



## **INTERIM FINANCIAL STATEMENTS**

*- For the First Quarter Ended  
31st March 2017 -*

### **TABLE OF CONTENTS**

	<b>Pages</b>
<i>Condensed consolidated statement of comprehensive income</i>	<i>1</i>
<i>Condensed consolidated statement of financial position</i>	<i>2</i>
<i>Condensed consolidated statement of changes in equity</i>	<i>3</i>
<i>Condensed consolidated statement of cash flow</i>	<i>4</i>
<i>Explanatory notes pursuant to FRS 134</i>	<i>5-9</i>
<i>Explanatory notes pursuant to Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad</i>	<i>10-13</i>



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTH ENDED 31 MARCH 2017  
(The figures have not been audited)**

	Note	3 months ended 31 Mac	
		2017 RM	2016 RM
<b>Continuing Operations</b>			
Revenue	9	63,867,164	46,682,675
Cost of sales		(51,381,262)	(34,056,030)
<b>Gross profit</b>		<u>12,485,902</u>	<u>12,626,645</u>
Distribution expenses		(3,040,850)	(3,528,939)
Administrative expenses		(9,441,234)	(8,703,871)
Other operating income	10	1,121,045	661,925
Other operating expenses		-	(3,718)
<b>Result from operating activities</b>		<u>1,124,863</u>	<u>1,052,042</u>
Unwinding of discount on non-current receivables		-	5,289,207
Finance cost	10	(743,031)	(3,033,304)
<b>Profit before taxation</b>	10	<u>381,832</u>	<u>3,307,945</u>
Tax expense	21	(114,546)	(992,383)
<b>Profit and total comprehensive income for the period</b>	9	<u><u>267,286</u></u>	<u><u>2,315,562</u></u>
<b>Profit and total comprehensive income for the period attributable to :</b>			
Owners of the Company		279,129	2,318,893
Non-controlling interests		(11,843)	(3,331)
<b>Profit and total comprehensive income for the period</b>		<u><u>267,286</u></u>	<u><u>2,315,562</u></u>
<b>Basic earnings per ordinary share (sen)</b>	26	0.09	0.76

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**  
**(The figures have not been audited)**

	Note	31.03.2017 RM	31.12.2016 RM
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	84,683,089	83,081,217
Investment property		33,939,211	33,810,078
Other investments		5,320,287	7,109,756
Land held for property development		303,494,632	302,200,223
Deferred tax assets		1,056,479	1,056,478
		<u>428,493,698</u>	<u>427,257,752</u>
<b>Current assets</b>			
Property development costs		105,724,483	97,923,145
Inventories		20,619,621	22,895,159
Trade and other receivables		201,675,816	465,657,170
Current tax assets		2,422,762	586,188
Deposits with licensed banks		9,224,747	25,447,738
Cash and bank balances		36,561,627	52,552,016
		<u>376,229,056</u>	<u>665,061,416</u>
<b>Total assets</b>		<u><u>804,722,754</u></u>	<u><u>1,092,319,168</u></u>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		147,153,534	194,382,738
Current tax payable		5,624,574	7,801,687
Loans and borrowings	23	76,446,356	319,127,129
		<u>229,224,464</u>	<u>521,311,554</u>
<b>Non-current liabilities</b>			
Loans and borrowings	23	40,265,266	36,041,876
		<u>40,265,266</u>	<u>36,041,876</u>
<b>Total liabilities</b>		<u>269,489,730</u>	<u>557,353,430</u>
<b>Equity attributable to owners of the parent</b>			
Share capital		303,854,977	303,854,977
Other reserves		27,164,721	27,164,721
Retained earnings		204,169,317	203,890,188
		<u>535,189,015</u>	<u>534,909,886</u>
<b>Non-controlling interests</b>		44,009	55,852
<b>Total equity</b>		<u>535,233,024</u>	<u>534,965,738</u>
<b>Total equity and liabilities</b>		<u><u>804,722,754</u></u>	<u><u>1,092,319,168</u></u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTH ENDED 31 MARCH 2017**  
(The figures have not been audited)

