



INTERIM FINANCIAL STATEMENTS

***- For the Quarter and Period of Six Months
Ended 30th June 2017 -***

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH ENDED 30 JUNE 2017**
(The figures have not been audited)

	Note	3 months ended 30 June		6 months ended 30 June	
		2017 RM	2016 RM	2017 RM	2016 RM
Continuing Operations					
Revenue	9	78,946,677	68,810,133	142,813,841	115,492,808
Cost of sales		(60,332,407)	(53,720,637)	(111,713,668)	(87,776,667)
Gross profit		<u>18,614,270</u>	<u>15,089,496</u>	<u>31,100,173</u>	<u>27,716,141</u>
Distribution expenses		(5,264,670)	(4,335,216)	(8,305,519)	(7,864,155)
Administrative expenses		(13,094,183)	(9,401,123)	(22,535,417)	(18,104,994)
Other operating income	10	1,176,805	1,012,720	2,297,850	1,674,645
Other operating expenses		(10,353)	(38,759)	(10,353)	(42,477)
Result from operating activities		<u>1,421,869</u>	<u>2,327,118</u>	<u>2,546,733</u>	<u>3,379,160</u>
Unwinding of discount on non-current receivables		-	5,177,400	-	10,466,607
Finance cost	10	(866,165)	(3,885,209)	(1,609,195)	(6,918,513)
Profit before taxation	10	<u>555,705</u>	<u>3,619,309</u>	<u>937,538</u>	<u>6,927,254</u>
Tax expense	21	(127,982)	(1,018,493)	(242,528)	(2,010,876)
Profit and total comprehensive income for the period	9	<u><u>427,723</u></u>	<u><u>2,600,816</u></u>	<u><u>695,010</u></u>	<u><u>4,916,378</u></u>
Profit and total comprehensive income for the period attributable to :					
Owners of the Company		432,865	2,609,245	716,154	4,928,138
Non-controlling interests		(5,142)	(8,429)	(21,144)	(11,760)
Profit and total comprehensive income for the period		<u><u>427,723</u></u>	<u><u>2,600,816</u></u>	<u><u>695,010</u></u>	<u><u>4,916,378</u></u>
Basic earnings per ordinary share (sen)	26	0.14	0.86	0.23	1.62

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 30 JUNE 2017
(The figures have not been audited)

	Note	30.06.2017 RM	31.12.2016 RM
Assets			
Non-current assets			
Property, plant and equipment	12	88,381,738	83,081,217
Investment property		33,896,167	33,810,078
Other investments		45,789,674	7,109,756
Land held for property development		312,871,061	302,200,223
Deferred tax assets		1,056,479	1,056,478
		<u>481,995,119</u>	<u>427,257,752</u>
Current assets			
Property development costs		106,990,723	97,923,145
Inventories		19,073,676	22,895,159
Trade and other receivables		196,215,518	465,657,170
Current tax assets		2,905,875	586,188
Deposits with licensed banks		9,228,921	25,447,738
Cash and bank balances		27,269,093	52,552,016
		<u>361,683,806</u>	<u>665,061,416</u>
Total assets		<u><u>843,678,925</u></u>	<u><u>1,092,319,168</u></u>
Equity and Liabilities			
Current liabilities			
Trade and other payables		148,138,946	194,382,738
Current tax payable		3,486,988	7,801,687
Loans and borrowings	23	87,053,096	319,127,129
		<u>238,679,030</u>	<u>521,311,554</u>
Non-current liabilities			
Loans and borrowings	23	83,012,960	36,041,876
		<u>83,012,960</u>	<u>36,041,876</u>
Total liabilities		<u>321,691,990</u>	<u>557,353,430</u>
Equity attributable to owners of the parent			
Share capital		303,854,977	303,854,977
Other reserves		27,164,721	27,164,721
Retained earnings		190,932,529	203,890,188
		<u>521,952,227</u>	<u>534,909,886</u>
Non-controlling interests		34,708	55,852
Total equity		<u>521,986,935</u>	<u>534,965,738</u>
Total equity and liabilities		<u><u>843,678,925</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 SIX MONTH ENDED 30 JUNE 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			
As at 1 January 2016	303,854,977	27,164,721	331,019,698	174,083,834	505,103,532	8,044,560	513,148,092	
Issuance of new ordinary shares	-	-	-	-	-	-	-	
Share issuance expenses	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	4,928,138	4,928,138	4,242	4,932,380	
Dividend paid	-	-	-	(12,154,530)	(12,154,530)	-	(12,154,530)	
As at 30 June 2016	<u>303,854,977</u>	<u>27,164,721</u>	<u>331,019,698</u>	<u>166,857,442</u>	<u>497,877,140</u>	<u>8,048,802</u>	<u>505,925,942</u>	
As at 1 January 2017	303,854,977	27,164,721	331,019,698	203,890,188	534,909,886	55,852	534,965,738	
Total comprehensive income	-	-	-	716,154	716,154	(21,144)	695,010	
Dividend paid	-	-	-	(13,673,813)	(13,673,813)	-	(13,673,813)	
As at 30 June 2017	<u>303,854,977</u>	<u>27,164,721</u>	<u>331,019,698</u>	<u>190,932,529</u>	<u>521,952,227</u>	<u>34,708</u>	<u>521,986,935</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 SIX MONTH ENDED 30 JUNE 2017
(The figures have not been audited)**

