

ANNUAL REPORT **2012**



Founded with **Pride**

Built with **Substance**

Growth with **Responsibility**

Future with **Optimism**

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## Our People, Our Wealth



## Cover Rationale

Bina Darulaman is built on four core principles:  
Founded with Pride, Built with Substance, Growth with Responsibility and Future with Optimism.

The cover design reflects these principles, which will remain relevant for a long time in their abstract form.

## Our Vision

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To be a proud partner of the Government in its efforts towards realizing developed status by effectively contributing through township development, infrastructure, construction and tourism.

## Our Mission

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To be recognised as a conglomerate committed to discharging its obligations as a corporate citizen.

## Our Objectives

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- To maximize returns to shareholders by maximizing 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 realize 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.

# Our Core Principles



Founded with Pride

Built with Substance

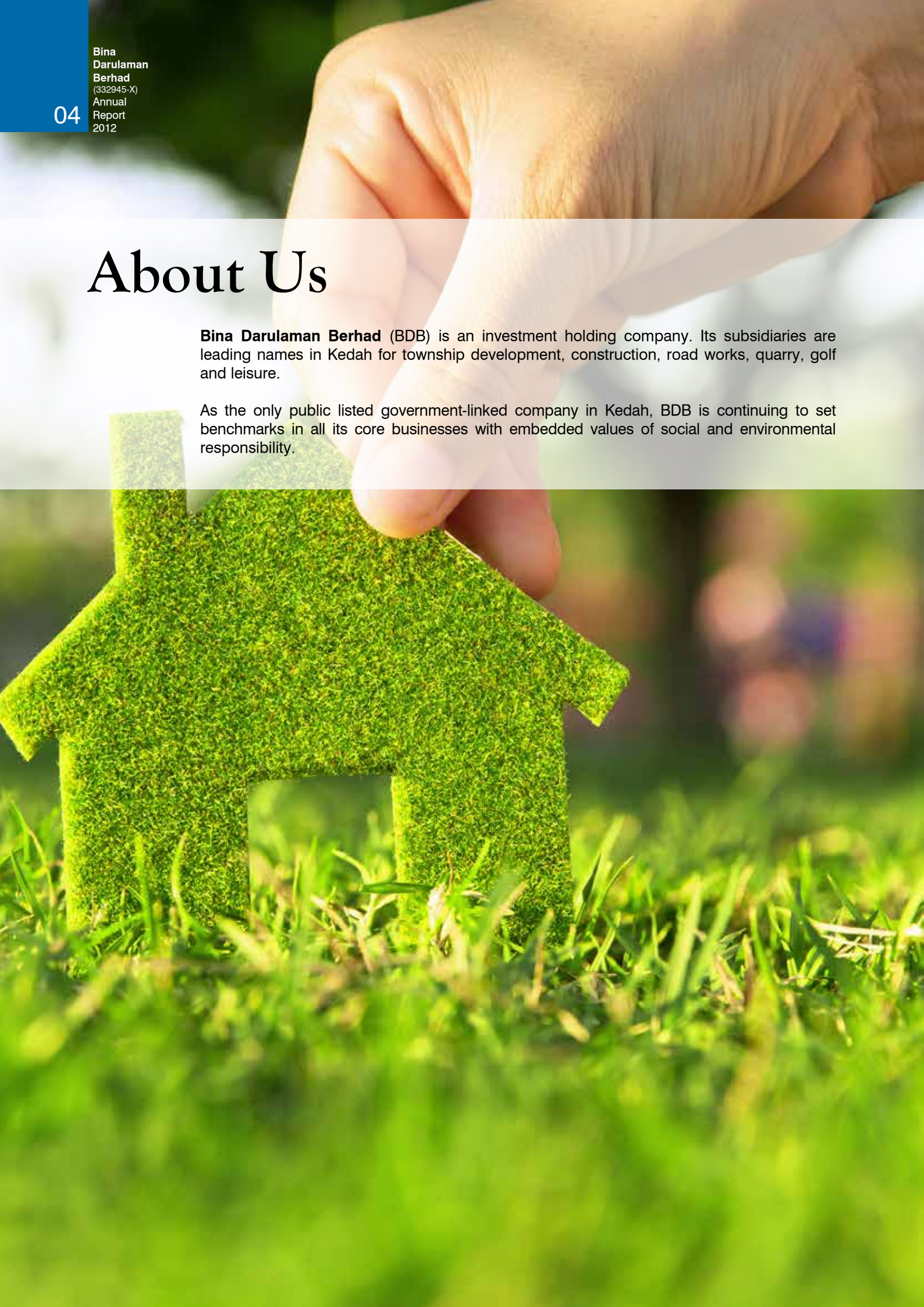
Growth with Responsibility

Future with Optimism

# About Us

**Bina Darulaman Berhad** (BDB) is an investment holding company. Its subsidiaries are leading names in Kedah for township development, construction, road works, quarry, golf and leisure.

As the only public listed government-linked company in Kedah, BDB is continuing to set benchmarks in all its core businesses with embedded values of social and environmental responsibility.



## Engineering & Construction

### KEDAH SATO

SDN BHD

**KEDAH SATO SDN. BHD.** has a track record that spans more than 30 years. From infrastructure facilities, civil works, water supply and treatment plants, pipelines, dam and reservoirs, airport buildings and runways, to bridges in Kedah, the company has successfully completed projects totalling more than RM1 billion since 1982.

As a testimony to its capabilities, Kedah Sato Sdn. Bhd. was entrusted by the Kedah State Government to design, build and finance the permanent campus of Kolej Universiti Insaniah (KUIN) in Kuala Ketil. Completed well ahead of schedule, the official opening of KUIN by Seri Paduka Baginda Yang DiPertuan Agong was held on 29<sup>th</sup> January 2013.

## Township & Property Development

### DARULAMAN REALTY

SDN BHD

**DARULAMAN REALTY SDN. BHD.** established in 1983, is a leading name in Kedah for township development. It pioneered Bandar Darulaman in Jitra as a self contained satellite town of the city of Alor Setar in 1984. In 2004 Darulaman Perdana was launched in Sungai Petani as a premier location for quality homes. In 1999 Darulaman Utama was conceived to bring large scale development to Kuala Ketil in the district of Baling.

Many other new development and townships are in the pipeline to ensure sustainability of contribution of quality homes to society and towards Group income and revenue.

### KEDAH HOLDINGS

SDN BHD

**KEDAH HOLDINGS SDN. BHD.** is another subsidiary specializing in property development and property investment. Its focus is in the construction of high end residential and commercial properties.

## Road Building & Quarrying

### BINA & KUARI

(K) SDN BHD

**BINA & KUARI (K) SDN. BHD.** has nearly 40 years' experience in road construction, Bina & Kuari (K) Sdn. Bhd. is a Class A contractor that is recognized as one of the most reputable contractors for road works in Northern Malaysia.

The Company has completed many landmark projects such as TEKIH (Trans Eastern Kedah Interland Highway), the North-South Expressway (Tikam Batu and Bukit Kayu Hitam stretch) and many roads and bridges in Kedah Darul Aman and neighbouring states.

It is currently involved in the pavement work at North South Expressway to the Second Penang Bridge, major state roads maintenance and upgrading of stretches of the North South expressway.

### BDB QUARRY

SDN BHD

**BDB QUARRY SDN. BHD.** is the operator of the 240 acres granite quarry situated in Bukit Perak, Pendang, Kedah Darul Aman. It is involved in the development and operations of this quarry which has an annual capacity of 1.8 million tonnes of aggregates and 600,000 tonnes of premix.

## Tourism & Hospitality

### DARULAMAN GOLF RESORT

BERHAD

**DARULAMAN GOLF RESORT BERHAD** owns and manages by Darulaman Golf and Country Club (DGCC) which is home to a sprawling international standard 18-hole golf course.

The Club also provides a wide range of facilities like swimming pool, badminton courts, gymnasium, conference facilities, F&B outlets, chalets, equestrian park, theme park and spa. DGCC is aptly described as the "Pride of the North" for being the only club with a full range of leisure, sporting and accommodation facilities.

### BDB HOTELS

SDN BHD

**BDB HOTELS SDN. BHD.** overlooks the picturesque 18-hole golf course and offers 115 suites and chalets. The hotel is also ideal for business meetings and has a conference hall that can accommodate 300 delegates.

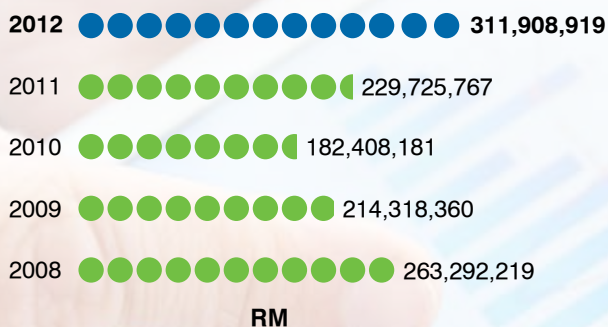
Guests can relax in the surroundings of a natural wetland and enjoy activities like canoeing, horseback riding, golfing and other recreation facilities shared with its sister company, Darulaman Golf Resort Berhad.

## Five Years Group Financial Highlights

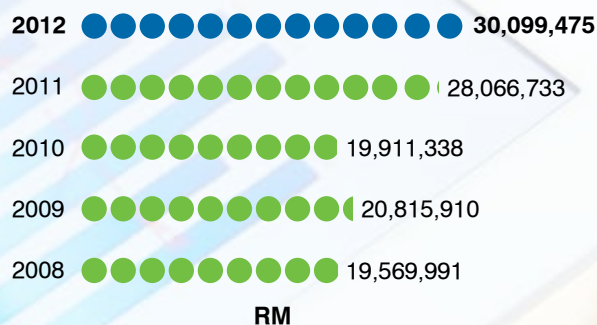
YEAR	2008	2009*	2010	2011	2012
	RM	RM	RM	RM	RM
Revenue	263,292,219	214,318,360	182,408,181	229,725,767	<b>311,908,919</b>
Profit Before Taxation	19,569,991	20,815,910	19,911,338	28,066,733	<b>30,099,475</b>
Net Profit	14,960,802	14,724,979	13,652,899	19,547,043	<b>21,680,042</b>
Share Capital	66,196,256	66,196,256	72,815,856	72,815,856	<b>72,815,856</b>
Earnings Per Share (sen)	22.60	22.25	19.66	26.85	<b>29.78</b>
Shareholders' Funds	185,189,580	197,664,771	215,642,410	231,410,727	<b>249,183,545</b>
Net Tangible Assets Per Share (RM)	2.79	2.98	2.96	3.18	<b>3.42</b>
Dividend Per Share (sen)	5	7	7	7	<b>7</b>
Dividend Payment (net)	2,482,360	3,475,303	3,822,833	3,913,852	<b>5,097,110</b>

\* Restated

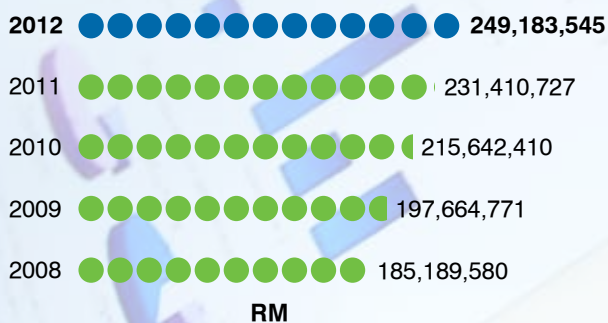
### Revenue



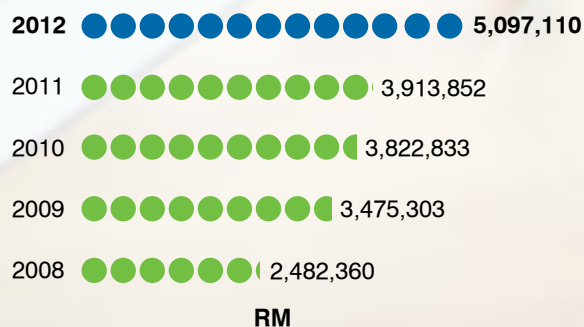
### Profit Before Taxation



### Shareholders' Funds



### Dividend Payment (net)



## Notice of 18<sup>th</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 18<sup>th</sup> Annual General Meeting of Bina Darulaman Berhad (“the Company”) will be held on Thursday, 23<sup>rd</sup> May 2013 at 11.00 a.m at Dewan Damai, Darulaman Suites, Lot 888, Bandar Darulaman, 06000 Jitra, Kedah Darul Aman to transact the following businesses:-

### AGENDA

#### As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31<sup>st</sup> December 2012 together with the Reports of the Directors and Auditors thereon. **(See Note 1)**
2. To approve a first and final single tier dividend of 7 sen per ordinary share in respect of the financial year ended 31<sup>st</sup> December 2012. **(Resolution 1)**
3. To approve the payment of Directors’ Fee for the financial year ended 31<sup>st</sup> December 2012. **(Resolution 2)**
4. To pass the following resolution pursuant to Section 129(6) of the Companies Act 1965:  
  
“Dato’ Paduka Hj. Mohd Saad bin Endut who is over the age of seventy (70) years be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company”. **(Resolution 3)**
5. To re-elect the following Directors retiring pursuant to Article 86(i) of the Company’s Articles of Association and who, being eligible, offer themselves for re-election.
  - i. Dato’ Dr. Ab. Wahab bin Ismail **(Resolution 4)**
  - ii. Ir. Hj. Zamri bin Yusuf **(Resolution 5)**
  - iii. Dato’ Jahubar Sathik bin Abdul Razak **(Resolution 6)**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business of which due notice shall have been received.

### NOTICE OF DIVIDEND PAYMENT AND BOOK CLOSURE

**NOTICE IS HEREBY GIVEN THAT**, a first and final single tier dividend of 7 sen per ordinary share in respect of the financial year ended 31<sup>st</sup> December 2012, if approved by the shareholders, will be paid on 11<sup>th</sup> July 2013 to Depositors whose names appear in the Record of Depositors on 12<sup>th</sup> June 2013.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a) Shares transferred into the Depositor’s Securities Account before 4.00 p.m on 12<sup>th</sup> June 2013 in respect of ordinary transfer; and
- b) Shares bought on the Bursa Malaysia Securities Berhad (Bursa Malaysia) on a cum entitlement basis according to the Rules of the Bursa Malaysia.

By Order of the Board,

**KHAIRULMUNA BT ABD GHANI**  
(LS 0008190)  
Company Secretary  
Alor Setar, Kedah

29<sup>th</sup> April 2013

## Notice of 18<sup>th</sup> Annual General Meeting

### Notes

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. 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 this meeting or at any adjournment thereof.
4. For the purpose of determining who shall be entitled to attend this meeting the Company shall be requesting the 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 Articles of Association and Main Market Listing Requirements.

### **EXPLANATORY NOTES ON ORDINARY BUSINESS :**

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2012  

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of Shareholders is not required pursuant to the provision of section 169(1) of the Companies Act 1965. Hence this Agenda is not put forward for voting by Shareholders of the Company.
2. Directors who are standing for re-election or re-appointment at the 18th Annual General Meeting of the Company are as follows:
  - a. Dato' Paduka Hj. Mohd Saad bin Endut, re-appointment pursuant to Section 129(6) of the Companies Act 1965.
  - b. Dato' Dr. Ab. Wahab bin Ismail
  - c. Ir. Hj. Zamri bin Yusuf
  - d. Dato' Jahubar Sathik bin Abdul Razak
3. The profiles of the Directors who are standing for re-election or re-appointment are set out on pages 10 to 11 and 14 to 15 of the Annual Report.

## Financial Calendar



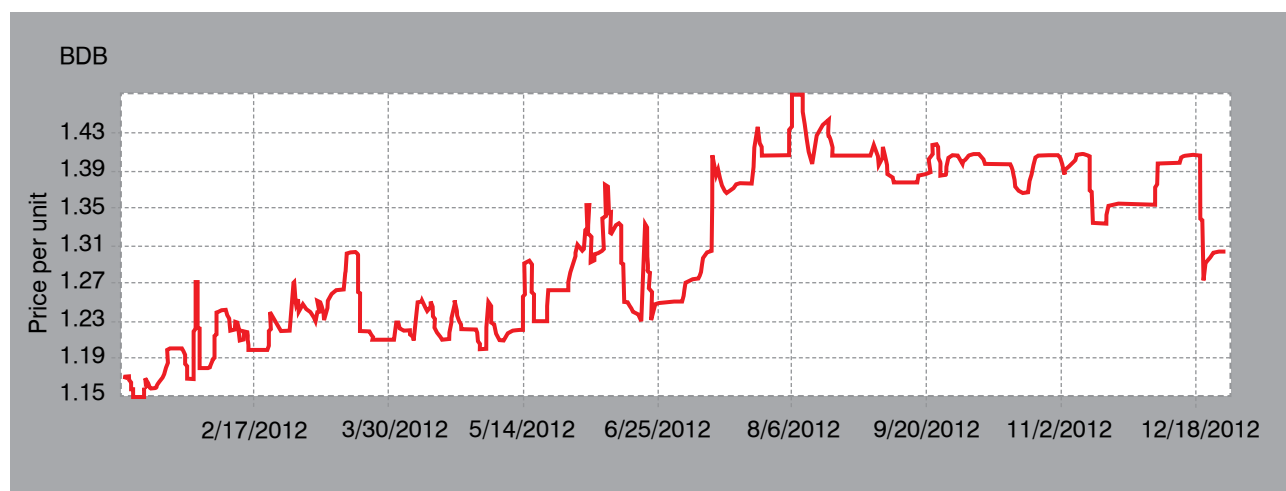
## Share Price Movement

### BINA DARULAMAN BERHAD

Symbol & Code : BDB (6173)

Board : Main

Industry : CONSTRUCTION



**Highest price** during this period is 1.55 on 26-Jul-2012  
**Lowest price** during this period is 1.15 on 4-Jan-2012  
**Highest volume** during this period is 3,088 on 3-Feb-2012

## Profile of Directors



**DATO' PADUKA HJ. MOHD SAAD BIN ENDUT**  
Chairman  
Non-Independent Non-Executive Director

**DATE OF APPOINTMENT**  
July 1, 2001

**AGE**  
76 years

**QUALIFICATION**  
Bachelor of Arts  
Majoring in Economic  
University of Sydney, Australia

Dato' Paduka Hj. Mohd Saad bin Endut had 30 illustrious years with Kedah Civil Service having served the State Government in 1962 upon graduating. During the span of 30 years, Dato' Paduka Hj. Mohd Saad served in various capacities and fields ranging from general and land administration, local council, economic planning and finance. He capped his career in the civil service holding the post of Kedah State Secretary before retiring in 1992.

Dato' Paduka Hj. Mohd Saad attained 75 years of age on 18<sup>th</sup> December 2012 and pursuant to Section 129(2) Companies Act 1965, he retires and he has offered himself for re-appointment as a director of the Company at the forthcoming Annual General Meeting (AGM).

Dato' Paduka Hj. Mohd Saad does not have any family relationship with any other Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten years.

Dato' Paduka Hj. Mohd Saad attended all the eight Board Meetings of the Company held in the financial year ended 31<sup>st</sup> December 2012.

## Profile of Directors

### **DATO' JAHUBAR SATHIK BIN ABDUL RAZAK**

Group Managing Director  
Executive Director

#### **DATE OF APPOINTMENT**

April 3, 2008

#### **AGE**

57 years

#### **QUALIFICATION**

Fellow of the Association of Chartered Certified Accountants (UK)  
Chartered Accountant of the Malaysian Institute of Accountants  
Member of the Malaysian Institute of Certified Public Accountants  
MBA, Ohio University, USA



Dato' Jahubar Sathik bin Abdul Razak commenced his professional life as an audit assistant with an international accounting firm. He then worked for some large Malaysian corporations involved in property development, construction and commercial banking in senior management and CEO positions. The pinnacle of his employment career was when he listed Bina Darulaman Berhad on the main board of the KLSE (now Bursa Malaysia) in 1996.

He then ventured into management and financial consulting during which time he served on the Boards of several private limited companies and a PLC as an Independent Director and Chairman of its Audit Committee.

In April 2008, he was invited to return to Kedah to reassume the position of GMD of Bina Darulaman Berhad. Currently he also sits on the EXCO and Audit Committee of Perbadanan Kemajuan Negeri Kedah.

Dato' Sathik 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 ten years.

Dato' Sathik attended all the eight Board Meetings of the Company held in the financial year ended 31<sup>st</sup> December 2012.

## Profile of Directors



**DATO' ABDUL RAHMAN BIN IBRAHIM**  
Non-Independent Non-Executive Director

**DATE OF APPOINTMENT**  
August 23, 2006

**AGE**  
58 years

**QUALIFICATION**  
Bachelor of Economics (Hons), University of Malaya  
MBA, Santa Clara University, USA

Dato' Abdul Rahman started his career as Assistant Economist, Bank Negara Malaysia in 1977 soon after graduating in 1977 and left the bank in 1979 to join Perbadanan Kemajuan Negeri Kedah (PKNK) as Assistant Project Officer. He worked his way up the career ladder in PKNK holding various responsible positions having served as Tourism and Special Project Manager, Business Development Manager, Corporate Planning Manager and General Manager (Operations). He was appointed as Chief Executive Officer of PKNK on 1<sup>st</sup> July 2006 a position which he holds till to date.

Dato' 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 offences within the past ten years.

Dato' Abdul Rahman attended all the eight Board Meetings of the Company held in the financial year ended 31<sup>st</sup> December 2012.

## Profile of Directors

**DATUK MOHD NASIR BIN AHMAD**  
Senior Independent Non-Executive Director

**DATE OF APPOINTMENT**  
February 27, 2009

**AGE**  
58 years

**QUALIFICATION**  
Fellow of the Association of Chartered Certified Accountants (UK)  
Member of the Malaysian Institute of Accountants  
MBA (Finance), Universiti Kebangsaan Malaysia



Datuk Mohd Nasir bin Ahmad was appointed as Chairman of Audit Committee on 27<sup>th</sup> February 2009. In year 2010, Datuk Mohd Nasir was also appointed as Chairman of Risk Management Committee until to date.