	<-----Attributable to owners of the parent----->						Non- controlling interests RM	Total equity RM
	<----Non-distributable---->			Distributable				
	Share capital RM	Share premium RM	Total RM	Retained earnings RM	Total RM			
<b>As at 1 January 2016</b>	303,854,977	27,164,721	331,019,698	182,044,671	513,064,369	83,723	513,148,092	
<b>Issuance of new ordinary shares</b>	-	-	-	-	-	-	-	
<b>Share issuance expenses</b>	-	-	-	-	-	-	-	
<b>Total comprehensive income</b>	-	-	-	2,318,893	2,318,893	12,671	2,331,564	
<b>Dividend paid</b>	-	-	-	-	-	-	-	
<b>As at 31 March 2016</b>	<u>303,854,977</u>	<u>27,164,721</u>	<u>331,019,698</u>	<u>184,363,564</u>	<u>515,383,262</u>	<u>96,394</u>	<u>515,479,656</u>	
<b>As at 1 January 2017</b>	303,854,977	27,164,721	331,019,698	203,890,188	534,909,886	55,852	534,965,738	
<b>Total comprehensive income</b>	-	-	-	279,129	279,129	(11,843)	267,286	
<b>Dividend paid</b>	-	-	-	-	-	-	-	
<b>As at 31 March 2017</b>	<u>303,854,977</u>	<u>27,164,721</u>	<u>331,019,698</u>	<u>204,169,317</u>	<u>535,189,015</u>	<u>44,009</u>	<u>535,233,024</u>	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE THREE MONTH ENDED 31 MARCH 2017  
(The figures have not been audited)**

	<b>Cumulative Quarter</b>	
	<b>Current Year Ended 31-Mar-17 RM</b>	<b>Preceding Year Ended 31-Mar-16 RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	381,832	3,307,945
Adjustments for:		
Non-cash items	3,416,300	1,591,102
Non operating items	<u>(109,440)</u>	<u>(2,499,527)</u>
Operating profit before working capital changes	3,688,692	2,399,520
Increase in land held for development and property development costs	(6,779,375)	(31,493,093)
Decrease in Trade and other receivables	211,424,832	10,566,675
(Increase) / Decrease in inventories	(40,831)	5,415,124
Decrease in Trade and other payables	<u>(237,396,333)</u>	<u>(10,928,635)</u>
Cash generated from operations	(29,103,014)	(24,040,409)
Interest paid	(261,368)	(3,032,965)
Taxes paid	<u>(4,353,940)</u>	<u>(5,406,015)</u>
Net cash generated used in operating activities	(33,718,322)	(32,479,389)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,835,298)	(1,130,602)
Purchase of other investment	-	(3,512,474)
Investment in subsidiary	100,000	-
Interest received	283,989	243,730
Unwinding of discount on non-current receivables	-	5,289,207
Net cash generated (used in) / from investing activities	<u>(4,451,309)</u>	<u>889,861</u>
<b>Cash flows from financing activities</b>		
Drawdown of term loan	6,004,021	14,700,000
Repayment of borrowings	(17,041)	(10,230,634)
Withdrawal / (placement) of pledged deposit	71,891	(66,754)
Net changes in finance lease creditors	<u>(577,565)</u>	<u>(1,101,739)</u>
Net cash generated from financing activities	5,481,306	3,300,873
<b>Net decrease in cash and cash equivalents</b>	(32,688,325)	(28,288,655)
<b>Cash and cash equivalents at beginning of the period</b>	<u>53,274,027</u>	<u>94,704,582</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>20,585,702</u></u>	<u><u>66,415,927</u></u>
<b>Cash and cash equivalents comprise of the followings:</b>		
Cash and bank balances	36,561,627	56,738,570
Fixed deposit	9,224,747	32,951,757
Overdraft	<u>(19,077,832)</u>	<u>-</u>
	26,708,542	89,690,327
Less: Deposits pledged	<u>(6,122,840)</u>	<u>(23,274,400)</u>
	<u><u>20,585,702</u></u>	<u><u>66,415,927</u></u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.



## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2017

### Part A – Explanatory Notes Pursuant to FRS 134

#### 1. Basis of Preparation

The interim financial statements other than for financial instruments have been prepared under the historical cost convention. Financial instruments have been fair valued in accordance with FRS 139 Financial Instruments: Recognition and Measurement.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134; Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

The financial statements of the Economic Entity have been prepared in accordance with Financial Reporting Standards (FRS), generally accepted accounting principles and the Companies Act, 2016 in Malaysia.

#### 2. Significant Accounting Policies

##### a) Financial Reporting Standards (FRS)

The significant accounting policies adopted for this interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the adoption of the relevant new Financial Reporting Standards (FRS), amendments to FRS and IC Interpretations that are effective for annual periods beginning on or after 1 January 2017.

The adoption of the new FRS, amendments to FRS and IC Interpretations does not have any material impact on the financial position and results of the Group.



## **b) Malaysian Financial Reporting Standards (MFRS Framework)**

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

The Group’s and 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).

### **3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the year ended 31 December 2016 was not subject to any qualification.

### **4. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and year to-date.

### **5. Changes in Estimates**

There were no changes in estimates of amounts previously reported that have had a material effect in the current quarter and financial year to-date.

