



# INTERIM FINANCIAL STATEMENTS

*- For The Quarter Ended  
31<sup>st</sup> March 2020 -*

## 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 MFRS 134</i>	<i>5-9</i>
<i>Explanatory notes pursuant to Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Berhad</i>	<i>10-15</i>



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2020**  
(The figures have not been audited)

	Note	3 months ended 31 March	
		2020 RM'000	2019 RM'000
<b>Continuing Operations</b>			
Revenue	9	46,221	39,685
Cost of sales		(36,664)	(36,236)
<b>Gross profit</b>		<u>9,557</u>	<u>3,450</u>
Selling & Marketing expenses		(431)	(718)
Administrative expenses		(6,804)	(6,750)
Other operating income	10	548	746
Other operating expenses		(1)	(1)
<b>Result from operating activities</b>		<u>2,869</u>	<u>(3,272)</u>
Finance cost	10	(2,319)	(2,238)
<b>Profit / (Loss) before taxation</b>	10	<u>550</u>	<u>(5,510)</u>
Tax expense	21	(132)	(338)
<b>Profit / (Loss) and total comprehensive income/(expenses) for the period</b>		<u><u>418</u></u>	<u><u>(5,848)</u></u>
<b>Profit / (Loss) and total comprehensive income/(expenses) for the period attributable to :</b>			
Owners of the Company		418	(5,848)
Non-controlling interests		-	-
<b>Profit / (Loss) and total comprehensive income/(expenses) for the period</b>		<u><u>418</u></u>	<u><u>(5,848)</u></u>
<b>Basic earnings / (loss) per ordinary share (sen)</b>	26	0.14	(1.92)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

(The figures have not been audited)

	Note	31.03.2020 RM'000	31.12.2019 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	86,837	87,625
Investment properties		61,287	61,287
Other investments		135	135
Inventories		<u>323,544</u>	<u>326,913</u>
		<u>471,803</u>	<u>475,960</u>
<b>Current assets</b>			
Inventories		70,385	69,318
Contract assets		33,044	17,196
Contract costs		246	232
Trade and other receivables		68,957	80,072
Current tax assets		3,223	2,956
Other Investments		5,855	2,653
Deposits with licensed banks		15,847	18,475
Cash and bank balances		<u>46,032</u>	<u>57,133</u>
		<u>243,590</u>	<u>248,035</u>
Assets classified as held for sale		21,632	21,632
<b>Total assets</b>		<u><u>737,025</u></u>	<u><u>745,627</u></u>
<b>Current liabilities</b>			
Trade and other payables		139,157	139,955
Contract Liabilities		3,300	10,191
Loans and borrowings	23	<u>76,964</u>	<u>102,444</u>
		<u>219,421</u>	<u>252,590</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		234	507
Loans and borrowings	23	<u>53,583</u>	<u>29,159</u>
		<u>53,817</u>	<u>29,666</u>
<b>Total liabilities</b>		<u>273,238</u>	<u>282,258</u>
Share capital		331,020	331,020
Retained earnings		<u>132,767</u>	<u>132,349</u>
<b>Total equity</b>		<u>463,787</u>	<u>463,369</u>
<b>Total equity and liabilities</b>		<u><u>737,025</u></u>	<u><u>745,627</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 2019 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2020**  
(The figures have not been audited)

	<-----Attributable to owners of the company----->			Non- controlling interests RM'000	Total equity RM'000
	Non-Distributable	Distributable	Total		
	Share capital RM'000	Retained earnings RM'000	RM'000		
As at 1 January 2019	331,020	127,641	458,661	-	458,661
Total comprehensive loss	-	(5,848)	(5,848)	-	(5,848)
As at 31 March 2019	<u>331,020</u>	<u>121,793</u>	<u>452,812</u>	-	<u>452,812</u>
As at 1 January 2020	331,020	132,349	463,369	-	463,369
Total comprehensive income	-	418	418	-	418
As at 31 March 2020	<u>331,020</u>	<u>132,766</u>	<u>463,785</u>	-	<u>463,786</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 31 MARCH 2020  
(The figures have not been audited)**