He commenced his career in 1979 as a Trainee Accountant rising to Manager in various departments of the Finance Division of Tenaga Nasional Berhad (TNB) before moving to several other corporations. In January 1993 he joined Malaysia Transformer Manufacturing Sdn. Bhd. ("MTM"), a subsidiary of TNB as the Financial Controller / Company Secretary, before being made Chief Executive in June 1994. In January 2000, he joined Syarikat Permodalan Kebangsaan Berhad as its Chief Executive Officer. On 1<sup>st</sup> June 2001 he was appointed as Chief Executive Officer of Perbadanan Usahawan Nasional Berhad, a position he held until his retirement on 1<sup>st</sup> June 2011.

Datuk Mohd Nasir is the current President of the Malaysian Institute of Accountants (MIA), having been elected on 8<sup>th</sup> August 2011 for 2 years. He is also an Independent Non-Executive Director and Chairman of Audit Committee of Bank Perusahaan Kecil & Sederhana Malaysia Berhad and Pelaburan Mara Berhad, besides being on the boards of Universiti Kebangsaan Malaysia, UKM Holdings Sdn. Bhd., UPM Holdings Sdn. Bhd. and a Member of the Energy Commission. He is also an Adjunct Professor with Universiti Putra Malaysia.

Datuk Mohd Nasir 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 ten years.

Datuk Mohd Nasir attended all the eight Board Meetings of the Company for the financial year ended 31<sup>st</sup> December 2012.

## Profile of Directors



**DATO' DR. AB. WAHAB BIN ISMAIL**  
Independent Non-Executive Director

**DATE OF APPOINTMENT**  
June 30, 2008

**AGE**  
58 years

**QUALIFICATION**  
Doctor of Philosophy in Mechanical Engineering (Ph.D)  
University of Leeds, UK

Dato' Dr. Ab. Wahab is an engineer by profession. He started his career as tutor in 1978 at Universiti Kebangsaan Malaysia, Bangi, Selangor and also served as lecturer in the same university in year 1982.

In year 1984 he left the university and joined several prominent corporate companies such as Proton Berhad as Manager, Sapura Holding Sdn. Bhd. with his last post as Group Managing Director of Sapura Motors Berhad (presently known as Sapura Industrial Berhad).

In 1992 he was one of the pioneer members responsible for the development of Ingress Group of Companies and currently he holds the position of Group Executive Advisor as well as member of the Board of Directors of several subsidiary companies of the Ingress Group.

Dato' Dr. Ab. Wahab 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 ten years.

Dato' Dr. Ab. Wahab attended seven out of eight Board Meetings of the Company held in the financial year ended 31<sup>st</sup> December 2012.

## Profile of Directors

**IR. HJ. ZAMRI BIN YUSUF**  
Independent Non-Executive Director

**DATE OF APPOINTMENT**  
June 30, 2008

**AGE**  
47 years

**QUALIFICATION**  
B.SC Civil Engineering  
Marquette University, Milwaukee, Wisconsin, USA



Ir. Hj. Zamri is an engineer by profession. He started his career as a technical engineer with MMC-GTM Bina Sama Sdn. Bhd. He later held positions as Assistant Resident Engineer for Perunding Jurutera Satu Sdn. Bhd., Resident Engineer of HLA Associate Sdn. Bhd. and served as Associate Director (Northern Region) of Adroit Consulting Engineer between 2004 -2007.

He then left the corporate field to be actively involved in politics after being appointed as Ahli Dewan Negara, representing Kedah State from 20<sup>th</sup> May 2008 until 19<sup>th</sup> May 2011. He is currently also a director of state owned company namely Permodalan Kedah Berhad.

Ir. Hj. Zamri 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 ten years.

Ir. Hj. Zamri attended all the eight Board Meetings of the Company held in the financial year ended 31<sup>st</sup> December 2012.

## Profile of Directors



**SR. HJ. CHE HAD BIN DHALI**  
Independent Non-Executive Director

**DATE OF APPOINTMENT**  
April 3, 2008

**AGE**  
47 years

**QUALIFICATION**  
Bachelor of Survey (Hons) Property Management,  
Universiti Teknologi Malaysia (UTM)  
Master Degree in Business Administration,  
University Utara Malaysia (UUM)  
Registered Valuer cum Estate Agents, Chartered Surveyor

Sr. Hj. Che Had bin Dhali is a Registered Valuer, a Registered Estate Agent and a Licensed Auctioneer for the States of Kedah and Perlis. He is also a member of the Royal Institute of Surveyors Malaysia (RISM), the Royal Institute of Chartered Surveyor (RICS), the Association of Valuers & Property Consultants in Private Practice (PEPs) and the Malaysian Institute of Estate Agents (MIEA).

He started his career in the valuation and asset consultancy services with an international company Jones Lang Wootton and another company before joining Jurunilai Bersekutu in 1992. Sr. Hj. Che Had is currently the Registered Valuer cum Estate Agent for the IM Global Property Consultants Sdn. Bhd. and currently stationed in its Kedah's branch.

Sr. Hj. Che Had 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 ten years.

Sr. Hj. Che Had attended six out of eight Board Meetings of the Company held in the financial year ended 31<sup>st</sup> December 2012.

## Corporate Information

### BOARD OF DIRECTORS

**Dato' Paduka Hj. Mohd Saad bin Endut**  
*Chairman*  
*Non-Independent Non-Executive Director*

**Dato' Jahubar Sathik bin Abdul Razak**  
*Group Managing Director*  
*Executive Director*

**Dato' Abdul Rahman bin Ibrahim**  
*Non-Independent Non-Executive Director*

**Datuk Mohd Nasir bin Ahmad**  
*Senior Independent Non-Executive Director*

**Dato' Dr. Ab. Wahab bin Ismail**  
*Independent Non-Executive Director*

**Ir. Hj. Zamri bin Yusuf**  
*Independent Non-Executive Director*

**Sr. Hj. Che Had bin Dhali**  
*Independent Non-Executive Director*

### AUDIT COMMITTEE

**Chairman**  
Datuk Mohd Nasir bin Ahmad

**Members**  
Dato' Abdul Rahman bin Ibrahim  
Ir. Hj. Zamri bin Yusuf  
Sr. Hj. Che Had bin Dhali

### RISK MANAGEMENT COMMITTEE

**Chairman**  
Datuk Mohd Nasir bin Ahmad

**Members**  
Dato' Abdul Rahman bin Ibrahim  
Dato' Dr. Ab. Wahab bin Ismail  
Ir. Hj. Zamri bin Yusuf

### NOMINATION & REMUNERATION COMMITTEE

**Chairman**  
Dato' Abdul Rahman bin Ibrahim

**Members**  
Dato' Jahubar Sathik bin Abdul Razak  
Dato' Dr. Ab. Wahab bin Ismail  
Sr. Hj. Che Had bin Dhali

### COMPANY SECRETARY

Khairulmuna binti Abd Ghani  
LS 0008190  
(Affiliate of MAICSA)

### 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](http://www.bdb.com.my)

### 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

### AUDITORS

**ERNST & YOUNG (Firm No. AF 0039)**  
**Chartered Accountants**  
Level 23A, Menara Millenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel: (03) 7495 8000  
Fax: (03) 2095 9076

### PRINCIPAL BANKS

**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

**Bank Islam Malaysia Berhad**  
Cawangan Alor Setar  
No. 1, Kompleks Perniagaan Utama  
Lebuhraya Sultanah Sambungan  
05150 Alor Setar  
Kedah Darul Aman  
Tel: (04) 733 5126  
Fax: (04) 733 5128

### SOLICITORS

**Messrs Vazeer Akbar Majid & Co.**  
Advocates & Solicitors  
No. 10, Jalan 14/48  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (03) 7877 7000  
Fax: (03) 7877 6677

### STOCK EXCHANGE LISTING

Listed on the Main Board of Bursa Malaysia Securities Berhad since 2<sup>nd</sup> February 1996 (*Sector reclassification to Construction with effect from 29<sup>th</sup> October 2012*)  
*Stock Name: BDB*  
*Stock Code : 6173*

## Senior Management



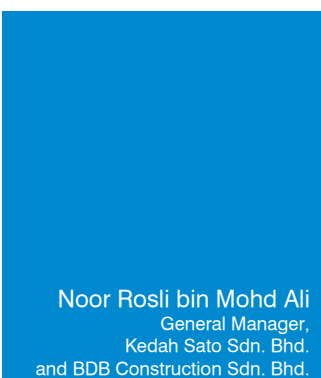
**Group Managing Director**  
Dato' Jahubar Sathik bin Abdul Razak



**Mohd Sobri bin Hussein**  
General Manager,  
Bina & Kuari (K) Sdn. Bhd. and  
BDB Quarry Sdn. Bhd.



**Zainudin bin Hj Zainul**  
General Manager,  
Darulaman Realty Sdn. Bhd. and  
Kedah Holdings Sdn. Bhd.



**Noor Rosli bin Mohd Ali**  
General Manager,  
Kedah Sato Sdn. Bhd.  
and BDB Construction Sdn. Bhd.



**Fakhruzi bin Ahmad**  
Senior Manager,  
Group Finance and Accounts



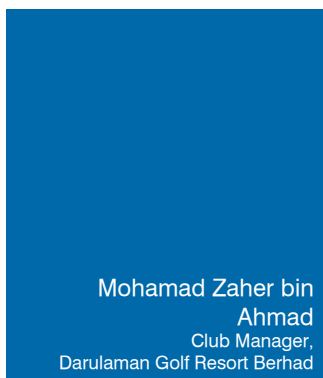
## Senior Management



Khairulmuna binti  
Abd Ghani  
Deputy General Manager/  
Company Secretary,  
Group Corporate Services and  
Legal



Syed Saful Yusri bin  
Syed Ahmad Fuzi  
Shahabuddin  
Manager, Human Resource &  
Administration



Mohamad Zaher bin  
Ahmad  
Club Manager,  
Darulaman Golf Resort Berhad

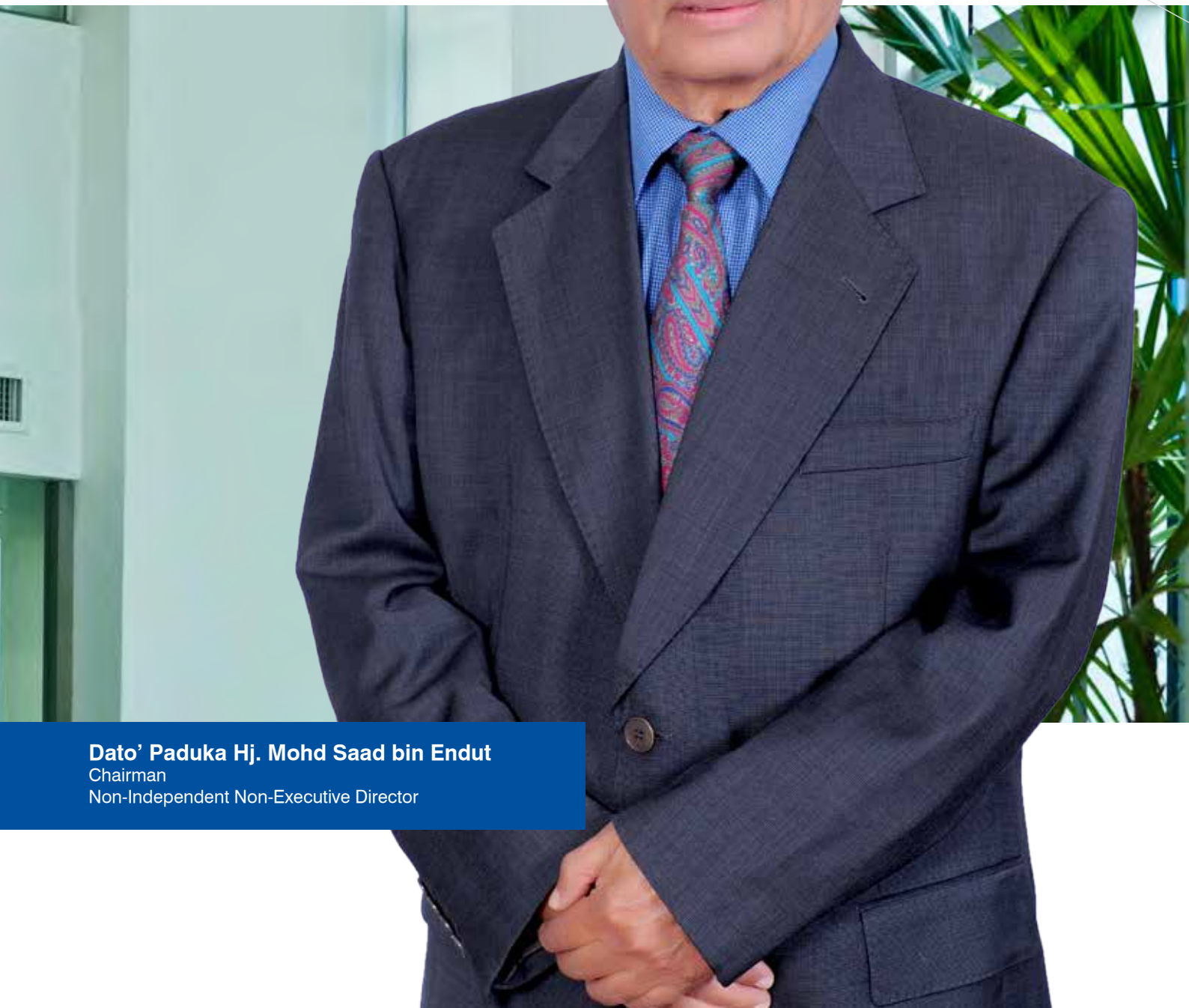


Mohd Azhar bin Ahmad  
Resident Manager,  
BDB Hotels Sdn. Bhd.



Rosman Hadi bin  
Mohamad Sayoti  
Manager,  
Group Corporate Assurance

## Chairman's Statement



**Dato' Paduka Hj. Mohd Saad bin Endut**  
Chairman  
Non-Independent Non-Executive Director

## Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of Bina Darulaman Berhad (BDB), it gives me great pleasure to report that BDB and its subsidiaries (the Group) have delivered a record performance for the financial year ended 31 December 2012.

### BUSINESS ENVIRONMENT

Despite the challenging global economic environment, the Malaysian economy grew at 5.6% in 2012 which is higher compared to the year 2011 which recorded gross domestic product (GDP) of 5.1% (*Bank Negara Malaysia*). Domestic investment and consumption remained robust and were the main drivers of growth during the year.

All sectors registered positive growth with the services, manufacturing and construction sectors continuing to be the key drivers on the supply side. The various Economic Transformation Programmes (ETPs) played a role in boosting the country's economic performance last year as they are said to have created a lot of multiplier effects directly benefiting the construction and its related sectors.

The positive economic trend is expected to continue into the year 2013 with the GDP forecast to grow at 5.6% (*MIER*). The sustained economic growth augurs well for the Country. We look forward to a stable and positive economic and political environment under which we can conduct the affairs of our core businesses profitably and efficiently.

### FINANCIAL HIGHLIGHTS

I am privileged to announce the best Group performance since incorporation in 1995. The Group registered revenue of RM311.9 million for the year under review, an increase of 36% from RM229.7 million posted in 2011. The profit before taxation and the net profit were RM30.1 million and RM21.7 million respectively compared to RM28.1 million and RM19.5 million in the year 2011, an increase of 7% and 11%.

The Construction Division remained the biggest contributor to revenue and profits by contributing RM151.1 million or 48% to revenue and RM17.0 million or 51% to operating profit. This is the Division's highest achievement to date.

The Property Division also delivered its best performance in the year under review due to several successful launches of its products. The Division contributed RM81.6 million or 26% to revenue and RM8.4 million or 26% to operating profit. In 2011, the results were RM50.4 million in revenue and RM6.0 million in operating profit.

The Roads and Quarry Division maintained its steady performance by contributing RM74.4 million or 24% in revenue and RM8.7 million or 28% in operating profit. Demand for quarry products was very encouraging during the second half of the year.

The Golf Division posted higher losses primarily due to the temporary partial closure of the golf course which is currently undergoing major upgrading and restoration. The Hotel which derives significant revenues through its food and beverage outlets also recorded losses as it is closely linked to the performance of the golf club.

The Group's Net Assets Per Share has risen to RM3.42 from RM3.18 in 2011. The Earnings Per Share (EPS) is a respectable 29.78 sen, the highest recorded since 1995. Total Equity stood at RM249.1 million compared to RM231.4 million in 2011. The Group's core borrowing is low. The non-core borrowing, which forms the bulk,

is back to back with the Kedah State Government under a Private Finance initiative (PFI) contract for the Kolej Universiti Insaniah (KUIN) project.

### DIVIDEND

In view of the Group's good financial performance, the Board of Directors is pleased to recommend the payment of a first and final single tier dividend of 7 sen per share for the financial year ended 31 December 2012 thus maintaining the dividend rate since 2009. The date of payment shall be as stipulated in the notice to the shareholders. The recommended dividend payment reflects our sincere appreciation to all our shareholders for giving us the support and confidence to steer the Group to where it is today.

### 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 shareholders value. Our practices are set out in our Statement of Corporate Governance on pages 33 to 39.

There were no sanctions and/or penalties imposed on the Company and subsidiaries, Directors or management by the relevant regulatory authorities.

### RELATED PARTY TRANSACTIONS

Except for those disclosed in Note 33 to the Financial Statements, there were no material contracts involving either the major shareholders or any of the Directors.

### CORPORATE SOCIAL RESPONSIBILITY

The Group will continue to be a corporate citizen committed to diligently discharging its responsibilities to the environment and the communities in which we operate. This value has been one of our prime corporate objectives since incorporation. We sponsored various social activities within the State on a continuous and consistent basis throughout the year.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to pay tribute to the Group Managing Director, his management team and staff for their hard work, dedication, loyalty and unwavering commitment to the Group resulting in the record performance in 2012. The Group continues to allocate sufficient resources to train and develop talents from within towards ensuring proper succession planning at all levels of the Group organization hierarchy.

I would also like to take this opportunity to acknowledge the continued confidence and support given to the BDB Group by all our shareholders, bankers, regulatory authorities and agencies, business partners and associates and valued customers.

Last but not least, I wish to thank my distinguished colleagues on the Board for their invaluable views, suggestions, contributions and high level of participation in all the meetings of the Board and its committees.

**DATO' PADUKA HJ. MOHD. SAAD BIN ENDUT**  
D.H.M.S., D.S.D.K., J.S.M., B.C.K., J.P.  
(DATO' INDERA SENGGARA)  
Chairman

## Group Managing Director's Review of Operations



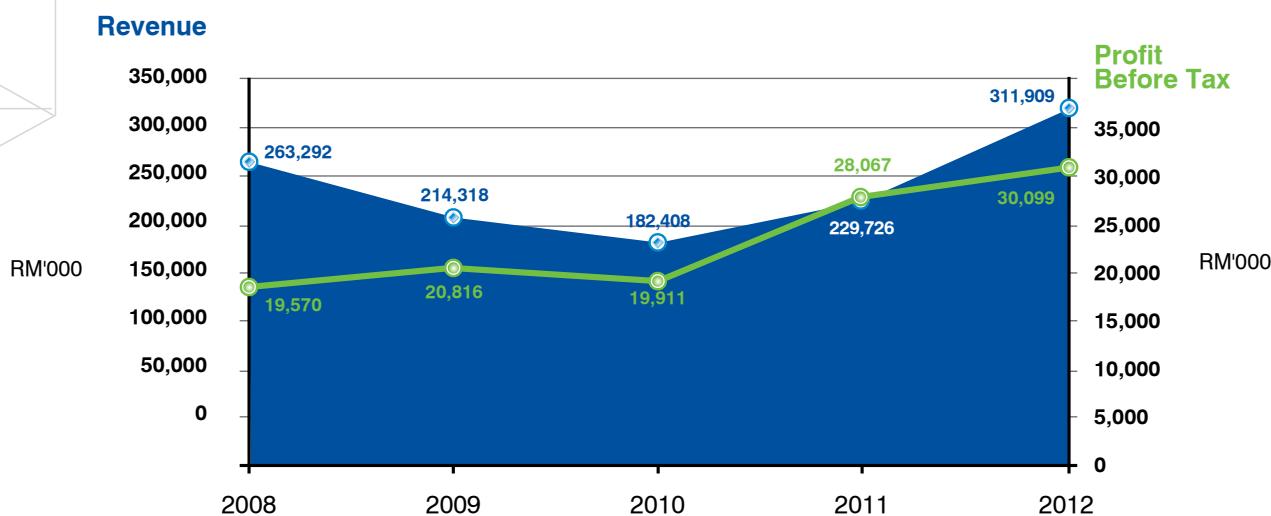
**Dato' Jahubar Sathik bin Abdul Razak**  
Group Managing Director  
Executive Director

## Group Managing Director's Review of Operations

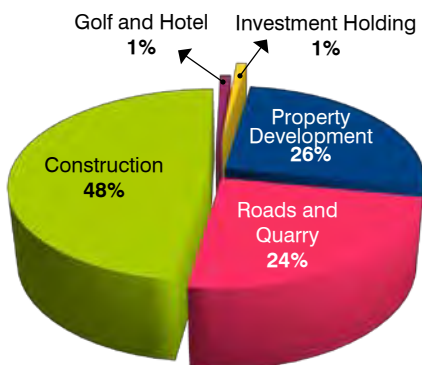
### OVERVIEW

BDB continues on its growth path by registering another year of record performance. For the financial year ended 31 December 2012, the Group posted its highest ever revenue and profit before taxation of RM311.9 million (2011 : RM229.7 million) and RM30.1 million (2011 : RM28.1 million) respectively. EPS rose 11% to 29.78 sen while our financial position remains strong with Group shareholders' funds of RM249.1 million and total assets of RM731.2 million.

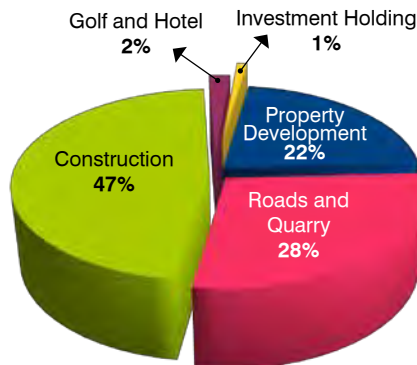
Given these very good results, the Company is looking forward to paying our shareholders a dividend of 7 sen per share (single tier) for the financial year ended 31 December 2012. This will extend BDB's record of uninterrupted dividend payment since it was listed in 1996. The quantum of dividends is determined after taking into account available funds, retained earnings, loan repayment commitments, capital expenditure needs and working capital requirements.