	Cumulative Quarter	
	Current Year Ended 30-Jun-17 RM	Preceding Year Ended 30-Jun-16 RM
Cash flows from operating activities		
Profit before taxation	937,538	6,927,254
Adjustments for:		
Non-cash items	5,530,653	3,077,286
Non operating items	<u>(246,512)</u>	<u>(4,142,952)</u>
Operating profit before working capital changes	6,221,679	5,861,588
Increase in land held for development and property development costs	(15,440,407)	(69,356,725)
Decrease in Trade and other receivables	171,918,830	27,464,455
(Increase) / decrease in inventories	(472,861)	8,074,006
Decrease in Trade and other payables	<u>(182,711,443)</u>	<u>(6,098,860)</u>
Cash generated used in operations	(20,484,202)	(34,055,536)
Interest paid	(436,725)	(6,910,618)
Taxes paid	<u>(7,123,569)</u>	<u>(8,910,657)</u>
Net cash generated from / (used in) operating activities	<u>(28,044,496)</u>	<u>(49,876,811)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,822,868)	(11,303,596)
Proceeds from disposal of property, plant and equipment	(3,166)	46,300
Purchase of other investment	-	(3,552,878)
Dividend received	5,932	-
Interest received	521,489	570,593
Unwinding of discount on non-current receivables	-	10,466,607
Net cash generated used in investing activities	<u>(10,298,613)</u>	<u>(3,772,974)</u>
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(13,673,813)	(12,154,530)
Drawdown of term loan	8,064,694	14,700,000
Repayment of borrowings	(3,056,596)	(15,631,737)
Withdrawal of pledged deposit	71,891	919,607
Net changes in finance lease creditors	<u>(1,198,814)</u>	<u>(496,266)</u>
Net cash generated used in financing activities	<u>(9,792,638)</u>	<u>(12,662,926)</u>
Net decrease in cash and cash equivalents	(48,135,747)	(66,312,711)
Cash and cash equivalents at beginning of the period	53,274,027	94,510,070
Cash and cash equivalents at end of the period	<u>5,138,280</u>	<u>28,197,359</u>
Cash and cash equivalents comprise of the followings:		
Cash and bank balances	27,269,093	51,617,499
Fixed deposit	9,228,921	24,738,844
Overdraft	<u>(25,236,892)</u>	<u>(26,101,741)</u>
	11,261,122	50,254,602
Less: Deposits pledged	<u>(6,122,842)</u>	<u>(22,057,243)</u>
	<u>5,138,280</u>	<u>28,197,359</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 30 JUNE 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

A first and final single tier dividend of 4.5 sen per ordinary share for the financial year ended 31 December 2016 was approved by shareholders during Annual General Meeting on 16 March 2017 and paid on 27 April 2017.