	<b>Cumulative Quarter</b>	
	<b>Current Period Ended 31-Mar-20 RM'000</b>	<b>Preceding Period Ended 31-Mar-19 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit / (Loss) before taxation	550	(5,510)
Adjustments for:		
Non-cash items	2,044	2,512
Non operating items	1,168	876
Operating profit / (loss) before working capital changes	3,761	(2,122)
Changes in working Capital:		
Contract assets	(5,759)	(7,005)
Contract costs	67	47
Contract liabilities	(7,503)	(659)
Trade and other receivables	8,181	16,400
Inventories	2,710	3,747
Trade and other payables	17,349	(31,793)
Cash generated from / (used in) operations	18,808	(21,387)
Interest paid	(1,334)	(1,269)
Taxes (paid) / refund	(560)	1,669
Net cash provided by / (used in) operating activities	16,914	(20,987)
<b>Cash flows from investing activities</b>		
Acquisition of investment properties	-	(2,077)
Purchase of property, plant and equipment	(973)	(1,183)
Proceeds / (Purchase) from other investment	(2,931)	9,991
Interest received	159	387
Net cash provided from / (used in) investing activities	(3,745)	7,118
<b>Cash flows from financing activities</b>		
Drawdown of bankers' acceptance	-	2,099
Drawdown of term loan	36,718	20,000
Repayment of term loan	(61,113)	(25,953)
Repayment of revolving credit	(1,000)	-
Placement of pledged deposit	240	240
Net changes in finance lease creditors	(22)	(136)
Net cash used in financing activities	(25,178)	(3,750)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(12,008)	(17,619)
<b>Cash and cash equivalents at beginning of the period</b>	53,504	29,287
<b>Cash and cash equivalents at end of the period</b>	41,495	11,668
<b>Cash and cash equivalents comprise of the followings:</b>		
Cash and bank balances	46,032	19,132
Fixed deposit	15,847	17,618
Overdraft	(12,741)	(18,677)
	49,139	18,073
Less: Deposits pledged	(7,644)	(6,405)
	41,495	11,668

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2020

### Part A – Explanatory Notes Pursuant to MFRS 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 MFRS 9 Financial Instruments: Recognition and Measurement.

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. 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 2019.

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

#### 2. Significant Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2019 except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:

Amendments to MFRS 3, Business Combinations - Definition of a Business

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform

The adoption of the above MFRSs does not have significant financial impact to the Group.



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

The auditors' report on the financial statements for the year ended 31 December 2019 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**

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

### **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.



## 9. Segmental Information

	Property Development RM'000	Road building and Quarry RM'000	Engineering and Construction RM'000	Leisure and Hospitality RM'000	Other reportable segments RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
<b>3 months ended 31 March 2020</b>								
<b>Revenue</b>								
External sales	28,971	6,577	9,125	1,328	220	46,221	-	46,221
Inter-segment sales	58	-	144	6	908	1,116	(1,116)	-
Total revenue	<u>29,029</u>	<u>6,577</u>	<u>9,269</u>	<u>1,334</u>	<u>1,128</u>	<u>47,337</u>	<u>(1,116)</u>	<u>46,221</u>
<b>Segment profit/(loss)</b>	(201)	206	3,018	(1,181)	(1,476)	367	183	550





## 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	
	2020 RM'000	2019 RM'000
<b><i>After charging:</i></b>		
Depreciation and amortization:		
-property, plant and equipment	2,045	2,524
Property, plant and equipment written off	1	11
Interest expense	2,319	2,238
Rental expense	148	62
Impairment loss on:		
- trade receivables	-	-
- property, plant and equipment	-	-
<b><i>After crediting:</i></b>		
Changes in fair value of investment properties	-	-
Gain on disposal of:		
-property, plant and equipment	-	(1)
Reversal of impairment:		
-trade receivables	-	-
Interest income	(165)	(399)
Other income including rental and investment income	(383)	(347)

## 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 RM 973,113 during the quarter under review.

There were no impairment loss on property, plant and equipment during the current quarter period.



### 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 2020 are as follows:

	<u>RM'000</u>
Approved and contracted for	<u>452</u>

### 14. Changes in Contingent Liabilities

As at 31 March 2020, the Group does not have any material 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 31.03.2020 RM'000</b>
Rental of quarry land to ultimate holding corporation	-
Tributes charged by the ultimate holding corporation	72
Estate agency fee charged by a related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	16
Revenue from oil palm from related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	225
Property management paid to a related company, Darulaman Asset Sdn. Bhd	3
Insurance paid to a related company, KSDC Insurance Brokers Sdn. Bhd.	322
	<u><b>638</b></u>

All related parties transactions had been entered into in the normal course of business and were carried out on normal commercial terms.



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

### 17. Performance Review

#### **Current quarter vs previous year corresponding quarter**

The Group posted revenue of RM46.2 million for the first quarter ended 31 March 2020. The revenue increased by 16% compared to RM39.7 million achieved in the same corresponding period of last year. The Group recorded profit before tax of RM0.5 million as compared to loss before tax of RM5.5 million in the previous year.

The Property Division contributed higher revenue of RM29.0 million to the Group compared to RM17.6 million previously. The division recorded lower loss before tax of RM0.2 million compared to RM3.8 million in the previous year. The improved performance was due to higher sales to clear its existing stocks as well as steady construction progress in Bandar Darulaman and Bandar Sejahtera townships.

Road Building and Quarry Division posted higher revenue of RM6.6 million in the current quarter of 2020 compared to RM4.4 million in the same corresponding quarter of last year mainly due to higher sales of premix products and road maintenance activities. Similarly, the division posted profit before tax of RM0.2 million compared to loss before tax RM1.7 million last year due to lower bitumen cost and improved cost management.