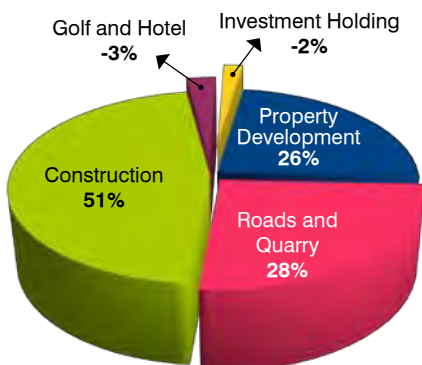
REVENUE 2012



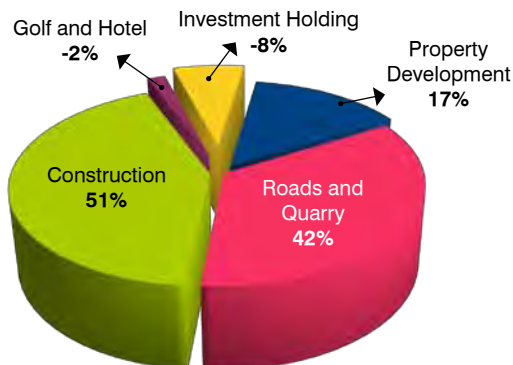
REVENUE 2011



PROFIT BEFORE TAX 2012



PROFIT BEFORE TAX 2011



## Group Managing Director's Review of Operations

### BUSINESS ACTIVITIES

#### CONSTRUCTION DIVISION

The Construction Division maintained its position as the biggest contributor to Group revenue and profits. For the year under review, the Division contributed revenue and profit of RM151.1 million and RM17.0 million respectively or 48% and 51%. Progress claims from the KUIN project and inhouse construction jobs formed the bulk of the Division's improved performance.

The KUIN project, undertaken as a PFI contract, was successfully completed two (2) months ahead of schedule and handed over to the Kedah State Government in January 2013.

The Division is also concentrating on delivering 1,442 units of residential properties for the Group's Property Division.

Despite operating in a very competitive environment with low margins, the Division has done commendably well. It has a proud record of completing all its projects within stipulated contract period. During the year also, the Division secured new projects to build residential properties in Bertam, Pulau Pinang and infrastructure works in Sungai Petani.

#### PROPERTY DIVISION

The Property Division turned in an impressive performance in 2012 by contributing RM81.6 million (26%) in revenue and RM8.4 million (26%) in operating profits. These strong results, being its highest to date, reflect the effective execution of our strategic plans in realising the full potential of our land bank.

Bandar Darulaman is now riding on its own momentum as the leading township development in Northern Kedah. The year under review saw the completion of 253 units of mixed development properties. A total of 206 units of various categories were launched during the year with good response from the public.

Darulaman Utama in Kuala Ketil, Kedah holds excellent prospects for future growth, being strategically located with easy access to Sungai Petani, Kulim, Baling and Kepala Batas. The development of KUIN's permanent campus in Kuala Ketil is the major catalyst for growth. The Division is undertaking its single largest development to date involving 1,355 units of landed mixed residential properties in Kuala Ketil known as Taman Insaniah (949 units) and Desa Bidara (406 units). The response to these property launches has been very encouraging.

No new launches took place in Darulaman Perdana, Sungai Petani as the scheme is currently being replanned to be in tune with present market conditions.

#### ROADS AND QUARRY DIVISION

Roads and Quarry Division continue to remain a stable contributor to Group revenue and profits. The Division's contribution was RM74.4 million or 24% towards Group revenue and RM8.7 million or 28% in operating profit. Strong demand for quarry products in the second half of 2012 also helped the Division maintain its contribution to the Group.

During the year, the Division successfully completed the construction of Jalan Tanjung Bendahara in Alor Setar with a contract value of RM15.5 million. Besides in house jobs for the

Property and Construction Divisions, road maintenance and resurfacing jobs were secured from the Kedah State Government, UEM Group of Companies and other private customers.

The Division also secured a RM40.0 million sub-contract from IJM Construction Sdn Bhd for the construction of the access road from the mainland to the Second Penang Bridge; another recognition of its impressive track record and capabilities.

#### GOLF AND HOTEL DIVISION

Both Darulaman Golf Resort Berhad and BDB Hotels Sdn Bhd recorded net losses but within expected range. The losses were mainly due to the ongoing major restoration and upgrading of the golf course which caused temporary disruptions to revenue.

In May 2012, we took over the management of the hotel in a move to bring down operating costs and to improve revenue and efficiency.

### CORPORATE ACTIVITIES

On 29 October 2012, BDB shares were reclassified from the 'Properties' sector to the 'Construction' sector on the Main Board of Bursa Malaysia.

### CORPORATE GOVERNANCE

The Group is continuously strengthening its internal control systems and risk management framework not only to make them current in relation to best industry practice but also to ensure that the Group's core businesses are conducted with a very high awareness of internal and external risks. Towards this end the Group completely revised its Standard Operating Procedures (SOPs) during the year under review with the help of external consultants.

On 4 September 2012, the Group signed the Corporate Integrity Pledge (CIP) with the Malaysian Anti-Corruption Commission (MACC) to underline our commitment to transparency and arm's length dealings in all aspects concerning the conduct of our businesses.

### PROSPECTS

#### CONSTRUCTION

The Division will be focusing on completing and delivering all on-going projects within scheduled time, budget and quality. The Division will also continue to benefit from construction works generated by the Group's Property Division. Works on the proposed high end condominium (Amansuri Residences) is expected to commence by the middle of 2013.

Combined, these jobs in hand should help the Division continue to record respectable performance and maintain its position as the major contributor to Group results over the next three years.

The Division is also actively pursuing building and infrastructure projects within Kedah and beyond, on its own or in collaboration with strategic partners to sustain its order book over the long term. The Division is also working towards diversifying its sources of income in order to achieve a balance between traditional sources of revenue and new recurrent ones.

## Group Managing Director's Review of Operations

### PROPERTY

Being the pioneer self-contained township development in the State, Bandar Darulaman is expected to keep its position as the most stable contributor to the Property Division for several more years given a remaining land bank of about 400 acres.

Works on the 949 units of residential properties in Taman Insaniah and 406 units of low cost and affordable homes in Desa Bidara, Darulaman Utama is progressing well with good take up rate and is expected to provide significant contribution to the Division's revenue and profit. We are also planning a commercial centre in Kuala Ketil given the anticipated growth in the area when KUIN goes full scale in 2013 in terms of number students and faculty.

Darulaman Perdana, being in the crowded Sungai Petani market, is being replanned and is expected to be relaunched early in 2014 after the approvals are in place. The remodelled Darulaman Perdana will set benchmarks as a model low density housing development.

The launch of the new township of Bandar Tunku Puteri in Pokok Sena on a land area of about 400 acres was delayed for various reasons including fulfilling the requirements of the Authorities as well as confirmation of adequacy of water supply. We expect these issues to be ironed out in 2013 thereby making it possible to commence development in 2014.

The Kedah State Government has also entrusted the Group to develop a piece of land measuring 16.9 acres in Langkawi into more than 1,200 units of high rise affordable homes. Formalities to take over the land is at the final stage upon which the necessary submissions for approval will be made. If the approvals come in early, we expect to do business in the last quarter of 2013.

The Division is also into affordable housing in Kota Setar on a piece of land bought from the Government. About 600 apartment units are being planned for sale to the public.

The Division is constantly on the look out for strategic land bank and joint venture propositions to make it a sustainable contributor to the Group. In any case currently it has sufficient land bank to develop for the foreseeable future.

### ROADS AND QUARRY

The Roads and Quarry Division with almost 40 years track record and being the largest quarry operator in Kedah is expected to continue dominating this sector in the State.

Pavement work for the entrance road from North South Expressway to the Second Penang Bridge is progressing well and is expected to be completed in the third quarter of 2013. Routine highway maintenance jobs keeps the Division busy throughout the year. It is also awaiting approval from the State Government to undertake road maintenance works across the State.

Prospective jobs are constantly identified that will enable the Division to continue to be a key contributor to the long term prosperity of the Group.

To complement our quarry and road building operations, the Group is awaiting approval to commence iron ore mining in Sungai Petani by the end of 2013. The concession was awarded by the State Government through Perbadanan Kemajuan Negeri Kedah.

### GOLF AND HOTEL

The restoration and upgrading of the golf course, expected to be completed by the middle of 2013 will re-establish Darulaman Golf and Country Club (DGCC) as the preferred golfing destination in Northern Malaysia with a complete range of golfing, leisure, accommodation and sporting facilities.

Darulaman Suites with 104 rooms of various types and 11 units chalet, is undergoing gradual refurbishment and upgrading in order to rebrand the hotel and move away from lower ranked competition mushrooming in the vicinity.

It is expected that DGCC and Darulaman Suites will be more self-reliant financially in the near term future upon completion of the restoration of the golf course and refurbishment of the hotel.

### EXTERNAL ENVIRONMENT

The global economy especially in Europe is still volatile and uncertain. The impending move by the BRICS nations to establish their own development bank is a direct response to the ongoing crisis in Europe.

Closer to home, ASEAN is relatively better but each member country has its own set of structural and fiscal problems.

At home Malaysia registered a respectable growth of 5.6% in 2012 and this trend is expected to be maintained in 2013 (*Bank Negara Malaysia*).

The external uncertainties however will have a bearing on Malaysia given its position as a trading nation reliant on exports despite stable domestic investment and consumption.

To BDB however stability and continued economic growth are vital to enable it to pursue its business interests in a more positive framework.

The Overnight Policy Rate (OPR) has been maintained at 3% for more than 3 years now. This is good for us as it keeps borrowing cost more predictable, affordable and supportive of economic activity.

Shortage of skilled and unskilled workers and higher fuel and commodity prices will pose problems to the Construction, Property and Road Building Divisions in the long run. Any hike in interest rates will have negative impact to the Group. Likewise any tightening of credit by the Government especially on housing loans will affect our Property Division.

### CONCLUSION

The solid financial performance in 2012 was again the result of prudence in management, efficient allocation of resources and focus on core competencies. A supportive Government and a loyal workforce grounded on commitment, dedication and hardwork further enabled the realization of these impressive results. Our aspiration to continuously create shareholder value and stakeholders' satisfaction continue as we look forward to maintain this year's performance in the coming years.

**DATO' JAHUBAR SATHIK BIN ABDUL RAZAK**

D.S.D.K., A.M.K.

Group Managing Director

# Corporate Social Responsibility



**Contribution of Zakat to the Government**



**Donation to Yayasan Islam Negeri Kedah**



**Contribution of Zakat to eligible staff**



**Contribution for repairs and renovation of Kolej Islam Darul Ulum**



**Contribution of restoration and refurbishment of golf course at Darulaman Golf & Country Club by BDB, Bina Kuari, Kedah Sato and Darulaman Realty**



**Contribution for Junior Golf Academy**

## Corporate Social Responsibility

*Donation to staff (fire victim)*



*Donation to the orphanage*



*Safety Awareness Program held at Bina Kuari's site office for Bukit Perak communities*

## Calendar of Events



1. Opening of the Permanent Campus of Kolej Universiti Insaniah, Kuala Ketil, Kedah Darul Aman by Duli Yang Maha Mulia Seri Paduka Baginda Yang DiPertuan Agong
2. Temasya Sukan Air 2012. BDB stayed on track as champion in corporate sector for two (2) consecutive years
3. Golf Tournament 2012 held at Darulaman Golf & Country Club
4. 17<sup>th</sup> Annual General Meeting of Bina Darulaman Berhad
5. 18<sup>th</sup> Annual General Meeting of Darulaman Golf Resort Berhad
6. NACRA Award Dinner 2012

## Calendar of Events



7. Majlis Berbuka Puasa with the Chief Minister of Kedah Darul Aman and the orphanage
8. Majlis Jamuan Hari Raya Aidilfitri
9. Appreciation Dinner and Long Service Award Presentation

## Calendar of Events



10



11



12



13

10. Corporate Integrity Pledge Awareness and Signing Session
11. Staff Visit to Permanent Campus Kolej Universiti Insaniah
12. Merdeka Parade 2012
13. Business Plan 2013 – 2015 Presentation

## Calendar of Events



14. Staff Study Trip Local and Overseas

# Corporate Structure



## ENGINEERING & CONSTRUCTION

- 100% **KEDAH SATO**  
SDN BHD (82740-W)
- 100% **BDB CONSTRUCTION**  
SDN BHD (373716-P)

## ROAD BUILDING & QUARRYING

- 100% **BINA & KUARI**  
(K) SDN BHD (16289-A)
- 100% **BDB QUARRY**  
SDN BHD (387031-V)

## TOWNSHIP & PROPERTY DEVELOPMENT

- 100% **DARULAMAN REALTY**  
SDN BHD (69284-P)
- 100% **KEDAH HOLDINGS**  
SDN BHD (80618-U)

## TOURISM & HOSPITALITY

- 98.6% **DARULAMAN GOLF RESORT**  
BERHAD (254310-M)
- 100% **BDB HOTELS**  
SDN BHD (384098-P)

# Corporate Governance Statement

## INTRODUCTION

The Board of Directors of Bina Darulaman Berhad ("BDB") is fully committed towards ensuring good corporate governance as embodied in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). MCCG 2012 is practiced throughout the Group to safeguard and enhance shareholders' investment and value. The Board shall also endeavour to support all the eight (8) newly introduced MCCG 2012.

In all its meetings the Board is always proactive and committed to ensure that the principles of best practices of good governance are practiced throughout the Group with integrity, transparency and professionalism.

Accordingly the Board is pleased to present the Corporate Governance statement and its compliance throughout the financial year ended 31<sup>st</sup> December 2012.

## BOARD OF DIRECTORS

### 1. Composition of the Board

BDB is led by an experienced Board with a wide and varied range of expertise. They are professionals in the fields of finance and accounting, economics, engineering, valuation and property services and experienced senior public administrators.

The Board currently has seven (7) members, two (2) are Non-Independent Non-Executive and four (4) are Independent and Non-Executive and one (1) Executive Director. This meets the requirement that at least one third or nearing one third of the members are independent. Datuk Mohd Nasir bin Ahmad is the Senior Independent Non-Executive Director who will attend to any query concerning the Group besides the Chairman and the Group Managing Director ("GMD").

Independent Non-Executive Directors are able to bring independent and objective judgement to the Board thus mitigating risk arising from conflict of interest or undue influence from interested parties.

All four (4) Independent Directors namely Datuk Mohd Nasir bin Ahmad, Dato' Dr. Ab. Wahab bin Ismail, Sr. Hj. Che Had bin Dhali and Ir. Hj. Zamri bin Yusuf have served on the Board for not more than nine (9) years. This meets the requirement that the tenure of Independent Directors of the Company shall not extend a cumulative term of nine (9) years.

The composition of the Board is reviewed before the Annual General Meeting by the Nomination & Remuneration Committee to ensure compliance, appropriateness and relevancy.

### 2. Duties and Responsibilities of the Board

The Board leads, provides strategic direction and manages the Group. The Board encourages the management to ensure that the companies' strategies promote sustainability of its core businesses.

The Non-Executive Directors bring independent judgment on issues of strategy, business performance, resources and standards of conduct. They also provide independent and constructive views in ensuring that the strategies proposed by the management are fully studied and deliberated in the interest of the Group as well as all stakeholders.

The Board is primarily responsible for the Group's overall strategic plans for business performance, overseeing the proper conduct of business, succession planning, risk management and ensuring the implementation of appropriate internal controls and mitigation measures. While the Board is responsible for creating the framework and policies within which the Group should be operating, the management is accountable for the execution of the expressed policies and attainment of the Group's expressed corporate objectives. This demarcation complements and reinforces the supervisory role of the Board.

## Corporate Governance Statement

### 2. Duties and Responsibilities of the Board (cont'd)

The roles of the Chairman and GMD are distinct and separate. The Chairman is primarily responsible for the orderly conduct and effectiveness of Board whilst the GMD oversees the day-to-day running of business and implementation of the Board policies and decisions. He is responsible to ensure execution of objectives, and strategic goals and business plans as well as to explain, clarify and inform the Board on matters pertaining to Group's operations.

The division of responsibility between the Chairman and GMD ensures that accountability is given high priority.

A brief profile of each Director is presented on pages 10 to 16.

### 3. Board Meetings

The Board conducts at least six (6) regularly scheduled meetings annually with additional meetings convened as and when necessary. During the financial year, eight (8) Board meetings were held.

The attendance record of each Director was as follows:

#### SUMMARY OF ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS FOR YEAR 2012

No.	Name of Directors	Number of Meetings Attended	Percentage
1.	Dato' Paduka Hj. Mohd Saad bin Endut	8 / 8	100%
2.	Dato' Jahubar Sathik bin Abdul Razak	8 / 8	100%
3.	Dato' Abdul Rahman bin Ibrahim	8 / 8	100%
4.	Datuk Mohd Nasir bin Ahmad	8 / 8	100%
5.	Dato' Dr. Ab. Wahab bin Ismail	7 / 8	87.5%
6.	Ir. Hj. Zamri bin Yusuf	8 / 8	100%
7.	Sr. Hj. Che Had bin Dhali	6 / 8	75%

Besides these Board meetings, the Directors also held informal meetings and consultations frequently and freely to share expertise and experiences.

#### Supply of Information

The Board is supplied with full and timely access to written reports and supporting information in advance of the meetings to enable the Directors to review the same and if necessary to obtain further clarification prior to meetings for better decision making.

Where necessary, briefings from external consultants and other senior management personnel are arranged to make informed decisions.

The agendas normally reserved for the Board's deliberation include approval of annual budgets, new ventures, changes to the management and control structure within the Group including key policies such as Delegated Authority Limits and Standard Operating Procedures and participation in tenders or projects that are large, complex and require thorough evaluation of risks.

The Directors are promptly notified of any corporate announcements released to Bursa Malaysia Securities Berhad and also restriction in dealings with securities of the Company at least one month prior to the quarterly financial results announcement.

The Board also exercises control over matters that require the Board's approval through the Directors' Circular Resolutions as permitted under the Company's Articles of Association.

## Corporate Governance Statement

### Supply of Information (cont'd)

All Directors have access to the advice and services of the Company Secretary who advises the Board on procedures for the management of its meetings. All other senior management personnel are always on stand-by during every Board and its Committee meetings to provide detailed briefing and clarifications on meeting agendas.

As and when required the Board also engages independent professionals at the Company's expense, to advise on issues of concern to facilitate the proper discharge of the Directors' statutory and fiduciary duties.

### COMMITTEES ESTABLISHED BY THE BOARD

The Board has delegated certain functions to the Committees it established to assist in the execution of some of its responsibilities. The Committees operate under clearly defined Terms of Reference. The Chairmen of the respective Committees report to the Board on the outcome of the Committees meetings and such reports and minutes are included in the Board papers.

#### Risk Management Committee ("RMC")

The RMC was established on 13<sup>th</sup> June 2010. Majority of its members are Independent Directors. Even the GMD is not a member of RMC thus ensuring real independence. The RMC meets regularly. However, additional meetings may be called at any time at the RMC Chairman's discretion. The RMC is chaired by Datuk Mohd Nasir bin Ahmad the Senior Independent Non-Executive Director. Other members are Dato' Abdul Rahman bin Ibrahim, Dato' Dr. Ab. Wahab bin Ismail and Ir. Hj. Zamri bin Yusuf.

The RMC will review and put its recommendation to the Board on the following major issues:

- On commercial and financial feasibility and technical viability of potential projects and undertakings.
- Identify overall risks to BDB and its subsidiary companies and ways to mitigate them. In this connection expert professional help is always used whenever necessary.
- Identify new risks to ongoing projects.
- Monitor closely identified risks through existing risk management framework.
- Advise and guide management regularly as and when required at forums such as RMC and Board meetings.

The RMC meets as and when required. Three (3) meetings were held during the financial year and the attendance on record of each members of the Committee was as follows:

No.	Name of Directors	Number of Meetings Attended	Percentage
1.	Datuk Mohd Nasir bin Ahmad	3 / 3	100%
2.	Dato' Abdul Rahman bin Ibrahim	3 / 3	100%
3.	Dato' Dr. Ab. Wahab bin Ismail	2 / 3	66.7%
4.	Ir. Hj. Zamri bin Yusuf	3 / 3	100%

All recommendations by RMC are subject to endorsement by the Board.

#### Nomination & Remuneration Committee ("NRC")

The NRC was established on 16<sup>th</sup> January 2005. The NRC is chaired by Dato' Abdul Rahman bin Ibrahim. The other members of NRC are Dato' Jahubar Sathik bin Abdul Razak, Sr. Hj. Che Had bin Dhali and Dato' Dr. Ab. Wahab bin Ismail.

## Corporate Governance Statement

### Nomination & Remuneration Committee ("NRC") (cont'd)

The NRC will review and put its recommendation to the Board on the following major issues:

- Nominations to the Boards of Bina Darulaman Berhad and its subsidiary companies.
- Directors' remuneration and benefits.
- Recruitment of Senior Management with grade General Manager and above.
- Annual incentive bonuses.
- Changes to terms and benefits of the Group Service Scheme.
- Succession planning.
- Performance of Directors at the Board and Committees.

The NRC will meet as and when required. Seven (7) meetings were held during the financial year as follows:

No.	Name of Directors	Number of Meetings Attended	Percentage
1.	Dato' Abdul Rahman bin Ibrahim	7 / 7	100%
2.	Dato' Jahubar Sathik bin Abdul Razak	7 / 7	100%
3.	Sr. Hj. Che Had bin Dhali	5 / 7	71.4%
4.	Dato' Dr. Ab. Wahab bin Ismail	5 / 7	71.4%

All recommendations of the NRC are subject to endorsement by the Board. The NRC was generally satisfied with the performance and effectiveness of the Board and Board Committees.