### **6. Seasonal or Cyclical Factors**

The Group’s products and services are generally dependent on the Malaysian economy, government policies and weather conditions (on the construction activities).

### **7. Dividends**

There was no dividend paid during the quarter under review.

### **8. Debt and Equity Securities**

There were no issuances, cancellations, repurchase, resale and repayments of equity securities except for repay of debt in the current quarter. During the year, the Group has made early settlement of term loan upon the receipt of letter from Kedah State Government in the quarter under review amounting to RM245.8 million.



## 9. Segmental Information

	Property development RM	Quarrying and road paving RM	Construction RM	Operation of golf resort and hotel RM	Other reportable segments RM	Total reportable segments RM	Elimination RM	Consolidated RM
<b>3 months ended 31 March 2017</b>								
<b>Revenue</b>								
External sales	30,318,651	17,404,338	14,335,139	1,355,691	453,345	63,867,164	-	63,867,164
Inter-segment sales	32,993	-	24,210,963	6,000	16,908,220	41,158,176	(41,158,176)	-
Total revenue	<u>30,351,643</u>	<u>17,404,338</u>	<u>38,546,102</u>	<u>1,361,691</u>	<u>17,361,565</u>	<u>105,025,340</u>	<u>(41,158,176)</u>	<u>63,867,164</u>
<b>Segment profit/(loss)</b>	146,107	2,038,876	216,106	(908,147)	12,615,621	14,108,564	(13,726,732)	381,832





## 10. Profit before tax from continuing operations

The following items have been charged / (credited) in arriving at profit before tax from continuing operations:

	3 months ended 31 March	
	2017 RM	2016 RM
Interest income	(284,047)	(5,405,899)
Other income including investment income	(836,998)	(545,233)
Depreciation and amortization:		
-property, plant and equipment	2,150,300	1,673,284
Gain on disposal of:		
-property, plant and equipment	-	(900)
Reversal of impairment:		
-trade receivables	(40,000)	(85,000)
Interest expense	743,031	3,033,304

## 11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter including business combination, acquisition or disposal of a subsidiary and long term investment, restructuring and discontinued operation.

## 12. Property, Plant and Equipment

The Group acquired property, plant and equipment worth RM5,120,898 during the quarter under review.

There were no impairment nor reversal of such impairment during the current three months financial period.

The valuations of property, plant and equipment were brought forward without amendment from the previous audited financial statements.



### 13. Capital Commitments

The amount of commitments for the purchase of property, plant & equipment not provided for in the interim financial statements as at 31 March 2017 are as follows:

	<b>RM</b>
Approved and contracted for	15,887,195
Approved but not contracted for	7,019,116

### 14. Changes in Contingent Liabilities

As at 31 March 2017, the Group does not have any contingent liability.

### 15. Material Subsequent Events to the Reporting Period

There were no material events subsequent to the end of the quarter under review up to the date of this report that have not been reflected in the interim financial statements.

### 16. Significant Related Party Transactions

	<b>3 months ended 31.03.2017 RM</b>
Progress billings charged to the ultimate holding corporation	432,864
Rental of quarry land to ultimate holding corporation	100,000
Tributes charged by the ultimate holding corporation	154,276
Estate agency fee charged by a related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	16,135
Revenue from oil palm from related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	523,466
Property management paid to a related company, Darulaman Asset Sdn. Bhd	16,500
Insurance paid to a related company, KSDC Insurance Brokers Sdn. Bhd.	210,744
	<b>1,453,985</b>



## Part B – Explanatory Notes Pursuant to Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### 17. Performance Review

#### a) Current quarter vs previous year corresponding quarter

For the first quarter ended 31 March 2017, the Group recorded revenue of RM63.9 million. The revenue increased by RM17.2 million or 37% compared to RM46.7 million achieved in the same corresponding period of last year. The Group's Profit Before Tax of RM0.4 million was lower by RM2.9 million or 88% compared to the same corresponding period of last year mainly due to loss of interest income from KUIN project financing arising from the early settlement.

The Group posted higher revenue for the first quarter compared to the same corresponding period of last year due to higher contribution by the Group's Quarry and road paving division, which recorded better revenue mainly from state road maintenance.

Performance of the operating business segments for the quarter ended 31 March 2017 compared to the previous year's corresponding quarter are as follows:

#### **Property Division**

The Property Division contributed RM30.3 million to Group revenue compared to RM34.1 million previously, a decrease of 11%. The decrease of the revenue was mainly due to lower sales coming from Bandar Darulaman township.

Similarly, profit contribution decreased by RM1.2 million compared to the previous year's corresponding period due to the lower revenue.

