Audit Committee is chaired by Encik Sudirman Bin Masduki who has been a member of Chartered Accountant (Malaysia) (ACM) and a Fellow of Association of Chartered Certified Accountants ,UK (FCCA). The Committee also comprises members with public service and corporate backgrounds but whom are financially literate.</p> <p>It is BDB policy that all members of the board and senior management will continuously be trained by way of on the job training and attending workshops, seminars or professional course to keep themselves up to date with relevant skills, knowledge to enable them to contribute positively to the Company’s growth and objectives.</p> <p>Details of the official key trainings sessions are disclosed in the Annual Report periodically and is accessible by the public.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is assisted by the Board Risk Committee in decision making especially with regards to any future projects, proposed investment or acquisition. The Board Risk Committee has its guidelines, terms of reference in discharging its duties. Policies, procedures and performance of the said Committee will be reviewed periodically and enhancement be made where necessary.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group Risk Management will evaluate and study the risks profile that are affecting the Company, the Board will be updated periodically on the assessment and feasibility study of possible pre-emptive measures or proposed solutions for key risks Recommendation and Assessment will be put to Board of Directors, especially on key risk issues for further deliberation and decision if necessary.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	We have a Board Risk Committee, which comprises of majority of independent directors. This Committee supports the Board with reasonable assurance on possible adverse impact from unexpected event. For practical reason and in view of the business environment we are operating, this Committee will evaluate the risk factors and deliberate issues, make recommendation to the Board as and when required.



**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.1**

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	BDB has established an in house internal audit function known as Group Corporate Assurance. They operate within a prescribed policy and guidelines. The performance, effectiveness and competency are subjected to continuous review and monitoring by the Board Audit Committee.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied																						
Explanation on application of the practice	:	<p>The internal auditors team and personnel will be subjected to periodic evaluation and review to ensure that they are free from any issues of conflict of interest that may jeopardise their independence and objectivity.</p> <p>Our current Internal Audit team has 6 members. Their names and qualifications are as follows: -</p> <table><tr><th>No.</th><th>Staff</th><th>Qualification</th></tr><tr><td>1.</td><td>Roslina Binti Shaari (Head of Group Corporate Assurance)</td><td>Master of Business Administration Professional Member, IIAM</td></tr><tr><td>2.</td><td>Mohd Firdaus Shah Bin Amar Shah</td><td>CA (M), MIA Bachelor of Accountancy (Hons.) Associate Member, IIAM</td></tr><tr><td>3.</td><td>Siti Marlina Bt Ismail</td><td>Bachelor of Accountancy (UPM)</td></tr><tr><td>4.</td><td>Nor Jani Zuriyati Bt Mohd Jamil</td><td>Bachelor of Public Management (UUM)</td></tr><tr><td>5.</td><td>Zulfikri Zahini Bin Haro</td><td>Bachelor of Accountancy (Hons.) Associate Member, IIAM</td></tr><tr><td>6.</td><td>Muhamad Hafifi Mohd Rusli</td><td>Bachelor of Science (Hons.) Actuary Science (UiTM)</td></tr></table> <p>We have adequate and qualified professionals' resources in the internal audit department to meet the objectives of the internal audit framework relevant and applicable for the industry we are operating in.</p>		No.	Staff	Qualification	1.	Roslina Binti Shaari (Head of Group Corporate Assurance)	Master of Business Administration Professional Member, IIAM	2.	Mohd Firdaus Shah Bin Amar Shah	CA (M), MIA Bachelor of Accountancy (Hons.) Associate Member, IIAM	3.	Siti Marlina Bt Ismail	Bachelor of Accountancy (UPM)	4.	Nor Jani Zuriyati Bt Mohd Jamil	Bachelor of Public Management (UUM)	5.	Zulfikri Zahini Bin Haro	Bachelor of Accountancy (Hons.) Associate Member, IIAM	6.	Muhamad Hafifi Mohd Rusli	Bachelor of Science (Hons.) Actuary Science (UiTM)
No.	Staff	Qualification																						
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4.	Nor Jani Zuriyati Bt Mohd Jamil	Bachelor of Public Management (UUM)																						
5.	Zulfikri Zahini Bin Haro	Bachelor of Accountancy (Hons.) Associate Member, IIAM																						
6.	Muhamad Hafifi Mohd Rusli	Bachelor of Science (Hons.) Actuary Science (UiTM)																						
Explanation for departure	:	Not applicable																						
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.																								
Measure	:	Not applicable																						
Timeframe	:	Not applicable																						

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	<p>BDB continuously puts in commitment and effort to improve and review the communication approach with stakeholders. Beside internal resource in handling all public communication, we have put in place proper policy and procedures to ensure effective public communication and investor relations.</p> <p>In this regard, we have a special page on our website to direct all Investor Relations disclosure matters to the web page. It is reviewed frequently and updated regularly. We communicate our information via transparent official channel whether through the Company website or on Bursa Official announcement platform, in the form of immediate announcements, Annual Report, Quarterly Reports, media coverage that come to our knowledge and publications by the Company or about the Company.</p> <p>Annually, during the General Meeting, shareholders and their representatives are welcome to bring forward issues, views and comments which the Board will explain and clarify accordingly. The media or press and public queries will also be addressed.</p>	
Explanation for departure	:	Not applicable	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Not applicable	
Timeframe	:	Not applicable	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 11.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In practice, all information such as business of the Company, policies on governance, environment and social responsibility are made available on the Company's website and periodic official announcements including the Annual Report etc.</p> <p>Efforts to enhance and improve on the format and structure of the consolidated information are ongoing.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has complied with statutory requirement with regards to timeline in sending out notice of Annual General Meeting to shareholders all these years. With effect from 2018, we will improve the notice period up to at least 28 days to facilitate our shareholders to have the information on a timely basis.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It has been the practice of the Company that all board members present at the Annual General Meeting of the Company. BDB is committed to continuously adhere to the said standard to facilitate our shareholders to have information on a timely basis.</p> <p>In an unlikely event, if a director is unable to be present at the general meeting, his/her participation will be facilitated via digital tools / devices, if there are questions addressed to him/her personally, he/she can still response to the members of the meeting via digital tools. If the affected director is totally unable to participate at all during a general meeting, the affected director will be updated on the matters discussed and actions required by him, if any.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.3**

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has always conducted its general meetings in Kuala Lumpur to enable shareholders to attend the meetings.</p> <p>Shareholders can write in before the Company's general meetings as stated in the notice of AGM. Questions raised will be addressed in the meeting and the shareholders will be informed on the same. As a matter of compliance, the Company also gave sufficient time and notice to all shareholders for inquiries, to send in proxies and corporate representatives.</p> <p>On the Company's website, we have made available the Form whereby shareholders can always submit and contact the Company for information and not have to wait until the general meeting.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable



**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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