### Audit Committee ("AC")

The Audit Committee is chaired by Datuk Mohd Nasir bin Ahmad. The other members are Dato' Abdul Rahman bin Ibrahim, Ir. Hj. Zamri bin Yusuf and Sr. Hj. Che Had bin Dhali. The Terms of Reference and summary of activities and attendance record of the Audit Committee are set out on pages 41 to 46.

### APPOINTMENTS TO THE BOARD

The Nomination & Remuneration Committee is responsible for making recommendations for appointments to the Board. In making the recommendation the Nomination & Remuneration Committee considers the required mix of skills and experience in order to make the Board members effective in performing their fiduciary roles.

### RE-ELECTION OF DIRECTORS

The Company's Articles of Association, require at least one third or the number nearest to one third of the Directors shall retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to retirement and re-election at the subsequent AGM following their appointments. This has been consistently complied throughout the year under review.

Information on the retiring Directors is disclosed in the Statement Accompanying the Notice of AGM.

## Corporate Governance Statement

### SECTION 129(2) OF THE COMPANIES ACT, 1965

This Section requires Directors over the age of seventy (70) years to submit themselves for re-appointment by shareholders annually in accordance with Section 129(2) of the Companies Act, 1965. At the last AGM, Dato' Paduka Hj. Mohd Saad bin Endut retired under this section and was duly re-appointed until this coming AGM.

### RESTRICTION ON DIRECTORSHIPS IN LISTED COMPANY

In accordance with the Listing Requirements the Board ensures that no Director holds the Board directorships in more than five (5) public listed companies. This is to ensure that their commitment, resources and time are focused on the affairs of BDB Group thereby enabling them to discharge their duties effectively.

### DIRECTORS TRAINING

All Directors attended Directors Mandatory Accreditation Programme organised by Bursa Malaysia Securities Berhad within the stipulated timeframe provided in the Listing Requirements of Bursa Malaysia. The Board acknowledges that continuous education is important for the Directors to enhance their skills and knowledge in discharging their duties and responsibilities effectively. Accordingly the Directors will continue to attend relevant courses and seminars held externally.

During the year, all the Directors have attended various training programmes, seminars and/or conferences.

Updates on companies and securities legislation, such as amendments to Main Market Listing Requirements of the Bursa Malaysia, the Code of Corporate Governance 2012, Statement on Risk Management, Internal Control Guidelines for Directors of Listed Issuers and New Accounting Standards were normally briefed to the Board by the management, external auditors and other consultants. This is to ensure that the Board is well equipped with the latest developments that affect the governing of Listed Companies.

Board meeting venues are regularly rotated which allows Directors to get up-to-date information on ongoing activities and projects.

### CORPORATE SOCIAL RESPONSIBILITIES ("CSR")

#### Community

The Group is fully committed to the environment and the communities in which it operates. During the year, the Group supported variety of events in the State. The Group contributes *Zakat* to the State of Kedah through Jabatan Zakat Negeri Kedah. The Group is active in sponsorship of sports in Kedah. It is also a frequent donor to schools, mosques and NGOs.

#### Human Capital Development

The Group values its human capital and ensures its continuous development through education and training.

Several in-house training were held throughout the year by bringing in experts to conduct courses tailored to the needs of the Group. The staff are also encouraged to attend external training that will help them acquire additional skills.

The company also provides exposure to staff through study trips locally and overseas.

Group Service Scheme provides and encourages staff to further their studies by providing study leave and loans (where applicable) for approved Masters, Degree or Professional Qualification programmes.

## Corporate Governance Statement

### Staff Welfare

The Group also supported staff activities by funding the Sports & Recreation Clubs within the Group and organizing staff study trips, annual dinner and other events beneficial in bringing about better team spirit and cooperation.

Redistribution of one-quarter of the Group's total *Zakat* payment to 225 eligible staff underlined the Group's commitment to its staff welfare.

The Group also awarded cash to employees' children for outstanding achievements in UPSR, PMR, SPM and STPM. It also gives cash to children to pursue further studies in approved institutions locally.

The Group also donated to employees in emergency situations like fire and flood.

Other employee benefits are Personal Accident Insurance Policy, medical and dental treatment and hospitalization.

Staff also enjoy discount for the purchase of properties developed by companies within the Group.

The Group has with effect from January 2013 complied with the National Minimum Wages Policy.

### Corporate Integrity Pledge

The Group committed itself to a Corporate Integrity Pledge ("CIP") on 4<sup>th</sup> September 2012 as part of an ongoing effort towards total integrity, greater transparency and enhanced corporate governance.

### DIRECTORS REMUNERATION

The details of Directors' Remuneration for the financial year ended 31<sup>st</sup> December 2012 are as follows:

	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
<b>Directors' Remuneration (RM)</b>			
Salaries and other emoluments **	448,040	159,000	607,040
Fees *	36,000	216,000	252,000
Benefits in Kind **	30,500	1,800	32,300
<b>Total</b>	<b>514,540</b>	<b>376,800</b>	<b>891,340</b>

\* To be approved at the forthcoming Annual General Meeting

\*\* Approved by the Board

### Number of Directors

Range of Remuneration	Executive	Non-Executive
RM0 – RM50,000	-	5
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	1
RM150,001 – RM250,000	1	-
<b>Total</b>	<b>1</b>	<b>6</b>

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

## Corporate Governance Statement

### SHAREHOLDERS

#### Dialogue with Investors

The Board and Management convey information about the Company's performance and other matters affecting shareholders' interests to the shareholders and potential investors through timely dissemination as follows:

- Annual Report is released within six (6) months after the financial year end.
- The various timely disclosures and announcements made to Bursa Malaysia Securities Berhad including the release of financial results on quarterly basis.
- All announcements are electronically published at the Bursa website and the company's website [www.bdb.com.my](http://www.bdb.com.my)
- Media Release

#### Annual General Meeting ("AGM")

This is the proper avenue for the shareholders to communicate on issues relating to the Company. The notice of AGM and the Annual Report are sent out at least 21 days before the AGM date in accordance with the Articles of Association of the Company.

The Board also encourages shareholders to participate in the question and answer session at the AGM. The Chairman and where appropriate the GMD will respond to the Shareholders' questions during the meeting. Where necessary the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered during the meeting.

The Company appreciates all comments, feedbacks and suggestions, which can be sent to the e-mail address [bina\\_darulaman@bdb.com.my](mailto:bina_darulaman@bdb.com.my)

Extraordinary General Meeting will be held as and when required.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board of Directors has the responsibility to present a true and fair assessment of the Group's financial position and prospects in the quarterly reports to the Bursa Malaysia Securities Berhad and the Annual Reports to shareholders.

#### Internal Control

The Group Statement of Internal Control is set out on pages 47 to 49.

#### Relationship with the Auditors

The Group has always maintained transparent relationship with the auditors, Messrs Ernst & Young in seeking professional advice and ensuring compliance with appropriate accounting and auditing standards. The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by the shareholders.

The role of the Audit Committee in relation to the External Auditors can be found in the Report of the Audit Committee as set out on pages 41 to 46.

## Additional Compliance Information

### 1. **Approved Utilization of Funds**

During the financial year ended 31<sup>st</sup> December 2012, there were no proceeds raised by the Company from any corporate proposals which required Securities Commission's approval.

### 2. **Options Warrants or Convertible Securities Exercised**

The Company did not issue any convertible securities or warrants during the financial year ended 31<sup>st</sup> December 2012.

### 3. **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")**

The Company has not sponsored any ADR or GDR programme in the financial year ended 31<sup>st</sup> December 2012.

### 4. **Variation in Results**

There is no significant variance in the Company's audited financial results for the financial year ended 31<sup>st</sup> December 2012 from the unaudited results as previously announced.

### 5. **Profit Guarantee**

The Company has not issued any profit guarantees in the financial year ended 31<sup>st</sup> December 2012.

### 6. **Imposition of Sanctions and/or Penalties**

There were no public sanctions and/or penalty imposed on the Company and its subsidiaries, directors or management by any regulatory bodies during the financial year.

### 7. **Non-Audit Fees**

An amount of RM118,200.00 was paid as non-audit fees to the external auditors and their affiliated companies for the financial year ended 31<sup>st</sup> December 2012.

### 8. **Material Contract**

The Company has not entered any material contract in the financial year ended 31<sup>st</sup> December 2012.

### 9. **Share Buy-Backs**

The Company has not purchased any of its own shares during the financial year ended 31<sup>st</sup> December 2012.

### 10. **Responsibility Statement for Preparing the Annual Audited Accounts**

The Board has seen and approved the annual audited accounts for the financial year ended 31<sup>st</sup> December 2012 and collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement or information therein misleading.

The directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

### 11. **Statement of Compliance with the Principles and Best Practices of the Code**

This statement was approved by the Board of Directors on 8<sup>th</sup> April 2013.

## 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<sup>st</sup> December 2012.

### 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 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.	Datuk Mohd Nasir bin Ahmad	Chairman / Senior Independent Non-Executive Director
2.	Dato’ Abdul Rahman bin Ibrahim	Member / Non-Independent Non-Executive Director
3.	Ir. Hj. Zamri bin Yusuf	Member / Independent Non-Executive Director
4.	Sr. Hj. Che Had bin Dhali	Member / Independent Non-Executive Director

### 2. CONSTITUTION

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

### 3. MEETINGS

During the year ended 31<sup>st</sup> December 2012, the Committee met four (4) times by way of ordinary meetings on 16<sup>th</sup> February 2012, 19<sup>th</sup> May 2012, 5<sup>th</sup> August 2012 and 4<sup>th</sup> November 2012 and once in a Special Meeting on 8<sup>th</sup> April 2012.

	Name	Number of Meetings	
		Held	Attendance
1.	Datuk Mohd Nasir bin Ahmad	5	5/5
2.	Dato’ Abdul Rahman bin Ibrahim	5	5/5
3.	Ir. Hj. Zamri bin Yusuf	5	5/5
5.	Sr. Hj. Che Had bin Dhali	5	5/5

### 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.

## Report of the Audit Committee

### 4. TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

#### Membership (cont'd)

At least one 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 1st Schedule of the Accountants Act 1967; or
  - he must be a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- c. fulfils such other requirements as prescribed or approved by the Bursa Malaysia.

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"), Heads of Group Finance & Accounts, Group Corporate Services & Legal/Company Secretary, Group Corporate Assurance. Other Board members and Senior Management may attend meetings at the invitation of the Audit Committee. At least twice (2) 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. Additional meetings may be held upon request by any Audit Committee member, the Management, Internal or External Auditors.

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, Heads of Group Finance & Accounts, Group Corporate Services & Legal/Company Secretary, 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).

## Report of the Audit Committee

### 4. TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

#### 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, the 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 audit, their nature and scope of 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;

## Report of the Audit Committee

### 4. TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

#### Duties (cont'd)

- (v) auditor may wish to discuss (in the absence of Management where necessary);
- (vi) to discuss the impact of any proposed changes in accounting principles on future financial statements;
- (vii) to review the assistance given by the employees of the Company and the Group to the External Auditors;
- (viii) to review with the External Auditors, their evaluation of system of internal controls, their management letter and management responses;
- (ix) 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.
- (x) 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;
- (xi) to review all prospective financial information provided to the regulators and/or the public;
- (xii) 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
- (xiii) 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 five (5) times. Activities carried out by the Audit Committee included the deliberation and review of:

- (i) the audit plan of the External Auditors in terms of their scope of audit prior to commencement of the interim and annual audit;
- (ii) the unaudited quarterly financial results and the announcements thereof and made recommendations to the Board for consideration and approval;

## Report of the Audit Committee

### 5. SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES (cont'd)

- (iii) the audited year-end financial results of the Group prior to submission to the Board for consideration and approval;
- (iv) the audit reports of the External Auditors in relation to audit and accounting issues arising from the audit;
- (v) matters arising from the audit of the Group in a meeting with the External Auditors without the presence of the Management;
- (vi) the performance of the External Auditors and the recommendations to the Board on their re-appointment and remuneration;
- (vii) the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;
- (viii) the Statement on Internal Control and Statement of Corporate Governance and its recommendation to the Board for inclusion in the Annual Report;
- (ix) 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;
- (x) the risk-based annual audit plan proposed by the Internal Auditors to ensure adequacy of the scope and coverage;
- (xi) the effectiveness of the audit process, resource requirements for the year and assessed the performance of the internal auditors;
- (xii) the audit reports presented by the Internal Auditors on major findings and recommendations with respect to system and control weaknesses. The Committee then proposed that control weaknesses be rectified and recommendation for improvements be implemented; and
- (xiii) the results of follow-up audits conducted by Internal Auditors on the managements' implementation of audit recommendations.

### 6. INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by the Group Corporate Assurance, which reports directly to the Audit Committee. Its principal role is to undertake independent regular and systematic reviews of internal controls, so as to provide the Audit Committee with independent and objective feedback, performed with impartiality, proficiency and due professional care and report that the internal control systems continue to operate satisfactorily and effectively, within the Group. The Group Corporate Assurance adopts a risk-based auditing approach, taking into account global best practices and industry standard, in preparing its audit plan and strategy. The approved annual audit plan covers all the business units, departments and projects of the Group on a rotation basis.

The Board and Audit Committee are assisted by Group Corporate Assurance Department (Internal staff) and JSA Business Advisory Sdn. Bhd. (formerly known as JAP Consulting Sdn Bhd) (External consultant) to lead and manage the internal audit function through co-sourcing arrangement in maintaining a sound system of internal controls to provide reasonable assurance against any irregularities arising from the daily operational activities.

## Report of the Audit Committee

### 6. INTERNAL AUDIT FUNCTION (cont'd)

The Group Corporate Assurance Manager reports directly to the Audit Committee and has direct access to the Chairman of the Audit Committee on all the internal control and audit issues.

The total cost incurred for the Internal Audit Function in respect of the financial year was **RM341,061.28**.

Throughout the year, a total of fifteen (15) audit assignments, one (1) special audit assignment and quarterly follow up audits were carried out and completed by the Group Corporate Assurance Department on the various business units and projects. Areas of audit focus was on asset management, sales of premix and aggregates, weighbridge management, project planning and implementation, IT audit, hotel operation and performance, golf membership, registration, Darulaman Park management and operation optimization and efficiency of plant and machineries.

The resulting reports of the audits undertaken were presented to the Audit Committee and forwarded to the parties concerned for their attention and necessary action. The respective Management of the business units and projects are responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. Management is also responsible for ensuring that status reports of actions taken pursuant to audit finding are sent to the internal auditors for review and subsequently presented to the Audit Committee.

## Statement on 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 system of internal control 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 includes not only financial controls but operational and compliance controls and risk management as well.

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 suggest mitigation measures and regularly review planned actions and implementation strategies to ensure that all risks are mitigated and well managed.

The Board is 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 controls are 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 recognizes 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

##### Clear Lines of Accountability and Reporting within the Organization:

Clear definition to 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:

- Audit Committee
- Risk Management Committee
- Nomination & Remuneration Committee

##### Organization Structure & Authority Limits

The Group maintains a formal organization structure with well-defined delegation of responsibilities and accountability within the Group's Senior Management. The Group, via its Delegation Authority Limit ("DAL"), assigns authority to appropriate levels of management to exercise control over the Groups' commitment on both capital and operational expenditure.

The DAL is approved by the Board and are regularly reviewed and updated to reflect changing conditions. The DAL has strict authorisation, approval and control procedures within which the Senior Management operates. All subsidiaries have similar internal control system as the holding company. The subsidiaries' management teams also operate within an overall framework which is determined by the Board.

## Statement on Internal Control

Internal control system has been established in all business units. Among the internal controls established are clearly defined lines of responsibilities, authority limits for major capital expenditure, contract awards and other significant transactions, segregation of duties, performance monitoring and safeguarding of assets. The approval of capital expenditure proposals above certain limits and investments are reserved to the Board. The authority of the Directors are required for key treasury matters including changes to equity and loan financing, interest rates, cheque signatories, the opening of bank accounts and foreign currency transactions.

### Standardized and Documented Policies and Procedures

Standardized and documented internal procedures as set-out in Standard Operating Procedures are made available to guide Management and staff in their day-to-day work. All policies and guidelines are revised regularly and updated when necessary with approval of the Board. Cases of non-compliance are always reported to the Board.

### Strategic Business Planning

The BDB Group practices a detailed budgeting process where operating units (subsidiaries) and departments prepare their annual budgets, three (3) year Business Plans and performance reports for consideration by the Management Committee before being presented 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. Key business risks are identified and mitigated during the business planning process and reviewed regularly during the year.

### Staff Development and Training

In house and external training are developed and provided to all employees on a continuous basis to acquire the necessary knowledge and competency to meet their performance and job expectations. Corporate values, which emphasize teamwork and ethical behavior, have been fully communicated to the Groups' staff.

## CONTROL ACTIVITIES

Control activities are a part of the Group's system of internal control. Control activities are performed at all levels of the entity and at various stages within business processes. They include a range of activities as diverse as approvals, authorizations, verifications, 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. The Group monitors compliance with its internal financial controls through management reviews and reports which are internally reviewed by key personnel. Analysis of actual financial performance versus business plans are regularly carried out.
- Executive Director and Senior Management staff conduct regular site visits and communicate with employees of different levels to have first-hand knowledge of significant operational issues and risks.
- In respect of joint ventures entered into by the Group, the Management of the joint ventures, which consist of representatives from the Group and also its joint venture partners, is responsible to oversee the administration, operation, performance and executive management of the joint ventures. Financial and operational information of these joint ventures are provided regularly to the Management of the Company.
- Regular reporting of legal, accounting and other newer developments to the Board.
- An ISO 9001 Quality Management System, which is subject to regular review and improvement, continuously manages and controls the quality requirement of the Company's products and services.
- Adoption and compliance to the guidelines on Internal Audit Function.

## Statement on Internal Control

### REVIEW AND MONITORING PROCESS

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

The Directors have continuously 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.

### INTERNAL AUDIT FUNCTION

The Internal Audit function includes undertaking regular 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 on the effectiveness of risk management, control and governance process. Audits are carried out on Subsidiaries, Departments and Units on a rotation basis using a risk based approach.

The Audit Committee meets on quarterly basis and as and when required to review the internal control issues identified in reports prepared by Internal Audit, 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 has active oversight on the internal audit's independence, scope of work and resources. It also reviews the Internal Audit function, particularly the scope of the annual audit plan and frequency of the internal audit activities. The details of the activities undertaken by the Audit Committee are highlighted in the Audit Committee Report.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Internal Control of the Group for the financial year ended 31<sup>st</sup> December 2012 and the report of the review had been presented to the Board, as required by Paragraph 15.23 of the Listing Requirements of Bursa Malaysia.

The External Auditors have reported to the Board that nothing had come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls of the Group.

### 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 if any have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.
- The Board recognizes the need for the system of internal controls to be subject to periodic review in line with the changes in the business and economic situations that the Group has to navigate. To this end, the Board remains committed towards striving for continuous improvement to put in place appropriate action plans where necessary, to further enhance the system of internal controls within the Group.
- This statement is made in accordance with the resolution of the Board of Directors dated 8th April 2013.

## Statement on Risk Management

The ability to institutionalize the Enterprise Risk Management (“ERM”) framework throughout Bina Darulaman Berhad Group (“BDB”) indicates that the ERM has been accepted not merely as a compliance tool but to the extent of becoming a business culture in BDB Group. The ERM framework and findings will act as an additional decision-making tool to drive towards an excellent business strategy planning and execution.

The Group recognizes that Risk Management involves combining the efforts of all functions within the Group, to minimize the likelihood of unexpected damages, with the view to contribute towards greater efficiency and better decision making.

One of the critical ingredients towards effective implementation of ERM is a firm-wide risk management discipline where common risk language is being widely used across the Group and risk management knowledge being continually embedded to all staff level.

To this effect, the BDB Group integrated ERM framework has been implemented to all parts of BDB Group business, to ensure business risks are minimized and opportunities enhanced, not only to Holding Company but extends to include all active subsidiaries as well. ERM now is part of the overall Group-wide Corporate Governance framework.

### RISK POLICY

Risk Management is regarded by the Board of Directors to be an integral part of the business operations. They also have the responsibility for managing risks and internal control associated with the operations and ensuring compliance with applicable laws and regulations. Management is responsible for creating a “risk-aware” culture and for building the necessary knowledge for Risk Management.

The main underlying principles of the Group’s policy are:

- Informed Risk Management is an essential element of the Group’s business strategy.
- Effective Risk Management provides greater assurance that the Group’s vision and strategy will be achieved without surprises.
- Each Division (and each business unit therein) is expressly responsible for managing the risks associated with its business and investment objectives.
- All material risks are to be identified, analysed, treated, monitored and reported.

The implementation of the policy and Risk Management Framework that includes the strategy, culture, people and technology is the responsibility of the Group Managing Director and the Heads of BDB subsidiaries.

### RISK REPORTING

The approach for corporate risk is holistic in nature, with focus given to the entire organization and environment. There is a top down risk assessment approach, which is dynamic and with a continuous assessment.

In the risk identification process, all possible risks are identified and analyzed. That includes risks that are not directly quantifiable in financial term such as Corporate Image, Environment, Health and Safety (EHS) issues, Information and Communication Technology (ICT), quality issues and competitors’ activities.

Assessments and evaluations of risk on new investments are undertaken by the respective project task force. For existing business operations, risk assessments and evaluations is an integral part of the annual business planning and budgeting process. Each business unit, in establishing its business objectives is required to identify and document all possible risks that can affect their achievements together with the associated controls that are capable of mitigating such risks.

Under this process, the risk map and risk assessment report encapsulate the identified risks, the risk impact and the controls and processes for managing them. The Risk Management issues are presented to the Risk Management Committee for their review and consideration. The Risk Management Committee comprising of four (4) Board members has been given authority to review all risks management issues in order to provide support and direction to the Management of BDB through quicker decisions.

## Statement on Risk Management

The Group's risk management framework provides for regular review and reporting. The reports include an assessment of the degree of risk, an evaluation of the effectiveness of the controls in place and the requirement for further controls. The key elements of the process are:

- Reporting of significant risks by subsidiaries in their annual management plan.
- Review and discussion of key risks during the management meetings of the business units.
- Presentation of significant risks to the Risk Management Committee on a regular basis and when it is necessary.
- Review and discussion of key risks for each significant investment at management and Risk Management Committee level prior business decision is made.