#### **Road and Quarry Division**

This Division contributed RM17.4 million to Group revenue compared to RM8.7 million previously, an increase of 100%. The increase of revenue was due to the ongoing state road maintenance project which was higher compared to the same quarter last year.

Similarly, the profit contribution increased from RM1.7 million in first quarter 2016 to RM2.0 million in same quarter this year due to higher revenue.

#### **Construction Division**

The Construction Division provided RM14.3 million to Group revenue compared to RM2.0 million previously. This was mainly due to higher external projects like SADA water treatment plant and PPR Jerlun project undertaken in quarter under review 2017, as compared to the previous year corresponding quarter.



The profit contribution from this division shall be higher than last year. However, it has decreased by RM3.8 million compared to the previous year's corresponding period due to loss of interest income from KUIN project financing arising from the early settlement.

## 18. Variation of Results against Preceding Quarter

	<b>Current quarter ended 31 March 2017 RM</b>	<b>Preceding quarter ended 31 December 2016 RM</b>
Revenue	<b>63,867,164</b>	<b>153,917,405</b>
Profit Before Taxation	<b>381,832</b>	<b>36,925,449</b>

Variation between quarters are normal given the nature of the Group's business activities which allows recognition of revenue and profit from Property and Construction projects based on cost incurred. Anomalies of quarter to quarter variance is normalized over the year.

## 19. Prospects for the year

The Group's core businesses are expected to record respectable performance for this financial year since the Group has sufficient land bank and projects in hand to provide sustainable revenue.

The Property Division should be able to maintain its contribution given the encouraging responses for its product launches in Bandar Darulaman, Darulaman Perdana and Darulaman Utama which includes affordable housing. During the year, BDB Land is planning to launch two new townships: Darulaman Saujana and Darulaman Putra, whereas Kedah Holdings will be launching its pocket development products in Kuala Kangsar and Serdang. It is worth noting that the development in Kuala Kangsar is the first project outside of Kedah for BDB Group, and it will be launched in May this year.

Profit contribution from Road and Quarry Division is expected to remain stable based on the demand for quarry products and the progress of on-going road pavement projects. The Division has completed building a new premix plant in Kulim and had commenced operation in early 2017. Kulim Premix Plant is expected to supply 62 million metric tonnes to the Kedah market in the next five years. The Division also expects steady flow of income from the State Road Maintenance (SRM) Project.

The Construction Division will continue to support the property arms in developing affordable houses during the year. In addition, 2 key projects namely PPR houses under KPKT and also water treatment plant for SADA will be the key contributors to the revenue and profit. The Division will also be focusing on the completion and delivering these projects within scheduled time, budget and quality.



## 20. Variance from Profit Forecast or Profit Guarantee

Not applicable for the financial period ended 31 March 2017.

## 21. Income Tax Expense

	3 months ended 31 March 2017 RM	3 months ended 31 March 2016 RM
Malaysian income tax	114,546	992,383

The Group's effective tax rate for the current period is approximately 30%.

## 22. Status of Corporate Proposals

There was no outstanding corporate proposal during the quarter under review.

## 23. Group borrowings and Debt Securities

Total loans and borrowings as at 31 March 2017 were as follows:

	Short-term RM	Long-term RM
Term loans	16,369,370	34,087,904
Hire Purchase	2,699,154	6,177,362
Revolving Credit	38,300,000	-
Bank overdraft	19,077,832	-
<b>TOTAL</b>	<b>76,446,356</b>	<b>40,265,266</b>

## 24. Material Litigation

There is no pending material litigation since the last annual balance sheet date of 31 December 2016.

## 25. Dividends Payable

A first and final single tier of 4.5 sen per ordinary share in respect of the financial year ended 31 December 2016 amounting to RM13,673,474 was approved by the shareholders during Annual General Meeting on 16 March 2017 and payable on 27 April 2017.



## 26. Earnings Per Share

### a. Basic earnings per share

	3 months ended 31.03.2017 RM	3 months ended 31.03.2016 RM
Profit attributable to owners of the Company	279,126	2,318,893
Number of ordinary shares in issue	303,854,977	303,854,977
Basic earnings per share (sen)	0.09	0.76

### b. Diluted earnings per share

Not applicable.

## 27. Disclosure of Realised and Unrealised Retained Earnings

	As at 31 March 2017 RM'000	As at 31 December 2016 RM'000
Total retained earnings of the Company and subsidiaries:		
-Realised	199,782	202,404
-Unrealised	1,056	1,056
- Adjustment	3,331	430
<b>Total retained earnings</b>	<b>204,169</b>	<b>203,890</b>

## 28. Authorization for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 7 May 2017.