Engineering and Construction Division recorded lower revenue of RM9.1 million for the quarter compared to RM13.9 million in the same corresponding period of last year due to lower contribution from its external projects. The division posted higher profit before tax of RM3.0 million compared to RM1.4 million last year due to saving on its completed projects. Project Perumahan Rakyat (PPR) Ayer Hitam was completed last year 111 days ahead of schedule. The division is now focusing on Non-revenue water project in Perlis.

Leisure and Hospitality Division recorded lower revenue of RM1.3 million for current quarter under review compared to RM2.2 million in the same corresponding quarter of last year. The division has been impacted by the constraints of the Control Movement Order as announced by the Government as measures to mitigate the impact of Covid-19 pandemic.

Accordingly, the division recorded higher loss before tax of RM1.2 million in the current quarter compared to RM0.8 million in the previous year.



## 18. Variation of Results against Preceding Quarter

	Current quarter ended 31 March 2020 RM'000	Preceding quarter ended 31 December 2019 RM'000
Revenue	46,221	110,507
Profit / (Loss) Before Taxation	550	19,064

Lower revenue and profit in the current quarter as compared to the preceding quarter is mainly contributed by Property Division. Included in the preceding quarter profit was a gain from land disposal.

## 19. Prospects for the current financial year

The global economy experienced a sharp moderation in the first quarter of 2020. The rapid spread of the COVID-19 virus resulted in the introduction of lockdown and social distancing measures in many major economies.

The IMF projects global growth in 2020 to be -3.0%, the weakest since the Great Depression. A recovery in 2021 is expected, conditional on the gradual dissipation of the COVID-19 pandemic in the second half of 2020, as well as its successful containment by end-2020.

The Malaysian economy registered a lower growth of 0.7% in the first quarter of 2020. At 0.7%, this was the lowest growth since 3Q 2009 (-1.1%), reflecting the early impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic, including the introduction of the Movement Control Order (MCO) in Malaysia.

According to Bank Negara Malaysia, the Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. As these containment measures are eased and the domestic MCO is lifted, economic activity is expected to gradually improve in second half of the year.

The sizeable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in the second half of 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

Limited business operations to only essential sectors and restriction and closure of non-essential property, construction and quarry businesses is expected to impact the Group's profitability in second quarter of 2020. The Group will strive to remain vigilant during this temporary challenging time and focus on business continuity.



As part of fostering Kedah state's economic growth, the government is planning several infrastructure projects namely Kulim International Airport, Bukit Kayu Hitam special border economic zone and a new highway linking Sungai Petani and Bandar Baharu. There is a strong likelihood that the group will benefit from any of the upcoming Federal and Kedah state-linked initiatives. This will help BDB to replenish its construction order book and improve its earning visibility

The Group's Engineering and Construction Division will continue to be ready to tap into any suitable opportunities on offer in the sector and placing greater emphasis on seeking infrastructure projects. This will ensure that the Group has a steady pipeline of contracts to sustain its business over many years. Recently the division secured non-revenue water project in Perlis worth RM40 million awarded by the Federal Government through successful bidding.

Road Building and Quarry Division is expected to consistently contribute to the Group's revenue and profit. Road Building 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. On 9 March 2020, BDB Infra Sdn Bhd secured a new 3-year road maintenance works across the state of Kedah valued at RM210 million. The division will continue to pursue routine highway maintenance and upgrading works from highway concessionaires and also road pavement works from private sectors.

The Property division will be focusing to reduce its property inventory levels through aggressive marketing and en-bloc sales and at the same time prioritizing affordable residential projects launches.

The market for the Leisure and Hospitality Division is expected to remain challenging due to adverse business conditions caused by the Covid-19 containment measures.

Moving forward, the Group is also exploring recurring income projects which may provide sustainable income to the Group in the middle to long term period.

## **20. Variance from Profit Forecast or Profit Guarantee**

Not applicable for the financial period ended 31 March 2020.



## 21. Income Tax Expense

	3 months ended 31 March 2020 RM'000	3 months ended 31 March 2019 RM'000
Malaysian income tax	132	338

Income tax expenses for the previous year was provided for profitable companies within the Group.

## 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 2020 were as follows:

	Short-term RM'000	Long-term RM'000
Term loans	19,261	52,308
Bankers' Acceptance	2,818	-
Hire Purchase	1,644	1,275
Revolving Credit	40,500	-
Bank overdraft	12,741	-
<b>TOTAL</b>	<b>76,964</b>	<b>53,583</b>

## 24. Material Litigation

There is no pending material litigation since the last annual balance sheet date of 31 December 2019.

## 25. Dividends Payable

No interim dividend has been declared during quarter ended 31 March 2020.



## 26. Earnings / (Loss) Per Share

### a. Basic earnings / (loss) per share

	3 months ended 31.03.2020 RM'000	3 months ended 31.03.2019 RM'000
Profit / (Loss) attributable to owners of the Company	418	(5,848)
Number of ordinary shares in issue	303,855	303,855
Basic earnings / (loss) per share (sen)	0.14	(1.92)

### b. Diluted earnings per share

Not applicable.

## 27. 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 19 June 2020.