In carrying out the responsibility and accountability for embedding Risk Management, the Group Managing Director and Heads of Subsidiaries, have given their commitment to ensure the risk-based approach is adapted to internal controls and embedded in all business processes by establishing clear business objectives, identify, analyze, assess risks and formulate risk strategies.

During the year under review, monitoring of the significant risks is an ongoing process exercised through direct involvement of Group Managing Director in Risk Management Committee meetings and reviewing the effectiveness of risk mitigation strategies implemented by the Management. The identified risks have been reviewed and aligned to the current year business objectives based on the Risk Management Model adopted by the Company.

The critical success factors are proactive action by top management and senior personnel, development and monitoring of a corporate risk scorecard, effective self-assessment by employees, constant review of the corporate risk scorecard and strong compliance culture in the work place.

### Conclusion

ERM in BDB Group has developed its approach well beyond the traditional financial and insurable hazards cutting across a wide variety of strategic, operational, compliance, financial and system risks. The effectiveness of ERM is measured not only on the ability to implement the unified framework throughout the BDB Group but the value derived from ERM that enables BDB to maximize the achievement of its established vision, mission and business strategies that leads towards enhancing shareholders' value.

# Financial Statements

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## Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

### Principal activities

The principal activities of the Company are investment holding, provision of the management services, oil palm plantation and property development.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

### Results

	Group RM	Company RM
Profit for the year	21,680,042	12,651,728
Profit attributable to:		
Owners of the parent	21,686,669	12,651,728
Non-controlling interests	(6,627)	-
	21,680,042	12,651,728

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### Dividend

The amount of dividends paid by the Company since 31 December 2011 was as follows:

In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:

	RM
Final dividend of 7 sen comprising 6.5 sen less 25% tax and tax exempt dividend of 0.5 sen on 72,815,856 ordinary shares, declared on 31 May 2012 and paid on 17 July 2012.	3,913,851

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 7 sen on 72,815,856 ordinary shares, amounting to a dividend payable of RM5,097,110 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

## Directors' Report

### Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Paduka Mohd Saad bin Endut  
Dato' Jahubar Sathik bin Abdul Razak  
Dato' Abdul Rahman bin Ibrahim  
Datuk Mohd. Nasir bin Ahmad  
Dato' Dr. Abd. Wahab bin Ismail  
Ir. Zamri bin Yusuf  
Sr. Che Had bin Dhali

### Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Notes 9 and 10 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 33 to the financial statements.

### Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

Number of ordinary shares of RM100 each				
	1.1.2012	Acquired	Sold	31.12.2012

### Subsidiary

Darulaman Golf Resort Berhad

### Direct Interest:

	Class	1.1.2012	Acquired	Sold	31.12.2012
Dato' Jahubar Sathik bin Abdul Razak	B	1	-	-	1

None of the other directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

## Directors' Report

### Options granted

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

### Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowances for impairment and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in respect of the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## Directors' Report

### Subsequent events

Subsequent events are disclosed in Note 34 to the financial statements.

### Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2013.

Dato' Paduka Mohd Saad bin Endut

Dato' Jahubar Sathik bin Abdul Razak

## Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the accompanying financial statements set out on pages 60 to 137 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of the results and the cash flows of the Group and of the Company for the year then ended.

In the opinion of the Directors, the information set out in Note 39 to the financial statements on page 138 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2013.

Dato' Paduka Mohd Saad bin Endut

Dato' Jahubar Sathik bin Abdul Razak

## Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Jahubar Sathik bin Abdul Razak, being the director primarily responsible for the financial management of Bina Darulaman Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 60 to 138 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Dato' Jahubar Sathik bin Abdul Razak  
at Alor Setar in the State of Kedah Darul Aman  
on 8 April 2013.

Dato' Jahubar Sathik bin Abdul Razak

Before me,

# Independent Auditors' Report To The Members Of Bina Darulaman Berhad (Company No. 332945 - X) (Incorporated In Malaysia)

## Report on the financial statements

We have audited the financial statements of Bina Darulaman Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of 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 a summary of significant accounting policies and other explanatory notes, as set out on pages 60 to 137.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of these financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, which is indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## Independent Auditors' Report To The Members Of Bina Darulaman Berhad (Company No. 332945 - X) (Incorporated In Malaysia)

### Other reporting responsibilities

The supplementary information set out in Note 39 on page 138 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim  
No. 2607/12/14(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
8 April 2013

## Consolidated Statement Of Comprehensive Income

For the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
Revenue	4	311,908,919	229,725,767
Cost of sales	5	(262,822,513)	(183,978,212)
<b>Gross profit</b>		49,086,406	45,747,555
Other income	6	8,091,840	7,237,352
Marketing and distribution expenses		(3,589,661)	(1,232,495)
Administrative expenses		(19,243,554)	(17,134,813)
Finance costs	7	(3,315,181)	(5,336,828)
Other expenses		(1,008,207)	(1,520,606)
Share of profit of jointly control entity		77,832	306,568
<b>Profit before taxation</b>	8	30,099,475	28,066,733
Income tax expense	11	(8,419,433)	(8,519,690)
<b>Profit for the year representing total comprehensive income</b>		21,680,042	19,547,043
<b>Profit for the year representing total comprehensive income attributable to:</b>			
Owners of the parent		21,686,669	19,551,436
Non-controlling interests		(6,627)	(4,393)
		21,680,042	19,547,043
<b>Earnings per share attributable to owners of the parent (sen per share)</b>			
Basic	12	29.78	26.85

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statement Of Comprehensive Income

For the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
Revenue	4	23,145,427	25,956,631
Cost of sales	5	(1,304,203)	(941,792)
<b>Gross profit</b>		21,841,224	25,014,839
Other income	6	5,019,141	5,149,661
Marketing and distribution expenses		(669,348)	(308,020)
Administrative expenses		(6,605,207)	(5,769,649)
Finance costs	7	(2,302,550)	(3,189,639)
Other expenses		(25,546)	(258,873)
<b>Profit before taxation</b>	8	17,257,714	20,638,319
Income tax expense	11	(4,605,986)	(5,994,325)
<b>Profit for the year representing total comprehensive income</b>		12,651,728	14,643,994

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Consolidated Statement Of Financial Position

As at 31 December 2012

	Note	2012 RM	2011 RM
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	62,873,557	61,865,213
Land held for property development	14	109,736,841	111,519,232
Investment properties	15	-	142,920
Interest in unincorporated joint venture	17	451,207	1,034,478
Investment securities	18	5,901,868	632,116
Deferred tax assets	26	183,001	114,135
Trade receivables	19	-	6,250,000
		<u>179,146,474</u>	<u>181,558,094</u>
<b>Current assets</b>			
Property development costs	14	41,954,919	16,361,965
Inventories	20	9,228,912	12,588,502
Trade and other receivables	19	389,859,556	264,069,718
Tax recoverable		1,097,391	1,397,008
Cash and bank balances	21	109,947,158	80,945,808
		<u>552,087,936</u>	<u>375,363,001</u>
<b>Total assets</b>		<u>731,234,410</u>	<u>556,921,095</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Income tax payable		2,179,851	2,302,955
Loans and borrowings	22	40,275,577	19,407,841
Trade and other payables	24	133,902,689	141,429,918
Dividend payable		16,713	17,688
		<u>176,374,830</u>	<u>163,158,402</u>

## Consolidated Statement Of Financial Position

As at 31 December 2012

	Note	2012 RM	2011 RM
<b>Non-current liabilities</b>			
Deferred tax liabilities	26	2,308,969	1,687,284
Loans and borrowings	22	295,295,590	152,586,579
		<hr/>	<hr/>
		297,604,559	154,273,863
<b>Total liabilities</b>		<hr/>	<hr/>
		473,979,389	317,432,265
<b>Equity attributable to owners of the parent</b>			
Share capital	27	72,815,856	72,815,856
Other reserves	28	17,072,415	17,072,415
Retained earnings	29	159,295,274	141,522,456
		<hr/>	<hr/>
		249,183,545	231,410,727
Non-controlling interests		8,071,476	8,078,103
<b>Total equity</b>		<hr/>	<hr/>
		257,255,021	239,488,830
<b>Total equity and liabilities</b>		<hr/>	<hr/>
		731,234,410	556,921,095

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statement Of Financial Position

As at 31 December 2012

	Note	2012 RM	2011 RM
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	15,576,935	16,217,306
Land held for property development	14	13,693,628	13,098,680
Investment properties	15	8,447,964	8,620,141
Investment in subsidiaries	16	56,757,529	56,757,529
Interest in unincorporated joint venture	17	-	661,103
Investment securities	18	5,005,982	-
Deferred tax assets	26	166,916	17,150
		<u>99,648,954</u>	<u>95,371,909</u>
<b>Current assets</b>			
Trade and other receivables	19	47,690,931	58,712,690
Tax recoverable		946,472	1,134,501
Cash and bank balances	21	19,206,729	19,824,903
		<u>67,844,132</u>	<u>79,672,094</u>
<b>Total assets</b>		<u>167,493,086</u>	<u>175,044,003</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Loans and borrowings	22	15,022,706	15,055,317
Trade and other payables	24	10,031,664	11,264,165
Dividend payable		16,713	17,688
		<u>25,071,083</u>	<u>26,337,170</u>
<b>Non-current liabilities</b>			
Loans and borrowings	22	15,035,912	30,058,619
<b>Total liabilities</b>		<u>40,106,995</u>	<u>56,395,789</u>
<b>Equity and liabilities</b>			
Share capital	27	72,815,856	72,815,856
Other reserves	28	17,062,137	17,062,137
Retained earnings	29	37,508,098	28,770,221
		<u>127,386,091</u>	<u>118,648,214</u>
<b>Total equity and liabilities</b>		<u>167,493,086</u>	<u>175,044,003</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2012

Note	Attributable to owners of the parent		Distributable		Total equity RM	
	Share capital RM	Share premium RM	Foreign currency translation reserves RM	Retained earnings RM		
					Non-controlling interests RM	
<b>At 1 January 2012</b>	72,815,856	17,062,137	10,278	141,522,456	8,078,103	239,488,830
<b>Total comprehensive income</b>	-	-	-	21,686,669	(6,627)	21,680,042
<b>Transactions with owners</b>						
Dividends on ordinary shares	-	-	-	(3,913,851)	-	(3,913,851)
	72,815,856	17,062,137	10,278	159,295,274	8,071,476	257,255,021
<b>At 31 December 2012</b>	72,815,856	17,062,137	10,278	159,295,274	8,071,476	257,255,021
<b>At 1 January 2011</b>	72,815,856	17,062,137	10,278	125,754,139	8,082,210	223,724,620
<b>Total comprehensive income</b>	-	-	-	19,551,436	(4,393)	19,547,043
<b>Transactions with owners</b>						
Dividends on ordinary shares	-	-	-	(3,822,833)	-	(3,822,833)
Gain on sales of shares to non-controlling interests	-	-	-	39,714	286	40,000
	-	-	-	(3,783,119)	286	(3,782,833)
<b>At 31 December 2011</b>	72,815,856	17,062,137	10,278	141,522,456	8,078,103	239,488,830

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statement Of Changes In Equity

For the financial year ended 31 December 2012

	Note	I---- Non-distributable---I		Distributable	Total
		Share capital	Share premium	Retained earnings	
		RM	RM	RM	RM
<b>At 1 January 2012</b>		72,815,856	17,062,137	28,770,221	118,648,214
<b>Total comprehensive income</b>		-	-	12,651,728	12,651,728
<b>Transactions with owners</b>					
Dividends on ordinary shares	30	-	-	(3,913,851)	(3,913,851)
<b>At 31 December 2012</b>		<u>72,815,856</u>	<u>17,062,137</u>	<u>37,508,098</u>	<u>127,386,091</u>
<b>At 1 January 2011</b>		72,815,856	17,062,137	17,949,060	107,827,053
<b>Total comprehensive income</b>		-	-	14,643,994	14,643,994
<b>Transactions with owners</b>					
Dividends on ordinary shares	30	-	-	(3,822,833)	(3,822,833)
<b>At 31 December 2011</b>		<u>72,815,856</u>	<u>17,062,137</u>	<u>28,770,221</u>	<u>118,648,214</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Consolidated Statement Of Cash Flow

For the financial year ended 31 December 2012

	2012	2011
	RM	RM
<b>Cash flows from operating activities</b>		
Profit before taxation	30,099,475	28,066,733
Adjustments for:		
Depreciation of:		
- property, plant and equipment	4,873,727	4,824,393
- investment properties	3,600	3,600
Property, plant and equipment written off	27,152	18,135
Gain on disposal of property, plant and equipment	(527,012)	(193,208)
Gain on disposal of investment property	(9,280)	-
Share of profit of unincorporated joint venture	(77,832)	(306,568)
Profit from Islamic deposits	(628,090)	(1,037,298)
Government grant	(1,282,372)	-
Inventories written off	-	1,061
Allowance for impairment	974,524	2,078,214
Reversal of allowance for impairment	(355,821)	(567,301)
Bad debts written off	5,513	3,263
Changes in fair value of investment securities	(263,770)	(12,916)
Dividend income	(89,273)	(8,806)
Interest income	(1,379,191)	(1,002,250)
Unwinding of discount on non current receivables	(901,834)	(2,282,534)
Interest expense	3,315,181	5,336,828
Operating profit before working capital changes	33,784,697	34,921,346
Increase in land held for development and property development costs	(23,810,563)	(10,252,227)
Increase in receivables	(110,017,152)	(92,615,246)
Decrease in inventories	3,359,590	772,694
Increase in payables	(8,167,633)	49,747,708
Cash used in operations	(104,851,061)	(17,425,725)
Interest paid	(13,513,993)	(7,488,792)
Taxes paid	(7,685,707)	(6,250,011)
Net cash used in operating activities	(126,050,761)	(31,164,528)

## Consolidated Statement Of Cash Flow

For the financial year ended 31 December 2012

	2012	2011
	RM	RM
<b>Cash flows from investing activities</b>		
Capital advances of unincorporated joint ventures refunded	661,103	-
Profits from Islamic deposit	628,090	1,037,298
Proceeds from disposal of investment property	148,600	-
Purchase of property, plant and equipment	(4,998,452)	(2,208,802)
Proceeds from disposal of property, plant and equipment	933,241	805,419
Purchase of other investments	(5,005,982)	-
Proceeds from disposal of shares	-	40,000
Dividend received	89,273	8,806
Interest received	1,379,191	1,002,250
Unwinding of discount on non current receivables	901,834	2,282,534
Net cash (used in)/generated from investing activities	<u>(5,263,102)</u>	<u>2,967,505</u>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	(3,913,851)	(3,826,188)
Drawdown of term loan	177,652,010	68,870,699
Government grant received	2,231,000	-
Drawdown of borrowings	19,500,000	-
Repayment of borrowings	(36,349,334)	(38,761,826)
Net changes in finance lease creditors	(701,694)	(674,790)
Placement/(withdrawal) of pledged deposits	346,004	(136,881)
Net cash generated from financing activities	<u>158,764,135</u>	<u>25,471,014</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	27,450,272	(2,726,009)
<b>Cash and cash equivalents at beginning of the year</b>	78,165,488	80,891,497
<b>Cash and cash equivalents at end of the year</b>	<u>105,615,760</u>	<u>78,165,488</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statement Of Cash Flow

For the financial year ended 31 December 2012

	2012 RM	2011 RM
<b>Cash flows from operating activities</b>		
Profit before taxation	12,651,728	20,638,319
Adjustments for:		
Depreciation of:		
- property, plant and equipment	873,211	979,665
- investment properties	172,177	172,177
Gain on disposal of property, plant and equipment	-	(69,485)
Property, plant and equipment written off	1,510	3,115
Impairment of investment in a subsidiary	-	196,980
Allowance for impairment on other receivables	18,524	58,774
Dividend income	(14,437,500)	(22,200,000)
Interest income	(1,956,382)	(2,355,728)
Interest expense	2,302,550	3,189,639
Operating (loss)/profit before working capital changes	(374,182)	613,456
Increase in land held for development	(594,948)	-
Decrease in receivables	11,003,235	8,139,785
Decrease in payables	(846,230)	(4,874,608)
Cash generated from operations	9,187,875	3,878,633
Interest paid	(2,302,550)	(3,189,639)
Taxes paid	(348,982)	(375,872)
Net cash generated from operating activities	6,536,343	313,122
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(234,350)	(331,146)
Proceeds from disposal of property, plant and equipment	-	69,489
Purchase of other investment	(5,005,982)	-
Capital advances of unincorporated joint ventures refunded	661,103	-
Dividend received	14,437,500	16,650,000
Interest received	1,956,382	2,355,728
Net cash generated from investing activities	11,814,653	18,744,071
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	(3,913,851)	(3,826,188)
Net changes in finance lease creditors	-	(82,387)
Repayment of borrowings	(15,055,319)	(15,000,000)
Net cash used in financing activities	(18,969,170)	(18,908,575)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(618,174)	148,618
<b>Cash and cash equivalents at beginning of the year</b>	19,824,903	19,676,285
<b>Cash and cash equivalents at end of the year</b>	19,206,729	19,824,903

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 1. Corporate information

Bina Darulaman Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at 9th Floor, Menara Bina Darulaman Berhad, No 88, Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman.

The ultimate holding corporation is Perbadanan Kemajuan Negeri Kedah, a statutory body formed in Malaysia.

The principal activities of the Company are investment holding, provision of management services, oil palm plantation and property development.

The principal activities of the subsidiaries are described on Note 16.

There have been no significant changes in the principal activities during the financial year.

The financial statements were approved by the Board of Directors on 8 April 2013.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 July 2011 and 1 January 2012 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2011 and 1 January 2012.

FRS 124 Related party disclosures

Amendments to FRS 7 Disclosures - transfer of financial assets

Amendments to FRS 112 Deferred tax - recovery of underlying assets.

Amendment to IC Interpretation 19 - extinguishing financial liabilities with equity instruments.

Adoption of the above amendments did not have a material impact for the Group and the Company other than the additional disclosures of balances and transactions with Government related entities in notes to the financial statements in accordance with amendments in FRS 124.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.2 Changes in accounting policies(cont'd.)

##### (i) Standards issued but not yet effective

At the date of authorisation of these financial statements, new and amended FRS and IC Interpretations which were issued but not yet effective for which the Group and the Company have not early adopted are as follows:

##### **Effective for financial period beginning on or after 1 July 2012.**

Amendments to FRS 101: Presentation of other items of other comprehensive income

##### **Effective for financial period beginning on or after 1 January 2013.**

FRS 10: Consolidated financial statements

FRS 11: Joint arrangements

FRS 12: Disclosures on interests in other entities

FRS 13: Fair value measurements

FRS 119: Employee benefits

FRS 127: Separate financial statements

FRS 128: Investments in associates and joint ventures

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans

Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance

Amendments to FRS 11: Joint Arrangements: Transition Guidance

Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance

Improvements to FRS 2012

##### **Effective for financial period beginning on or after 1 January 2014**

Amendments to FRS 132: Financial instruments presentations - offsetting financial assets and financial liabilities

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

##### **Effective for financial period beginning on or after 1 January 2015**

FRS 9: Financial Instruments

The adoption of the above will have no material impact on the financial statements of the Group and the Company in the period of initial application except as discussed below:

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 2. Summary of significant accounting policies (cont'd.)

### 2.2 Changes in accounting policies(cont'd.)

#### (i) Standards issued but not yet effective (cont'd.)

##### **FRS 10 Consolidated Financial Statements**

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

##### **FRS 11 Joint Arrangements**

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities - Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

##### **FRS 12 Disclosures of Interests in Other Entities**

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.2 Changes in accounting policies(cont'd.)

##### (i) Standards issued but not yet effective (cont'd.)

###### **FRS 13 Fair Value Measurement**

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of FRS 13 is expected to result in higher fair value of certain properties of the Group.

###### **FRS 127 Separate Financial Statements**

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

###### **FRS 128 Investments in Associates and Joint Ventures**

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

###### **Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)**

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

###### **FRS 9 Financial Instruments: Classification and Measurement**

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 2. Summary of significant accounting policies (cont'd.)

### 2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is effective for annual periods beginning on or after 1 January 2012 for all entities except for entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15) including its parent, significant investor and venturer (herein called "Transitioning Entities").

The Group which falls under the scope definition of Transitioning Entities has opted to adopt MFRS to annual periods beginning on 1 January 2014. When the Group presents its first MFRS financial statements in 1 January 2014, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively against opening retained profits.

### 2.4 Basis of consolidation

#### Business combinations from 1 January 2012

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.4 Basis of consolidation(cont'd.)

##### **Business combinations from 1 January 2012 (cont'd.)**

The Group elects for each individual business combination, whether non-controlling interests in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interests' proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.5. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

##### **Business combinations before 1 January 2012**

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interests (formerly known as minority interest) was measured at the proportionate share of the acquirees identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

##### **Transactions with non-controlling interests**

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Basis of consolidation (cont'd.)

#### Transactions with non-controlling interests (cont'd.)

If the Group loses control over a Subsidiary, at the date the Group loses control, it:

- a) Derecognises the assets (including goodwill) and liabilities of the Subsidiary at their respective carrying amounts.
- b) Derecognises the carrying amount of any non-controlling interest.
- c) Derecognises the cumulative translation differences recorded in equity.
- d) Recognises the fair value of the consideration or distribution received.
- e) Recognises the fair value of any investment retained.
- f) Recognises any surplus or deficit in profit or loss.
- g) Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

In the Company's separate financial statements, investments in Subsidiaries are accounted for at cost less any impairment charges. Dividends received from Subsidiaries are recorded as a component of revenue in the Company's separate income statement.

### 2.5 Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### 2.6 Property, plant and equipment

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 conditions 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 and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral of the functionality of the related equipment is capitalised as part of that equipment.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.6 Property, plant and equipment (cont'd.)

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.

Gains and losses on disposal of an item of property, plant and equipment are 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.

The cost of replacing part 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.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction work-in-progress are also not depreciated as these assets are not 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.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Leasehold land	1.25%
Office building	2%
Club house, golf course, chalets and buildings	2%
Instruments, plant and machinery and site equipment	10% - 20%
Furniture and fittings, electrical installations and office equipment	20% - 25%
Renovation	20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

#### 2.7 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation is provided for on a straight-line basis to write off the cost of other investment properties to its residual value over the estimated useful life at an annual rate of 2%.