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.



9. Segmental Information

	Property development RM	Quarrying and road paving RM	Construction RM	Operation of golf resort and hotel RM	Total reportable segments RM	Other non- reportable segments RM	Elimination RM	Consolidated RM
6 months ended 30 June 2017								
Revenue								
External sales	53,430,438	51,453,949	34,135,728	2,899,245	141,919,360	894,481	-	142,813,841
Inter-segment sales	65,985	-	46,015,725	65,245	46,146,955	17,816,440	(63,963,395)	-
Total revenue	<u>53,496,423</u>	<u>51,453,949</u>	<u>80,151,453</u>	<u>2,964,490</u>	<u>188,066,315</u>	<u>18,710,921</u>	<u>(63,963,395)</u>	<u>142,813,841</u>
Segment profit/(loss)	(416,374)	6,524,493	335,275	(2,078,988)	4,364,406	9,026,592	(12,453,460)	937,538
	RM	RM	RM	RM	RM	RM	RM	RM
3 months ended 30 June 2017								
Revenue								
External sales	23,111,787	34,049,611	19,800,589	1,543,554	78,505,541	441,136	-	78,946,677
Inter-segment sales	32,992	-	21,804,762	59,245	21,896,999	908,220	(22,805,219)	-
Total revenue	<u>23,144,779</u>	<u>34,049,611</u>	<u>41,605,351</u>	<u>1,602,799</u>	<u>100,402,540</u>	<u>1,349,356</u>	<u>(22,805,219)</u>	<u>78,946,677</u>
Segment profit/(loss)	(562,481)	4,485,618	119,167	(1,170,841)	2,871,463	(3,589,029)	1,273,271	555,705



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 30 June		6 month ended 30 June	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income	(233,336)	(5,411,361)	(517,383)	(10,817,260)
Other income including investment income	(943,179)	(7,78,759)	(1,780,177)	(1,323,992)
Depreciation and amortization:				
-property, plant and equipment	2,141,076	1,734,091	4,291,376	3,407,375
Property, plant and equipment written off	-	7,305	-	7,305
Gain on disposal of:				
-property, plant and equipment	-	(46,292)	-	(47,192)
Reversal of impairment:				
-trade receivables	(40,000)	(205,202)	(80,000)	(290,202)
Interest expense	866,360	3,885,209	1,609,391	6,918,513

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 RM11,108,470 during the quarter under review.

There were no impairment nor reversal of such impairment during the current six 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 30 June 2017 are as follows:

	RM
Approved and contracted for	16,200,851
Approved but not contracted for	8,127,814

14. Changes in Contingent Liabilities

As at 30 June 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

	6 months ended 30.06.2017 RM
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	322,167
Estate agency fee charged by a related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	96,183
Revenue from oil palm from related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	1,090,580
Property management paid to a related company, Darulaman Asset Sdn. Bhd	22,000
Insurance paid to a related company, KSDC Insurance Brokers Sdn. Bhd.	1,059,363
	3,123,157



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 second quarter ended 30 June 2017, the Group recorded revenue of RM78.5 million. The revenue increased by RM9.7 million or 14% compared to RM68.8 million achieved in the same corresponding period of last year. The Group's Profit Before Tax of RM0.5 million was lower by RM3.1 million or 85% compared to the same corresponding period of last year.

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

Performance of the operating business segments for the quarter ended 30 June 2017 compared to the previous year's corresponding quarter are as follows:

Property Division

The Property Division contributed RM23.1 million to Group revenue compared to previous year corresponding quarter of RM43.7 million, a decrease of 47%. The decrease in revenue for the period was mainly due to lower recognition of its on-going medium cost to high-end residential projects at Bandar Darulaman and Darulaman Perdana since most of the projects are nearing its completion. Bulk of the revenue for the period contributed by low cost housing in Bandar Darulaman which bear lower sales and margin.

Similarly, profit contribution decreased by RM0.8 million compared to the previous year's corresponding period arising from the lower revenue base.