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 2. Summary of significant accounting policies (cont'd.)

### 2.7 Investment properties (cont'd.)

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

#### Determination of fair value

The Directors will estimate the fair value of the Group's investment property for the purpose of disclosure in the financial statements based on independent valuation.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

### 2.8 Land held for property development

Land held for property development consists of land where 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.

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

### 2.9 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.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the 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 bear to the estimated total property development costs.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.9 Property development costs (cont'd.)

Where the financial outcome of a 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 properties 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 as an expense immediately.

Property development cost not recognised as an expense is 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 or loss is classified as progress billings within trade payables.

#### 2.10 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 cost.

Where the outcome of a construction contract cannot reliably estimated, contract revenue is recognised up to contract cost incurred to the extent that its' recoverability is probable. 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 profit (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.

#### 2.11 Impairment of non-financial assets

The carrying amounts of assets, other than investment properties, construction contract assets, property development costs, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated usually at each reporting date or more frequently when indicators of impairment are identified.

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 2. Summary of significant accounting policies (cont'd.)

### 2.11 Impairment of non-financial assets (cont'd.)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of the asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.12 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.

### 2.13 Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.13 Financial assets (cont'd.)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

##### (i) Financial assets at fair value through profit and loss ("FVTPL")

Financial assets held for trading are classified as financial assets at FVTPL. Financial assets held for trading are derivatives (including separate embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL include exchange differences and interest income.

The Group's financial assets classified under FVTPL include investment securities.

##### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Loans and receivables are classified as current assets, except for those having maturity dates later than twelve months after the reporting date which are reclassified as non-current.

The Group's and the Company's financial assets under loan and receivables include trade and other receivables, cash and bank balances.

##### (iii) Held-to-maturity investments

Financial assets with fixed and determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

The Group has not classified any financial assets as held-to-maturity.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.13 Financial assets (cont'd.)

##### (iv) Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are financial assets that are not classified in any of the other categories. After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in equity is recognised in profit or loss when the financial asset is derecognised.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

The Group has not classified any financial assets as AFS.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

#### 2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### (a) Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at FVTPL.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.14 Financial liabilities (cont'd.)

##### (b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 2.15 Financial guarantees

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.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the statement of comprehensive income over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount and the difference is charged to profit or loss.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.16 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

##### (b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the 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. Such impairment losses are not reversed in subsequent periods.

##### (c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.16 Impairment of financial assets (cont'd.)

##### (c) Available-for-sale financial assets (cont'd.)

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

#### 2.17 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank (including the accounts maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966), deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts and pledged deposits.

#### 2.18 Leases

##### (a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.26(iv).

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 2. Summary of significant accounting policies (cont'd.)

### 2.19 Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### 2.20 Income tax

#### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantially enacted by the reporting date.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.20 Income tax (cont'd.)

##### (ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 2.21 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial statement date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 2. Summary of significant accounting policies (cont'd.)

### 2.22 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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

### 2.23 Employee benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

### 2.24 Foreign currencies

#### (i) Financial and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

#### (ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the financial statement date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.24 Foreign currencies (cont'd.)

##### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each financial statement presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

##### (iv) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's statement of comprehensive income. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated statement of comprehensive income upon disposal of the investment.

#### 2.25 Government grant

Government grants are in respect of advances and subsidies awarded by the Government for the upgrading of green and golf course. Grants that compensate expenses incurred are recognised as income to match the costs that it is intended to compensate.

An asset-related grant is recorded as a deduction against the carrying amount of the related asset which is subsequently recognised in income by way of reduced depreciation charges.

#### 2.26 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.

# Notes To The Financial Statements

For the financial year ended 31 December 2012

## 2. Summary of significant accounting policies (cont'd.)

### 2.26 Revenue recognition (cont'd.)

#### (i) Sale of development properties (cont'd.)

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised up to property development costs incurred to the extent that its' recoverability is probable, 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 defect liability period, is recognised immediately in profit or loss.

#### (ii) 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 2.10.

#### (iii) Sale of goods

Revenue is recognised net of discounts and upon transfer of significant risks and rewards of ownership to the buyer.

#### (iv) 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.

#### (v) Revenue from hotel and golf resort operations

The income from rental of room, subscription and green fees, rental of golfing facilities and other related income are recognised on an accrual basis.

#### (vi) Dividend income

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

#### (vii) Management fees

Management fees are recognised when services are rendered.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 2. Summary of significant accounting policies (cont'd.)

#### 2.26 Revenue recognition (cont'd.)

##### (viii) Interest income

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

##### (ix) Project management fee

Project management fee is computed based on an agreed percentage of sales and recognised in proportion to the project progress.

##### (x) Government grant

Government grant are recognised on an accrual basis.

#### 2.27 Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit for the year from continuing operations, net of tax, attributable to owners of the parent (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

#### 2.28 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

#### 2.29 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 3. Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies, reported amounts of the assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations on future events that are believed to be reasonable under the circumstances.

The significant judgements and estimates affects the Group's and Company's financial statements are as follows:

#### (i) Construction contracts and property development costs

The Group recognises construction and 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 construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Company evaluates based on past experience and by relying on the work of specialists.

#### (ii) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 4 to 80 years. These are common life expectancies applied in the industry. Changes in the expected level of usage, technological and other developments could impact the economic useful lives of these assets. Therefore future depreciation charges could be revised. An increase or decrease in the average useful lives of these assets by one year from management estimates would result in material variance in depreciation charge for the year.

#### (iii) Impairment of receivables

The Group assesses at each financial statement whether there is any objective evidence that the financial assets is impaired. To determine whether there is objective evidence of impairment, the Group consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience.

#### (iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Group and the Company are disclosed in Note 26.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 3. Significant accounting estimates and judgements (cont'd.)

#### (v) Classification between investment property and inventories and land held for development

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

During the financial year, the Group has temporarily sub-let plantations estates and vacant land but has decided not to treat these properties as investment properties because it is not the Group's intention to hold these properties in the long-term for capital appreciation or rental income. Accordingly, these properties are still classified as properties held for sale under inventories and land held for property development respectively.

### 4. Revenue

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Construction contracts	175,630,194	117,526,201	-	-
Road paving works, premix aggregate and sand quarry	49,492,978	52,093,095	-	-
Sales of development properties and land	77,454,845	50,415,767	-	-
Sales of oil palm fresh fruit bunches	4,014,307	3,973,202	3,103,427	2,964,631
Revenue from golf resort and hotel operations	3,812,290	5,136,487	-	-
Management fees from subsidiaries	-	-	792,000	792,000
Dividend income from subsidiaries	-	-	19,250,000	22,200,000
Others	1,504,305	581,015	-	-
	<u>311,908,919</u>	<u>229,725,767</u>	<u>23,145,427</u>	<u>25,956,631</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 5. Cost of sales

Cost of goods sold represents the contract costs recognised as an expense, cost of development properties sold and cost of services provided in respect of:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Construction contracts	147,868,941	105,044,397	-	-
Road paving works, premix aggregate and sand quarry costs	45,131,732	35,294,076	-	-
Sales of development properties and land	63,078,900	39,163,122	-	-
Sales of oil palm fresh fruit bunches	1,577,067	1,292,281	1,304,203	941,792
Revenue from golf resort and hotel operations	3,745,972	2,669,961	-	-
Others	1,419,901	514,375	-	-
	<b>262,822,513</b>	<b>183,978,212</b>	<b>1,304,203</b>	<b>941,792</b>

### 6. Other income

Other income includes the following:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Commission income	-	-	1,211,380	1,235,016
Government grant	1,282,372	-	-	-
Rental income from investment property	-	-	120,000	120,000
Rental income from property	595,100	571,767	730,316	679,215
Rental income from machinery	11,729	39,119	-	-
Net gain on disposal of property, plant and equipment	527,012	193,208	-	69,485
Net gain on disposal of investment property	9,280	-	-	-
Interest income - short term deposit	1,379,191	1,002,250	289,964	339,696
Profits from Islamic deposit	628,090	1,037,298	1,666,418	2,016,032
Unwinding of discount on non current receivables	901,834	2,282,534	-	-
Dividend income from quoted investments	89,273	8,806	-	-
Changes on fair value of investment securities	263,770	12,916	-	-
Project management fees	999,013	617,959	999,013	614,975
Bad debts recovered	643,350	3,297	-	-

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 7. Finance costs

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
- Bank loans and bank overdrafts	66,883	61,081	-	-
- Obligations under finance lease	65,009	55,156	4,591	7,954
Profit payables on Islamic loans	13,364,488	7,372,555	2,297,959	3,181,685
	13,496,380	7,488,792	2,302,550	3,189,639
Less: Interest expense capitalised in construction contract costs (Note 25)	(10,181,199)	(2,151,964)	-	-
Total finance costs	3,315,181	5,336,828	2,302,550	3,189,639

### 8. Profit before taxation

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Auditors' remuneration:				
- statutory audits	167,500	154,500	45,000	40,000
- other services	32,500	23,500	10,000	10,000
Employee benefits expense (Note 9)	17,507,927	15,749,181	3,291,216	2,633,050
Non-executive directors' remuneration (Note 10)	911,000	1,093,700	376,750	450,500
Depreciation of:				
- property, plant and equipment (Note 13)	4,873,727	4,824,393	873,211	979,665
- investment property (Note 15)	3,600	3,600	172,177	172,177
Property, plant and equipment written off	27,152	18,135	1,510	3,115
Impairment loss on investment in subsidiaries	-	-	-	196,980
Operating lease - minimum lease payments for:				
- land and buildings	277,370	184,370	128,370	131,370
- plant and machinery	63,187	117,462	-	-
- office equipment	19,162	25,358	16,178	16,128
Office rental	8,100	19,200	3,000	3,000
Allowance for impairment	974,524	2,078,214	18,524	58,774
Reversal of impairment losses	(355,821)	(576,301)	-	(65,358)
Bad debts written off	5,513	3,263	-	-
Royalties and tributes	1,167,439	855,795	-	-
Inventories written off	-	1,061	-	-

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 9. Employee benefits

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages and salaries	13,215,940	11,470,000	2,059,803	1,933,623
Social security contributions	369,242	221,836	14,807	13,991
Contributions to defined contribution plan	1,577,316	1,525,257	265,494	282,004
Other benefits	2,345,429	2,532,088	951,112	403,432
	<u>17,507,927</u>	<u>15,749,181</u>	<u>3,291,216</u>	<u>2,633,050</u>

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM691,796 (2011: RM633,504) and RM685,796 (2011: RM619,004) respectively.

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2012	2011
RM650,001 - RM700,000	1	1
RM500,001 - RM550,000	-	-
RM100,001 - RM150,000	1	1
RM50,001 - RM100,000	3	5
RM0 - RM50,000	<u>2</u>	<u>2</u>

### 10. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive directors:				
Fees				
- current year	36,000	36,000	36,000	36,000
- underprovision in prior year	-	6,000	-	6,000
Salaries and other emoluments	655,796	591,504	649,796	577,004
	<u>691,796</u>	<u>633,504</u>	<u>685,796</u>	<u>619,004</u>
Non-Executive directors:				
Fees				
- current year	716,000	800,200	216,000	216,000
- underprovision in prior year	-	48,000	-	48,000
Other emoluments	195,000	245,500	160,750	186,500
	<u>911,000</u>	<u>1,093,700</u>	<u>376,750</u>	<u>450,500</u>
Total directors' remuneration	1,602,796	1,727,204	1,062,546	1,069,504
Estimated monetary value of benefits-in-kind	8,300	9,250	8,300	8,300
Total directors' remuneration including benefits-in-kind	<u>1,611,096</u>	<u>1,736,454</u>	<u>1,070,846</u>	<u>1,077,804</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 11. Income tax expense

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current income tax				
- Malaysian income tax	8,257,969	8,655,041	4,864,844	5,838,225
- (Over)/under provision in respect of previous years	(391,355)	1,804,023	(109,092)	983,616
	<u>7,866,614</u>	<u>10,459,064</u>	<u>4,755,752</u>	<u>6,821,841</u>
Deferred income tax				
(Note 26):				
- Origination and reversal of temporary differences	439,887	(373,890)	(132,803)	(153,372)
- Under/(over) provision in prior years	112,932	(1,565,484)	(16,963)	(674,144)
	<u>552,819</u>	<u>(1,939,374)</u>	<u>(149,766)</u>	<u>(827,516)</u>
Income tax expense recognised in profit or loss	<u>8,419,433</u>	<u>8,519,690</u>	<u>4,605,986</u>	<u>5,994,325</u>

#### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 11. Income tax expense (cont'd.)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before taxation	30,099,475	28,066,733	17,257,714	20,638,319
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	7,524,868	7,016,683	4,314,429	5,159,580
Adjustments:				
Non-deductible expenses	1,261,586	1,110,221	417,612	525,273
Income not subject to taxation	(300,665)	(12,673)	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowance	(5,086)	(14,103)	-	-
Share of profit of unincorporated joint venture	(19,548)	(76,642)	-	-
Deferred tax assets not recognised	236,701	257,665	-	-
Under/(over) provision of deferred tax in respect of previous years	112,932	(1,565,484)	(16,963)	(674,144)
(Over)/under provision of income tax in respect of previous years	(391,355)	1,804,023	(109,092)	983,616
Income tax expense recognised in profit or loss	8,419,433	8,519,690	4,605,986	5,994,325

Income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

### 12. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	2011
Profit attributable to ordinary equity holders of the Company (RM)	21,686,669	19,551,436
Number of ordinary shares issued at 1 January/31 December	72,815,856	72,815,856
Basic earnings per share (sen)	29.78	26.85

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 13. Property, plant and equipment

Group	*Land, buildings and estate development expenditure	Instruments, plant and machinery and site equipment	Furniture, fittings, and renovation	Construction work-in-progress	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM
<b>At 1 January 2011</b>	56,912,828	42,542,279	8,814,003	95,177	8,162,165	116,526,452
Additions	458,923	956,650	814,843	-	334,637	2,565,053
Disposals	(529,800)	(350,000)	(51,203)	-	(871,298)	(1,802,301)
Write off	(11,300)	(170,000)	(34,102)	-	(4,837)	(220,239)
<b>At 31 December 2011</b>	56,830,651	42,978,929	9,543,541	95,177	7,620,667	117,068,965
Additions	689,302	4,693,425	406,310	-	526,415	6,315,452
Disposals	(400,000)	(1,137,650)	(3,050)	-	(175,484)	(1,716,184)
Write off	(113,569)	-	(1,491,394)	-	(24,538)	(1,629,501)
<b>At 31 December 2012</b>	57,006,384	46,534,704	8,455,407	95,177	7,947,060	120,038,732

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 13. Property, plant and equipment (cont'd.)

	*Land, buildings and estate development expenditure RM	Instruments, plant and machinery and site equipment RM	Furniture, fittings, and renovation RM	Construction work-in- progress RM	Motor vehicles RM	Total RM
<b>Accumulated depreciation</b>						
<b>At 1 January 2011</b>	8,447,445	28,814,649	7,578,381	-	6,795,191	51,635,666
Depreciation charge for the year (Note 8)	916,540	2,746,984	740,967	-	419,902	4,824,393
Depreciation capitalised in construction cost (Note 25)	-	-	-	-	135,887	135,887
Disposals	(12,179)	(274,167)	(50,802)	-	(852,942)	(1,190,090)
Write off	(8,663)	(169,999)	(18,848)	-	(4,594)	(202,104)
<b>At 31 December 2011</b>	9,343,143	31,117,467	8,249,698	-	6,493,444	55,203,752
Depreciation charge for the year (Note 8)	761,673	2,860,540	536,573	-	542,764	4,701,550
Depreciation capitalised in construction cost (Note 25)	172,177	-	-	-	-	172,177
Disposals	933,850	2,860,540	536,573	-	542,764	4,873,727
Write off	-	(1,137,641)	(3,048)	-	(169,266)	(1,309,955)
<b>At 31 December 2012</b>	(92,748)	-	(1,488,189)	-	(21,412)	(1,602,349)
	10,184,245	32,840,366	7,295,034	-	6,845,530	57,165,175
<b>Net carrying amount:</b>						
<b>At 31 December 2012</b>	46,822,139	13,694,338	1,160,373	95,177	1,101,530	62,873,557
<b>At 31 December 2011</b>	47,487,508	11,861,462	1,293,843	95,177	1,127,223	61,865,213

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 13. Property, plant and equipment (cont'd.)

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

Group	Freehold land		Long term leasehold land		Office building	Golf course	Club house, chalets and other buildings		Estate development expenditure	Total
	RM	RM	RM	RM			RM	RM		
<b>At 1 January 2011</b>	3,913,402	8,948,546	11,161,953	9,542,446	22,485,802	860,679	56,912,828			
Additions	-	159,405	-	63,308	236,210	-	458,923			
Disposal	-	(529,800)	-	-	-	-	(529,800)			
Write off	-	-	-	-	(11,300)	-	(11,300)			
<b>At 31 December 2011</b>	3,913,402	8,578,151	11,161,953	9,605,754	22,710,712	860,679	56,830,651			
Additions	-	-	-	-	689,302	-	689,302			
Disposal	(400,000)	-	-	-	-	-	(400,000)			
Write off	-	-	-	-	(113,569)	-	(113,569)			
<b>At 31 December 2012</b>	3,513,402	8,578,151	11,161,953	9,605,754	23,286,445	860,679	57,006,384			

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 13. Property, plant and equipment (cont'd.)

\* Land, buildings and estate development expenditure for the Group (cont'd.):

Group	Freehold land		Long term leasehold land		Office building		Golf course		Club house, chalets and other buildings		Estate development expenditure		Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Accumulated depreciation</b>													
<b>At 1 January 2011</b>	-	1,963,362	1,437,622	-	4,271,849	774,612	-	-	-	-	-	-	8,447,445
Depreciation charge for the year (Note 8)	-	81,089	401,331	-	348,054	86,066	-	-	-	-	-	-	916,540
Disposal	-	(12,179)	-	-	-	-	-	-	-	-	-	-	(12,179)
Write off	-	-	-	-	(8,663)	-	-	-	-	-	-	-	(8,663)
<b>At 31 December 2011</b>	-	2,032,272	1,838,953	-	4,611,240	860,678	-	-	-	-	-	-	9,343,143
Depreciation charge for the year (Note 8)	-	75,000	56,977	-	801,873	-	-	-	-	-	-	-	933,850
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Write off	-	-	-	-	(92,748)	-	-	-	-	-	-	-	(92,748)
<b>At 31 December 2012</b>	-	2,107,272	1,895,930	-	5,320,365	860,678	-	-	-	-	-	-	10,184,245
<b>Net carrying amount:</b>													
<b>At 31 December 2012</b>	3,513,402	6,470,879	9,266,023	9,605,754	17,966,080	1	46,822,139						
<b>At 31 December 2011</b>	3,913,402	6,545,879	9,323,000	9,605,754	18,099,472	1	47,487,508						

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 13. Property, plant and equipment (cont'd.)

Company	Office building RM	Long term leasehold land RM	Estate development expenditure RM	Plant and machinery RM	Furniture, fittings, and renovations RM	Motor vehicle RM	Total RM
<b>Cost:</b>							
<b>At 1 January 2011</b>	11,457,680	6,000,000	860,679	3,343,160	2,574,216	1,183,111	25,418,846
Additions	-	-	-	-	331,146	-	331,146
Disposal	-	-	-	-	(1,150)	(328,240)	(329,390)
Write off	-	-	-	-	(13,350)	-	(13,350)
<b>At 31 December 2011</b>	11,457,680	6,000,000	860,679	3,343,160	2,890,862	854,871	25,407,252
Additions	-	-	-	-	62,462	171,888	234,350
Write off	-	-	-	-	(1,440,880)	-	(1,440,880)
<b>At 31 December 2012</b>	11,457,680	6,000,000	860,679	3,343,160	1,512,444	1,026,759	24,200,722
<b>Accumulated depreciation:</b>							
<b>At 1 January 2011</b>	1,604,073	637,500	774,611	2,340,212	2,346,580	846,926	8,549,902
Depreciation charge for the year (Note 8)	229,153	75,000	86,068	334,316	152,733	102,395	979,665
Disposal	-	-	-	-	(1,150)	(328,236)	(329,386)
Write off	-	-	-	-	(10,235)	-	(10,235)
<b>At 31 December 2011</b>	1,833,226	712,500	860,679	2,674,528	2,487,928	621,085	9,189,946
Depreciation charge for the year (Note 8)	229,154	75,000	-	334,316	142,896	91,845	873,211
Write off	-	-	-	-	(1,439,370)	-	(1,439,370)
<b>At 31 December 2012</b>	2,062,380	787,500	860,679	3,008,844	1,191,454	712,930	8,623,787
<b>Net carrying amount:</b>							
<b>At 31 December 2012</b>	9,395,300	5,212,500	-	334,316	320,990	313,829	15,576,935
<b>At 31 December 2011</b>	9,624,454	5,287,500	-	668,632	402,934	233,786	16,217,306

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 13. Property, plant and equipment ( cont'd.)

#### Assets held under finance leases

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Finance lease	1,317,000	356,251	-	-
Cash	4,998,452	2,208,802	234,350	331,146
	<u>6,315,452</u>	<u>2,565,053</u>	<u>234,350</u>	<u>331,146</u>

Net carrying amounts of property, plant and equipment held under finance lease arrangements are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Plant and machinery	1,375,830	138,493	-	-
Motor vehicles	390,556	554,729	4	4
	<u>1,766,386</u>	<u>693,222</u>	<u>4</u>	<u>4</u>

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 23.

#### Assets pledged as security

Property, plant and equipment of the Group and of the Company with an aggregate carrying value of RM9,395,300 (2011: RM9,624,453) and RM9,395,300 (2011: RM9,624,453) are pledged as security for borrowings.

#### 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 RM29,453,377 (2011: RM29,150,841) and RM1,474,306 (2011: RM2,910,676) respectively.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 14. Land held for property development and property development costs

#### (a) Land held for property development

Group	Freehold	Leasehold	Total
	land	land	
	RM	RM	RM
At 1 January 2012	85,780,596	25,738,636	111,519,232
Additions	3,894,412	594,948	4,489,360
Transfer to cost of sales	(3,322,427)	-	(3,322,427)
Transfer to property development costs (Note 14(b))	(2,949,324)	-	(2,949,324)
At 31 December 2012	83,403,257	26,333,584	109,736,841
At 1 January 2011	81,209,612	14,082,298	95,291,910
Additions	6,328,347	11,656,338	17,984,685
Transfer to cost of sales	(3,625)	-	(3,625)
Transfer to property development costs (Note 14(b))	(1,753,738)	-	(1,753,738)
At 31 December 2011	85,780,596	25,738,636	111,519,232

#### Company

	2012	2011
	RM	RM
Leasehold land		
At 1 January	13,098,680	13,098,680
Additions	594,948	-
At 31 December	13,693,628	13,098,680

#### (b) Property development costs

Group	Freehold	Development	Total
	land	costs	
	RM	RM	RM
<b>At 31 December 2012</b>			
<b>Cumulative property development costs</b>			
At 1 January 2012	6,669,791	128,400,613	135,070,404
Costs incurred during the year	1,210,000	92,846,441	94,056,441
Transferred from land held for development (Note 14(a))	2,949,324	-	2,949,324
At 31 December 2012	10,829,115	221,247,054	232,076,169

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 14. Land held for property development and property development costs (cont'd.)

#### (b) Property development costs (cont'd.)

Group (cont'd.)	Freehold land RM	Development costs RM	Total RM
<b>At 31 December 2012 (cont'd.)</b>			
<b>Cumulative costs recognised in profit or loss</b>			
At 1 January 2012	(5,257,256)	(113,451,183)	(118,708,439)
Recognised during the year	(291,993)	(71,120,818)	(71,412,811)
At 31 December 2012	(5,549,249)	(184,572,001)	(190,121,250)
Property development costs at 31 December 2012	5,279,866	36,675,053	41,954,919
<b>At 31 December 2011</b>			
<b>Cumulative property development costs</b>			
At 1 January 2011	1,770,612	105,123,309	106,893,921
Costs incurred during the year	3,145,441	24,408,011	27,553,452
Transferred from land held for development (Note 14(a))	1,753,738	-	1,753,738
Unsold units transferred to inventories	-	(1,130,707)	(1,130,707)
At 31 December 2011	6,669,791	128,400,613	135,070,404
<b>Cumulative costs recognised in profit or loss</b>			
At 1 January 2011	(3,527,447)	(81,165,301)	(84,692,748)
Recognised during the year	(1,729,809)	(32,285,882)	(34,015,691)
At 31 December 2011	(5,257,256)	(113,451,183)	(118,708,439)
Property development costs at 31 December 2011	1,412,535	14,949,430	16,361,965

#### Security

Freehold land of the Group with carrying values of RM5,640,519 (2011: RM9,264,453) are pledged as security for borrowings (Note 22).

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 14. Land held for property development and property development costs (cont'd.)

#### (b) Property development costs (cont'd.)

Joint venture

Included in land held for property development is an amount of RM38,930,127 (2011: RM38,930,127) representing freehold land and development expenditure incurred for a joint venture project.

	2012 RM	2011 RM
Cost per acre	35,391	35,391

The joint venture agreement is with the ultimate holding corporation whereby the Group acquired a piece of land from the ultimate holding corporation 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 is payable on percentage of completion basis.

	2012	2011
The Group	80%	80%
Ultimate holding corporation	20%	20%

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

### 15. Investment properties

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Cost</b>				
At 1 January	180,000	180,000	9,308,849	9,308,849
Disposal	(180,000)	-	-	-
At 31 December	-	180,000	9,308,849	9,308,849
<b>Accumulated depreciation</b>				
At 1 January	37,080	33,480	688,708	516,531
Disposal	(40,680)	-	-	-
Depreciation charge for the year (Note 8)	3,600	3,600	172,177	172,177
At 31 December	-	37,080	860,885	688,708
<b>Net carrying amount</b>				
At 31 December	-	142,920	8,447,964	8,620,141
Fair value	-	150,000	17,000,000	17,000,000

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 16. Investment in subsidiaries

	Company	
	2012 RM	2011 RM
Unquoted shares, at costs	57,460,031	57,460,031
Impairment losses	(702,502)	(702,502)
	<u>56,757,529</u>	<u>56,757,529</u>

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012	2011
Darulaman Realty Sdn. Bhd.	Malaysia	Property development, investment holding and project management services	100	100
Kedah Sato Sdn. Bhd.	Malaysia	Building and general contractor	100	100
Bina & Kuari (K) Sdn. Bhd. (formerly known as Syarikat Bina & Kuari (Kedah) Sdn. Bhd.)	Malaysia	Granite quarry operator and civil engineering contractor	100	100
Darulaman Golf Resort Berhad *	Malaysia	Golf resort owner and operator	99	99
Kedah Holdings Sdn. Bhd.	Malaysia	Property development and property investment	100	100
BDB Construction Sdn. Bhd.	Malaysia	General contractor	100	100
BDB Quarry Sdn. Bhd.	Malaysia	Sand and granite quarry operator and supplying construction materials	100	100
BDB Hotels Sdn. Bhd.	Malaysia	Hotel business	100	100
BDB Trading Sdn. Bhd.	Malaysia	General trading and supplying of construction materials	100	100
Jitra Waterworld Sdn. Bhd.	Malaysia	Dormant	100	100
PT Darulaman **#	Indonesia	Dormant	100	100

\* 1 unit of the total share capital of 100,000 ordinary shares of RM1 each is held by Darulaman Realty Sdn Bhd.

\*\* Held through Bina & Kuari (K) Sdn. Bhd. and BDB Quarry Sdn. Bhd. with 80% and 20% equity interest respectively.

# Not audited by Ernst & Young.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 17. Interest in unincorporated joint venture

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Capital advances	-	661,103	-	661,103
Share of profits	451,207	373,375	-	-
	<u>451,207</u>	<u>1,034,478</u>	<u>-</u>	<u>661,103</u>

The Group's aggregate share of the income, expenses, assets and liabilities of the unincorporated joint venture are as follows:

	2012 RM	2011 RM
<b>Assets and liabilities</b>		
Current assets	<u>692,680</u>	<u>1,803,159</u>
Current liabilities	<u>(241,472)</u>	<u>(350,997)</u>

The interests of the Group in jointly controlled entity are listed below:

Unincorporated joint venture	Principal activities	Profit sharing rate (%)	
		2012	2011
TH Universal Builders - Bina Darulaman Berhad J.V. (held by the Company)	Design, construction, equipping, commissioning and maintenance of a new Sungai Petani Hospital.	30	30

During the financial year, the capital advances of the Group and the Company in respect of the unincorporated joint venture amounting to RM661,103 respectively, have been refunded. Subsequent to the financial year end, the unincorporated joint venture has started the dissolution process. Further distribution will be made upon completion of the dissolution process.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 18. Investment securities

	Group		Company	
	2012	2011	2012	2011
	Carrying	Carrying	Carrying	Carrying
	amount	amount	amount	amount
	RM	RM	RM	RM
Fair value through profit or loss				
Quoted Investment securities	5,901,868	632,116	5,005,982	-

### 19. Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	80,351,801	92,901,674	1,639,182	1,728,437
Amounts due from related corporations	52,358	2,940	-	-
	80,404,159	92,904,614	1,639,182	1,728,437
Less: Allowance for impairment	(7,659,710)	(7,624,531)	-	-
	72,744,449	85,280,083	1,639,182	1,728,437
Construction contracts:				
Due from customers (Note 25)	309,085,225	170,137,804	-	-
Retention sums (Note 25)	2,890,037	2,890,037	-	-
	311,975,262	173,027,841	-	-
Trade receivables, net	384,719,711	258,307,924	1,639,182	1,728,437

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 19. Trade and other receivables (cont'd.)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Other receivables</b>				
Third party	-	-	-	23,829
Holding corporation	114,913	11,728	-	-
Amounts due from subsidiaries	-	-	44,486,520	55,526,120
Prepayments	285,560	146,282	19,477	88,924
Refundable deposits	1,575,363	2,189,040	1,066,478	1,211,688
Sundry receivables	3,791,788	3,835,635	585,359	221,253
	<u>5,767,624</u>	<u>6,182,685</u>	<u>46,157,834</u>	<u>57,071,814</u>
Less: Allowance for impairment				
- third parties	(627,779)	(420,891)	(6,975)	(6,975)
- related parties	-	-	(99,110)	(80,586)
	<u>5,139,845</u>	<u>5,761,794</u>	<u>46,051,749</u>	<u>56,984,253</u>
Total trade and other receivables	<u>389,859,556</u>	<u>264,069,718</u>	<u>47,690,931</u>	<u>58,712,690</u>
<b>Non-current</b>				
Trade receivable - third party	-	6,250,000	-	-
Total trade and other receivables (current and non-current)	<u>389,859,556</u>	<u>270,319,718</u>	<u>47,690,931</u>	<u>58,712,690</u>

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2011: 30 to 60 days) terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 19. Trade and other receivables (cont'd.)

#### (a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables excluding due from customers on construction contracts is as follows:

	Group	
	2012 RM	2011 RM
<b>Non-current</b>		
Neither past due nor impaired	-	6,250,000
<b>Current</b>		
Neither past due nor impaired	11,085,611	38,162,153
1 to 30 days past due not impaired	14,579,550	23,381,581
31 to 60 days past due not impaired	10,136,024	6,038,962
61 to 90 days past due not impaired	7,936,699	7,469,898
91 to 120 days past due not impaired	5,289,285	2,448,616
More than 121 days past due not impaired	23,717,280	7,778,873
	72,744,449	85,280,083
Impaired	7,659,710	7,624,531
Total current	80,404,159	92,904,614
Total current and non current	80,404,159	99,154,614

	Company	
	2012 RM	2011 RM
Neither past due nor impaired	-	663,086
1 to 30 days past due not impaired	251,036	251,505
31 to 60 days past due not impaired	299,620	328,891
61 to 90 days past due not impaired	302,666	197,456
91 to 120 days past due not impaired	400,127	287,499
More than 121 days past due not impaired	385,733	-
	1,639,182	1,065,351
	1,639,182	1,728,437

#### Receivables that are neither past due nor impaired

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 19. Trade and other receivables (cont'd.)

#### (a) Trade receivables (cont'd.)

##### Receivables that are past due but not impaired

Receivables that were past due but not impaired relate to customers that have a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been any significant changes in credit quality and the balances are still considered fully recoverable.

The trade receivables that are past due but not impaired are unsecured.

##### Receivables that are impaired

	Individually impaired	
	2012	2011
	RM	RM
Group		
Trade receivables		
- nominal amounts	7,659,710	7,624,531
Less: Allowance for impairment	(7,659,710)	(7,624,531)
	-	-

#### (b) Movement in allowance accounts:

##### (i) Trade receivables

	Group	
	2012	2011
	RM	RM
At 1 January	7,624,531	6,202,363
Charge for the year (Note 8)	762,867	2,078,214
Written off	(376,636)	(145,105)
Reversal of impairment losses (Note 8)	(351,052)	(510,941)
At 31 December	7,659,710	7,624,531

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 19. Trade and other receivables (cont'd.)

#### (b) Movement in allowance accounts (cont'd.):

##### (ii) Other receivables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1 January	420,891	486,251	87,561	94,145
Charge for the year (Note 8)	211,657	-	18,524	58,774
Reversal of impairment losses (Note 8)	(4,769)	(65,360)	-	(65,358)
At 31 December	627,779	420,891	106,085	87,561

#### (c) Trade receivables - deferred payment terms

Included in the current/ non-current amount due from trade receivables - third parties of the Group is an amount of RM Nil (2011: RM30,361,784) due from the state government for a construction project. The Company has granted deferred payment terms and the receivables are recognised based on their net present values discounted at a rate of 4.3% per annum.

The above amount is receivable as follows:

	2012 RM	2011 RM
Within 1 year	-	31,250,000
Less: Future finance income	-	(888,216)
	-	30,361,784

### 20. Inventories

	Group	
	2012 RM	2011 RM
<b>Cost</b>		
Properties held for sale	4,575,500	7,738,065
Consumables and spares	1,159,227	1,285,406
Building materials	3,494,185	3,565,031
	9,228,912	12,588,502

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM6,452,292 (2011: RM9,122,142).

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 21. Cash and bank balances

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash at banks and on hand	30,621,669	18,730,327	2,137,998	341,348
Short term deposits with:				
Licensed banks	79,325,489	62,215,481	17,068,731	19,483,555
Cash and bank balances	<u>109,947,158</u>	<u>80,945,808</u>	<u>19,206,729</u>	<u>19,824,903</u>

Included in cash and bank balances of the Group are amounts of RM18,129,410 (2011: RM8,773,414) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

The amount of deposit placed with the financial institutions which are government-related entities amounted RM655,740 (2011: RM2,640,611).

#### Cash and cash equivalents comprise:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	109,947,158	80,945,808	19,206,729	19,824,903
Bank overdrafts (Note 22)	(1,897,082)	-	-	-
	<u>108,050,076</u>	<u>80,945,808</u>	<u>19,206,729</u>	<u>19,824,903</u>
Less: Deposits pledged	(2,434,316)	(2,780,320)	-	-
	<u>105,615,760</u>	<u>78,165,488</u>	<u>19,206,729</u>	<u>19,824,903</u>

### 22. Loans and borrowings

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current				
Secured:				
Obligations under finance leases (Note 23)	614,043	235,118	22,706	55,317
Bank overdrafts	1,897,082	-	-	-
Term loans:				
Term loan 1	15,000,000	15,000,000	15,000,000	15,000,000
Term loan 2	3,264,452	4,172,723	-	-
Revolving credit	19,500,000	-	-	-
	<u>40,275,577</u>	<u>19,407,841</u>	<u>15,022,706</u>	<u>15,055,317</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 22. Loans and borrowings (cont'd.)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Non-current</b>				
Secured:				
Obligations under finance leases (Note 23)	991,272	445,548	35,912	58,619
Term loans:				
Term loan 1	15,000,000	30,000,000	15,000,000	30,000,000
Term loan 2	-	23,333,331	-	-
Term loan 3	279,304,318	98,807,700	-	-
	<u>295,295,590</u>	<u>152,586,579</u>	<u>15,035,912</u>	<u>30,058,619</u>
Total loans and borrowings	<u>335,571,167</u>	<u>171,994,420</u>	<u>30,058,618</u>	<u>45,113,936</u>

The remaining maturities of the loans and borrowings excluding obligations under finance leases as at 31 December 2012 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
On demand or within one year	39,661,534	19,172,723	15,000,000	15,000,000
More than 1 year and less than 2 years	42,305,503	38,333,336	15,000,000	30,000,000
More than 2 years and less than 5 years	251,998,815	113,807,695	-	-
	<u>333,965,852</u>	<u>171,313,754</u>	<u>30,000,000</u>	<u>45,000,000</u>

#### Security

The secured bank overdrafts and bankers' acceptance of the Group are secured by certain assets of the Group as disclosed in Notes 13,14 and 21.

The term loans of the Group are secured, inter-alia, by the following:

#### Term loan 1

The term loan agreement was entered into with Affin Islamic Bank on 13 July 2009 to refinance existing Murabahah Commercial Paper in relation to working capital purposes.

- Islamic facility agreement stamped for RM60,000,000;
- lease and insurance assignment over Menara Bina Darulaman Berhad.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 22. Loan and borrowings (cont'd.)

#### Term loans 2 and 3

Term loan 2 relates to term loan with Affin Islamic Bank to fund the Wisma Darulaman project. Term loan 3 relates to Syndicated Islamic Financing Facility up to RM330 million, RM200 million by Bank Islam Malaysia Berhad and RM130 million by Affin Islamic Bank for the Kolej Universiti Insaniah (KUIN) project.

- (a) first legal charge over the properties of the Group as disclosed in Notes 13 and 14;
- (b) deposits pledged with licensed banks as disclosed in Note 21;
- (c) specific debenture on the project undertaken on the land financed by the term loans;
- (d) letter of support from the holding corporation;
- (e) assignment of contract proceeds of RM70 million on Wisma Darul Aman project; and
- (f) a first fixed charge over the Designated Accounts.

#### Revolving credit

Revolving credit relates to facility from Affin Islamic Bank for working capital purpose. Revolving credit is secured by a fixed and floating charge over the assets of a subsidiary.

The range of interest rates per annum as at the financial year end for the borrowings, were as follows:

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
<b>Floating rate</b>				
Bank overdrafts	5.55	-	-	-
Term loan 3	5.05	5.35	-	-
Revolving credit	5.40	-	-	-
<b>Fixed rate</b>				
Term loan 1	6.00	6.00	6.00	6.00
Term loan 2	5.90	5.90	-	-

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 23. Finance lease liabilities

The Group has finance leases for certain items of plant and equipment and motor vehicles. These leases do not have terms of renewal.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Future minimum lease payments:</b>				
Not later than 1 year	693,820	269,287	25,196	59,909
Later than 1 year and not later than 2 years	658,106	212,944	18,192	25,196
Later than 2 years and not later than 5 years	383,514	264,785	19,691	37,884
Total minimum lease payments	1,735,440	747,016	63,079	122,989
Less: Future finance charges	(130,125)	(66,350)	(4,461)	(9,053)
Present value of finance lease liabilities	1,605,315	680,666	58,618	113,936

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Analysis of present value of finance lease liabilities:</b>				
Not later than 1 year	614,043	235,118	22,706	55,317
Later than 1 year and not later than 2 years	615,910	192,423	16,772	22,706
Later than 2 years and not later than 5 years	375,362	253,125	19,140	35,913
	1,605,315	680,666	58,618	113,936
Less: Amount due within 12 months (Note 22)	(614,043)	(235,118)	(22,706)	(55,317)
Amount due after 12 months (Note 22)	991,272	445,548	35,912	58,619

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 24. Trade and other payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	101,418,149	113,732,113	309,720	302,714
Amounts due to:				
- related companies	-	-	-	4,642,254
- holding corporation	-	211,396	-	-
Retention sum	-	622,400	-	-
Amount due to customers (Note 25)	1,010,632	3,444,383	-	-
	<u>102,428,781</u>	<u>118,010,292</u>	<u>309,720</u>	<u>4,944,968</u>
<b>Other payables</b>				
Sundry payables and accruals	29,947,451	6,775,660	4,583,188	1,008,144
Refundable deposits	1,496,694	16,614,203	1,167,097	1,275,265
Amounts due to:				
- related companies	29,763	29,763	3,971,659	4,035,788
	<u>31,473,908</u>	<u>23,419,626</u>	<u>9,721,944</u>	<u>6,319,197</u>
Total trade and other payables	<u>133,902,689</u>	<u>141,429,918</u>	<u>10,031,664</u>	<u>11,264,165</u>

#### (a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within 14 - 90 days (2011: 14 - 90 days).

#### (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled within 30-90 days (2011: 30-90 days).

#### (c) Amounts due to other related companies and holding corporation

These amounts are unsecured, non-interest bearing and are repayable on demand.

Included in the refundable deposit is an amount of RM15,000,000 (2011: RM15,000,000) relates to deposit received in relation of sales of a piece of land from Kedah State Government.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 25. Due from/(to) customers on contracts

	Group	
	2012 RM	2011 RM
Construction contract costs incurred to date	692,147,617	541,472,278
Attributable profits	68,585,095	49,798,411
	<u>760,732,712</u>	<u>591,270,689</u>
Less: Progress billings	(452,658,119)	(424,577,268)
	<u>308,074,593</u>	<u>166,693,421</u>
Due from customers on contracts (Note 19)	309,085,225	170,137,804
Due to customers on contracts (Note 24)	(1,010,632)	(3,444,383)
	<u>308,074,593</u>	<u>166,693,421</u>
Retention sums on construction contract included in trade receivables (Note 19)	2,890,037	2,890,037

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2012 RM	2011 RM
Depreciation (Note 13)	172,177	135,887
Hire of plant and machinery	370,171	626,085
Rental of premises	44,400	42,000
Interest expense (Note 7)	10,181,199	2,151,964
Employee benefit expenses	1,051,140	237,220

### 26. Deferred tax

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1 January	1,573,149	3,512,523	(17,150)	810,366
Recognised in profit or loss (Note 11)	552,819	(1,939,374)	(149,766)	(827,516)
At 31 December	<u>2,125,968</u>	<u>1,573,149</u>	<u>(166,916)</u>	<u>(17,150)</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(183,001)	(114,135)	(166,916)	(17,150)
Deferred tax liabilities	2,308,969	1,687,284	-	-
	<u>2,125,968</u>	<u>1,573,149</u>	<u>(166,916)</u>	<u>(17,150)</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 26. Deferred tax (cont'd.)

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

#### Deferred tax assets of the Group:

	<b>Unutilised losses and unabsorbed capital allowances RM</b>	<b>Others RM</b>	<b>Total RM</b>
At 1 January 2011	-	(77,582)	(77,582)
Recognised in profit or loss	2,042	(310,261)	(308,219)
At 31 December 2011	2,042	(387,843)	(385,801)
Recognised in profit or loss	-	234,261	234,261
At 31 December 2012	2,042	(153,582)	(151,540)

#### Deferred tax liabilities of the Group:

	<b>Accelerated capital allowances RM</b>
At 1 January 2011	3,590,105
Recognised in profit or loss	(1,631,155)
At 31 December 2011	1,958,950
Recognised in profit or loss	318,558
At 31 December 2012	2,277,508

#### Deferred tax liabilities/(assets) of the Company:

	<b>Property, plant and equipment RM</b>
At 1 January 2011	810,366
Recognised in profit or loss	(827,516)
At 31 December 2011	(17,150)
Recognised in profit or loss	(149,766)
At 31 December 2012	(166,916)

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 26. Deferred tax (cont'd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2012 RM	2011 RM
Unutilised tax losses	4,252,787	3,638,967
Unabsorbed capital allowances	14,932,474	14,484,762
Other deductible temporary difference	88,530	203,258
	<u>19,273,791</u>	<u>18,326,987</u>

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences are available indefinitely for offsetting against future taxable profits of the respective entities within the Group.

Deferred tax assets have not been recognised in respect of these items due to the recent history of losses in certain subsidiaries, as it is uncertain whether future taxable income will be sufficient to allow the benefit to be realised.