Road and Quarry Division

This Division contributed RM34 million to Group revenue compared to RM20.4 million previously, an increase of 67%. The increase in revenue was due to early commencement of the existing state road maintenance project.

Similarly, the profit contribution increased from RM3.9 million in second quarter 2016 to RM4.5 million in same quarter this year due to the higher revenue base.

Construction Division

The Construction Division contributed RM19.8 million to Group revenue compared to RM3.7 million previously. This was mainly due to higher external projects like SADA water



treatment plant and PPR Ayer Hitam project undertaken in quarter under review 2017, as compared to the previous year corresponding quarter.

The profit contribution from this division 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.

b) Current financial year to date against the previous year corresponding period

For the current financial year to date, the Group recorded revenue of RM142.8 million compared to RM115.5 million in the same corresponding period of last year representing an increase of 24%. However, Group profit decreased by 86% to RM0.9 million compared to RM6.9 million last year.

Road and Quarry Division recorded 77% higher revenue of RM51.5 million compared to RM29.1 million in the previous year. It was mainly due to early commencement of the state road maintenance project. Similarly, profit contribution increased from RM5.5 million in 2016 to RM6.5 million in the same period this year due to the higher revenue.

The Construction Division contributed higher revenue of RM34.1 million compared to RM5.7 million in 2016, mainly due to SADA water treatment plant and PPR Ayer Hitam project. However, the Division recorded lower profit of RM0.3 million compared to RM8 million in 2016, due to loss of interest income from KUIN project financing arising from the early settlement.

The Property Division recorded lower revenue of RM53.4 million compared to RM77.8 million in 2016 due to lower recognition of its on-going medium cost to high-end residential projects at Bandar Darulaman and Darulaman Perdana since most of the projects are nearing its completion. Bulk of the revenue for the period contributed by low cost housing in Bandar Darulaman which bear lower sales and margin. The Division recorded loss of RM0.4 million for the period compared to the profit RM1.6 million in 2016, mainly due to the lower sales.

18. Variation of Results against Preceding Quarter

	Current quarter ended 30 June 2017 RM	Preceding quarter ended 31 March 2017 RM
Revenue	142,813,841	63,867,164
Profit Before Taxation	937,538	381,832

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 adequate land bank and projects in hand to provide sustainable revenue.

The Property Division should be able to maintain its contribution from 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 has launched its pocket development project in Kuala Kangsar.

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 provide additional capacity of 150,000 metric tonnes of premix annually. 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 housing scheme under Kementerian Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan 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 stipulated time, budget and quality.

20. Variance from Profit Forecast or Profit Guarantee

Not applicable for the financial period ended 30 June 2017.

21. Income Tax Expense

	6 months ended 30 June 2017 RM	6 months ended 30 June 2016 RM
Malaysian income tax	242,530	2,010,877

The Group's effective tax rate for the current period is approximately 26%.



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 30 June 2017 were as follows:

	Short-term RM	Long-term RM
Term loans	18,803,750	77,338,855
Bank Acceptance	2,948,422	-
Hire Purchase	2,783,524	5,674,105
Revolving Credit	37,300,000	-
Bank overdraft	25,236,892	-
TOTAL	87,072,588	83,012,960

24. Material Litigation

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

25. Dividends Payable

No interim dividend has been declared during the quarter ended 30 June 2017.

26. Earnings Per Share

a. Basic earnings per share

	6 months ended 30.06.2017 RM	6 months ended 30.06.2016 RM
Profit attributable to owners of the Company	937,538	4,928,138
Number of ordinary shares in issue	303,854,977	303,854,977
Basic earnings per share (sen)	0.23	1.62



b. Diluted earnings per share

Not applicable.

27. Disclosure of Realised and Unrealised Retained Earnings

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Total retained earnings of the Company and subsidiaries:		
-Realised	184,285	202,404
-Unrealised	1,056	1,056
- Adjustment	5,591	430
Total retained earnings	190,932	203,890

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 1st August 2017.