### 27. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2012	2011	2012 RM	2011 RM
<b>Authorised share capital</b>				
At 1 January and at 31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid</b>				
At 1 January and at 31 December	<u>72,815,856</u>	<u>72,815,856</u>	<u>72,815,856</u>	<u>72,815,856</u>

#### Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### 28. Other reserves

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-distributable				
Share premium	17,062,137	17,062,137	17,062,137	17,062,137
Exchange fluctuation reserve	10,278	10,278	-	-
	<u>17,072,415</u>	<u>17,072,415</u>	<u>17,062,137</u>	<u>17,062,137</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 29. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2012 and 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the section 108 balance to pay franked dividends amounting to RM33,248 (2011: RM3,574,709) out of its retained earnings. The balance of the retained earnings of RM28,736,973 (2011: RM25,195,512) can be distributed as dividends under the single tier system.

### 30. Dividends

	2012 RM	2011 RM
<b>Recognised during the financial year:</b>		
Dividends on ordinary shares:		
- Final dividend for 2011: 6.5% less 25% taxation on 72,815,856 ordinary shares or 4.88 sen	3,549,773	-
- Final dividend for 2011: 0.5% tax exempt on 72,815,856 ordinary shares or 0.50 sen	364,078	-
- Final dividend for 2010: 7% less 25% taxation on 72,815,856 ordinary shares or 5.25 sen	-	<u>3,822,833</u>

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 7 sen on 72,815,856 ordinary shares, amounting to a dividend payable of RM5,097,110 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

### 31. Commitments

	Group	
	2012 RM	2011 RM
Approved and contracted for:		
Property, plant and equipment	<u>3,496,643</u>	<u>2,200,000</u>
Approved but not contracted for:		
Property, plant and equipment	<u>4,268,333</u>	<u>4,093,224</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 32. Contingent liabilities - unsecured

#### Corporate guarantees

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Corporate guarantees given to banks for credit facilities granted to certain subsidiaries	430,250,000	400,000,000	430,000,000	400,000,000
Proportionate corporate guarantee given to a licensed bank for banking facilities granted to a jointly controlled entity	3,375,000	3,375,000	3,375,000	3,375,000
	<u>433,625,000</u>	<u>403,375,000</u>	<u>433,375,000</u>	<u>403,375,000</u>

#### Material litigation

##### (a) Heng Ghee Timber

On 20 October 2009, the Company was served with a suit by Heng Ghee Timber ("HGT") for alleged breach of a logging subcontract to extract timber. The claimant is claiming approximately RM22.4 million as damages. The Company, in turn, has filed a counter claim against HGT for an amount of RM30 million.

The case is now fixed for Trial on 15 and 16 April 2013.

##### (b) Bongsu Jaya (K) Sdn. Bhd.

On 1 February 2011, the wholly owned subsidiary of the Company, Bina & Kuari (K) Sdn Bhd (formerly known as Syarikat Bina Dan Kuari Kedah Sdn Bhd) ("Bina Kuari") was served with a Writ of Summons by Bongsu Jaya (K) Sdn Bhd. The claimant is claiming loss, damages and other relief arising allegedly from cancellation of offer to develop a piece of land for purpose as Quarry Site in Mukim Terap, Daerah Kulim, Kedah. In addition to Bina Kuari as Second Defendant in the suit, the claimant is also suing six other defendants.

On 9 December 2012, Plaintiff's application to stay proceeding at the High Court was granted but Hearing will only be fixed after a decision of the Court of Appeal on Plaintiff's appeal to amend Writ of Summons and Statement of Claim.

##### (c) Galiancon Sdn. Bhd.

On 7 April 2011, a wholly owned subsidiary of the Company, Bina Kuari was served with Writ of Summons by Galiancon Sdn Bhd. The claimant is claiming its retention sum of RM519,276 arising from the Contract Agreement with Bina Kuari dated 1 April 2004. Bina Kuari is disputing the amount claimed.

On 16 December 2012, the Court ruled in favour of Bina Kuari.

Subsequently, Galiancon Sdn Bhd filed notice of appeal on 9 January 2013.

The Group is defending all the cases in Court.

No provision has been made for the above litigation against the Group as the Directors, based on legal advice, are of the opinion that it is remote for the claims to crystallise.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 33. Related party disclosures

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.

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 transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Tributes charged by the holding corporation	208,944	161,396	-	-
Estate agency fee charged by a related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	243,686	208,584	243,686	208,583
Rental expenses charged by subsidiaries	-	-	131,370	131,370
<b>Subsidiaries:</b>				
Rental income	-	-	255,216	227,448
Dividend income	-	-	19,250,000	22,200,000
Management fees	-	-	792,000	792,000
Commission income	-	-	1,211,380	1,222,951
Rendering of services	-	-	126,000	322,899
Interest charged	-	-	1,377,000	1,906,644
<b>Ultimate holding corporation:</b>				
Progress billings charged	894,700	1,350,291	-	-
Rental of quarry land	50,000	50,000	-	-
Sales	291,756	650,160	-	-
<b>Fellow subsidiaries of ultimate holding corporation:</b>				
Insurance paid	434,720	32,909	434,720	32,909
Property management fee	94,704	80,466	94,704	80,466
<b>Government-related financial institutions:</b>				
Interest income	211,259	3,956	192,361	2,255
<b>State Government-related entities:</b>				
Quit rent and assessment	234,087	282,107	-	4,857
Water	197,080	181,582	11,880	35,815
<b>Federal Government- related entities:</b>				
Sewerage	41,525	55,843	7,365	22,141
Electricity	1,916,502	1,360,428	125,730	124,503

The directors are of the opinion that all the transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 33. Related party disclosures (cont'd.)

#### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Short-term employee benefits	1,883,320	2,871,870	1,359,900	1,639,350
Defined contribution plan	229,245	257,352	124,977	162,220
	<u>2,112,565</u>	<u>3,129,222</u>	<u>1,484,877</u>	<u>1,801,570</u>
Included in the total compensation of key management personnel are:				
Directors remuneration (Note 10)	<u>1,602,796</u>	<u>1,727,204</u>	<u>1,062,546</u>	<u>1,069,504</u>

### 34. Subsequent events

- (a) On 15 February 2013, a wholly owned subsidiary of the Company, Jitra Waterworld Sdn. Bhd. was struck off under Section 308(2) Companies Act 1965.
- (b) Subsequent to the financial year end, the unincorporated joint venture has started the dissolution process. Further distribution will be made upon completion of the dissolution process.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 35. Financial instruments

#### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Notes 2.13 to 2.14 describe how the class of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

Group	Loans and receivables RM	FVTPL RM	Financial liabilities at amortised cost RM	Total RM
<b>2012</b>				
<b>Assets</b>				
Investment securities	-	5,901,868	-	5,901,868
Financial assets included in receivables	385,415,164	-	-	385,415,164
Cash and bank balances	109,947,158	-	-	109,947,158
Total financial assets	495,362,322	5,901,868	-	501,264,190
Total non-financial assets				229,970,220
Total assets				<u>731,234,410</u>
<b>Liabilities</b>				
Borrowings	-	-	335,571,167	335,571,167
Trade payables	-	-	102,428,781	102,428,781
Financial liabilities included in payables	-	-	22,534,225	22,534,225
Total financial liabilities	-	-	460,534,173	460,534,173
Total non-financial liabilities				13,445,216
Total liabilities				<u>473,979,389</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 35. Financial instruments (cont'd.)

#### (a) Classification of financial instruments (cont'd.)

Group	Financial liabilities at			Total
	Loans and receivables	FVTPL	amortised cost	
2011	RM	RM	RM	RM
<b>Assets</b>				
Investment securities	-	632,116	-	632,116
Financial assets included in receivables	270,173,436	-	-	270,173,436
Cash and bank balances	80,945,808	-	-	80,945,808
Total financial assets	351,119,244	632,116	-	351,751,360
Total non-financial assets				205,169,735
Total assets				<u>556,921,095</u>
<b>Liabilities</b>				
Borrowings	-	-	171,994,420	171,994,420
Trade payables	-	-	118,010,292	118,010,292
Financial liabilities included in payables	-	-	23,419,626	23,419,626
Total financial liabilities	-	-	313,424,338	313,424,338
Total non-financial liabilities				4,007,927
Total liabilities				<u>317,432,265</u>
<b>Company</b>				
2012	Loans and receivables	FVTPL	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM
<b>Assets</b>				
Investment securities	5,005,982	-	-	5,005,982
Financial assets included in receivables	46,604,976	-	-	46,604,976
Cash and bank balances	19,206,729	-	-	19,206,729
Total financial assets	70,817,687	-	-	70,817,687
Total non-financial assets				96,675,399
Total assets				<u>167,493,086</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 35. Financial instruments (cont'd.)

#### (a) Classification of financial instruments (cont'd.)

##### Company (cont'd.)

2012	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
<b>Liabilities</b>			
Borrowings	-	30,058,619	30,058,619
Trade payables	-	309,720	309,720
Financial liabilities included in payables	-	9,721,944	9,721,944
Total financial liabilities	-	40,090,283	40,090,283
Total non-financial liabilities			16,712
Total liabilities			<u>40,106,995</u>
<b>2011</b>			
<b>Assets</b>			
Financial assets included in receivables	58,623,766	-	58,623,766
Cash and bank balances	19,824,903	-	19,824,903
Total financial assets	78,448,669	-	78,448,669
Total non-financial assets			96,595,334
Total assets			<u>175,044,003</u>
<b>Liabilities</b>			
Borrowings	-	45,113,936	45,113,936
Trade payables	-	4,944,968	4,944,968
Financial liabilities included in payables	-	6,319,197	6,319,197
Total financial liabilities	-	56,378,101	56,378,101
Total non-financial liabilities			17,688
Total liabilities			<u>56,395,789</u>

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 35. Financial instruments (cont'd.)

- (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group	
	Carrying amount RM	Fair value RM
<b>2012</b>		
<b>Financial liabilities:</b>		
- Term loan	300,701,400	235,366,526
	<hr/>	<hr/>
<b>2011</b>		
<b>Financial assets:</b>		
- Trade receivables	6,250,000	5,566,678
	<hr/>	<hr/>
<b>Financial liabilities:</b>		
- Term loan	152,141,031	109,717,770
	<hr/>	<hr/>

- (c) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
<b>Current:</b>	
Amount due from subsidiaries	19
Amount due to subsidiaries	24
Trade and other receivables	19
Trade and other payables	24
Loans and borrowings	22

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 35. Financial instruments (cont'd.)

#### (c) Determination of fair value (cont'd.)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

#### Finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

#### Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

#### Fair value hierarchy

Presented below is the Group's and the Company's classified financial instruments carried at fair value by level of the following fair value measurement hierarchy:

- (i) Level 1 - Unadjusted quoted prices in active market for identical financial instrument
- (ii) Level 2 - Inputs other than quoted prices that are observable either directly or indirectly
- (iii) Level 3 - Inputs that are not based on observable market data

<u>Level 1</u>	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Investment securities	5,901,868	632,116	5,005,982	-

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer and Head of Credit Control. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on 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 investment securities 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 with the result that the Group's exposure to bad debts is not significant.

#### 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.
- A nominal amount of RM433,375,000 (2011: RM403,375,000) relating to a corporate guarantee provided by the Company to banks on subsidiaries' and a jointly controlled entity's bank loans.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring individual receivables balances on ongoing basis.

At the financial statement date, approximately 77% (2011: 48%) 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 19, the Group and Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

#### 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 record 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.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 36. Financial risk management objectives and policies (cont'd.)

#### (b) 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 capital requirements.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted payments.

	----- 2012 -----		
	On demand or within one year RM	More than one year RM	Total RM
<b>Group</b>			
<b>Financial liabilities:</b>			
Trade and other payables	133,902,689	-	133,902,689
Loans and borrowings	43,752,603	311,351,208	355,103,811
Total undiscounted financial liabilities	177,655,292	311,351,208	489,006,500
----- 2011 -----			
	On demand or within one year RM	One to five years RM	Total RM
<b>Financial liabilities:</b>			
Trade and other payables	141,429,918	-	141,429,918
Loans and borrowings	20,163,579	159,011,832	179,175,411
Total undiscounted financial liabilities	161,593,497	159,011,832	320,605,329

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 36. Financial risk management objectives and policies (cont'd.)

#### (b) Liquidity risk (cont'd.)

	2012		
	On demand or within one year RM	One to five years RM	Total RM
<b>Company</b>			
<b>Financial liabilities:</b>			
Trade and other payables	10,031,664	-	10,031,664
Loans and borrowings	15,923,387	15,900,000	31,823,387
Total undiscounted financial liabilities	25,955,051	15,900,000	41,855,051
<b>2011</b>			
<b>Financial liabilities:</b>			
Trade and other payables	11,264,165	-	11,264,165
Loans and borrowings	17,414,703	32,080,066	49,494,769
Total undiscounted financial liabilities	28,678,868	32,080,066	60,758,934

\* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

#### (c) 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 primary interest rate risk relates to interest-bearing borrowings.

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.

#### 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 profit before tax would have been RM1,503,507 (2011: RM494,038) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 37. 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 years ended 31 December 2012 and 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 1.0. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Loans and borrowings	335,571,167	171,994,420	30,058,618	45,113,936
Trade and other payables	133,902,689	141,429,918	10,031,664	11,264,165
Net debt	469,473,856	313,424,338	40,090,282	56,378,101
Equity attributable to the owners of the parent	249,183,545	231,410,727	127,386,091	118,648,214
Total capital	249,183,545	231,410,727	127,386,091	118,648,214
Capital and net debt	718,657,401	544,835,065	167,476,373	175,026,315
Gearing ratio	0.65	0.58	0.24	0.32

### 38. Segment information

#### (a) Business Segments

The Group is organised into five major business segments:

- (i) Property development – the development of residential and commercial properties
- (ii) Quarry and road paving work – granite quarry operator and civil engineering contractor
- (iii) Construction – building and general contractor
- (iv) Operation of golf resort and hotel – golf resort owner and operator and hotel operation
- (v) Trading of consumables

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 38. Segment information (cont'd.)

(b) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to segment as well those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer price between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segment. These transfer are eliminated on consolidation.

	Property development RM'000	Quarrying and road paving RM'000	Construction RM'000	Operation of golf resort and hotel RM'000	Trading RM'000	Elimination RM'000	Consolidated RM'000
<b>2012</b>							
Revenue							
External sales	78,608	73,918	151,165	5,115	3,103	-	311,909
Inter-segment sales	3	12,290	62,623	485	20,042	(95,443)	-
Total revenue	78,611	86,208	213,788	5,600	23,145	(95,443)	311,909
Results							
Segment results	14,685	12,549	18,591	328	21,841	(18,908)	49,086
Unallocated corporate expenses							(23,840)
Unallocated corporate income							8,092
Share of result of an incorporated joint venture							77
Finance costs							(3,315)
Income tax expense							(8,419)
Profit for the year							21,680
Assets							
Segment assets	232,075	78,873	396,739	17,542	159,460	(153,455)	731,234
Liabilities							
Segment liabilities	143,427	25,209	351,703	9,821	32,139	(88,300)	473,999
Other information							
Capital expenditure	421	4,955	181	525	233	-	6,315
Depreciation and amortisation of property, plant and equipment	142	2,897	250	444	797	343	4,873
Depreciation of investment property	-	-	4	-	-	-	4
Non-cash expenses other than depreciation and amortisation	297	1,083	-	-	4	-	1,384

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 38. Segment information (cont'd.)

	Property development RM'000	Quarrying and road paving RM'000	Construction RM'000	Operation of golf resort and hotel RM'000	Trading RM'000	Elimination RM'000	Consolidated RM'000
<b>2011</b>							
Revenue							
External sales	50,416	52,093	117,526	5,136	4,554	-	229,726
Inter-segment sales	-	6,589	6,378	273	23,564	(36,804)	-
Total revenue	50,416	58,682	123,904	5,409	28,118	(36,804)	229,726
Results							
Segment results	11,253	16,672	13,223	2,070	26,182	(23,652)	45,748
Unallocated corporate expenses							(19,887)
Unallocated corporate income							7,237
Share of result of an incorporated joint venture							306
Finance costs							(5,337)
Income tax expense							(8,520)
Profit for the year							19,547
Assets							
Segment assets	202,996	83,150	229,859	17,029	175,063	(151,176)	556,921
Liabilities							
Segment liabilities	120,471	25,436	192,311	8,250	56,492	(85,528)	317,432
Other information							
Capital expenditure	123	1,083	292	908	-	159	2,565
Depreciation and amortisation of property, plant and equipment	143	2,875	238	647	987	70	4,960
Depreciation of investment property	-	-	4	-	-	-	4
Non-cash expenses other than depreciation and amortisation	1	478	733	14	89	-	1,315

## Notes To The Financial Statements

For the financial year ended 31 December 2012

### 39. Supplementary information- breakdown of retained profits into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised profit, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Total retained profits		
- Realised	173,927,287	153,963,358
- Unrealised	(3,285,996)	(1,207,607)
Less: Consolidation adjustments	(11,346,017)	(11,233,295)
Retained profits as per financial statements	<u>159,295,274</u>	<u>141,522,456</u>

	<b>Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Total retained profits		
- Realised	37,332,607	28,753,071
- Unrealised	175,491	17,150
Retained profits as per financial statements	<u>37,508,098</u>	<u>28,770,221</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

## List Of Landed Properties Owned By Bina Darulaman Berhad Group

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	Land	8,095 sq meter	Leasehold Expiring 2083	-	5,200,000.00	-	2002
2.	Lot 120, Section 34, Bandar Alor Setar	Ten storey Office Building	8,095 sq meter	Leasehold Expiring 2083	8	9,357,104.73	-	2004
3.	Lot 119, Section 34, Bandar Alor Setar	Land for Development	14,699 sq meter	Leasehold Expiring 2111	-	13,098,680.00	-	2004
4.	GM 178050 Lot 8867, Bandar Darulaman, Daerah Kubang Pasu, Kedah	8 storey Serviced Apartments	6,003.9 sq meter	Freehold	6	7,719,267.91	-	2005
5.	GM 178050 Lot 8867, Bandar Darulaman, Daerah Kubang Pasu, Kedah	Land	6,003.9 sq. meter	Freehold	-	700,000.00	-	2005
<b>BINA &amp; KUARI (K) SDN. BHD.</b>								
1.	No. 127 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Setar Kedah Darul Aman	Commercial land with a three storey shop office	130 sq. meter	Freehold	17	132,985.00 (Land Cost) 124,420.50 (Building & Renovations)	-	1996
2.	No. 128 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Setar Kedah Darul Aman	Commercial land with a three storey shop office	130 sq. meter	Freehold	17	132,985.00 (Land Cost) 138,550.00 (Building & Renovations)	-	1996
3.	HS(M) 70/1986 PT 70 Bandar Alor Setar Daerah Kota Setar Kedah Darul Aman	Vacant Commercial Land	130 sq. meter	Freehold	-	143,672.50	-	1999
4.	HS(D) 369/1996, PT591, Mukim Padang China, Daerah Kulim, Kedah Darul Aman. HS(D) 1424, PT1730-Plot no.B718 HS(D) 1425, PT1731-Plot no.B719 HS(D) 1426, PT1732-Plot no.B720 HS(D) 1427, PT1733-Plot no.B721 HS(D) 1428, PT1734-Plot no.B722 HS(D) 1429, PT1735-Plot no.B723 HS(D) 1319, PT1625-Plot no.A613 HS(D) 1238, PT1544-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	-	1,090,000.00	-	31/01/2010

## List Of Landed Properties Owned By Bina Darulaman Berhad Group

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>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. feet	Leasehold Expiring in 2083	25	1,050,323.00	-	1984
2.	HS (M) No. 3607 – 3637 District of Kuala Kedah, Kota Setar, Kedah (Taman Nusantara II)	Land for Development	89,480 sq. feet	-	-	1,650,000.00	-	15/06/2006
<b>DARULAMAN REALTY SDN. BHD.</b>								
1.	HS(D) 17297 PT. 7263, Bandar Darulaman HS(D) 17298 PT. 7264, Bandar Darulaman HS(D) 17299 PT. 7265, Bandar Darulaman HS(D) 17300 PT. 7266, Bandar Darulaman	Agriculture Agriculture Agriculture Agriculture	1.02 1.02 1.02 1.02 acre	Freehold	- - - -	1.00 1.00 1.00 1.00	- - - -	16/05/1983
2.	GRN 42482 Lot 910, Bandar Darulaman	Agriculture	1.13 acre	Freehold	-	1.00	-	16/05/1983
3.	GRN 42483 Lot 911, Bandar Darulaman	Building	0.61 acre	Freehold	-	1.00	-	16/05/1983
4.	GRN 42484 Lot 909, Bandar Darulaman	Agriculture	2.32 acre	Freehold	-	1.00	-	16/05/1983
5.	GRN 42485 Lot 892, Bandar Darulaman	Building	0.55 acre	Freehold	-	1.00	-	16/05/1983
6.	HS(D) 1174 PT. 4691, Mukim Naga	Agriculture	4.60 acre	Freehold	-	1.00	-	16/05/1983
7.	HS(D) 384 PT. 3993 – HS(D) 390 PT. 3999 Plot 42 – Plot 48, Mukim Naga	Building	0.83 acre	Freehold	-	1,025,458.54	-	16/05/1983
8.	HS(D) 577 PT. 4186, Plot 235, Mukim Naga	Agriculture	27.21 acre	Freehold	-	363,464.34	-	16/05/1983

## List Of Landed Properties Owned By Bina Darulaman Berhad Group

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
9.	HS(D) 578 PT. 4187, Plot 236, Mukim Naga	Agriculture	15.36 acre	Freehold	-	179,864.88	-	16/05/1983
10.	HS(D) 579 PT. 4188, Plot 237, Mukim Naga	Agriculture	43.98 acre	Freehold	-	332,842.80	-	16/05/1983
11.	HS(D) 580 PT. 4189, Plot 238, Mukim Naga	Agriculture	132.14 acre	Freehold	-	1,816,054.61	-	16/05/1983
12.	HS(D) 581 PT. 4190, Plot 239, Mukim Naga	Agriculture	0.34 acre	Freehold	-	1.00	-	16/05/1983
13.	Geran 5035 PT. 1237, Mukim Jitra, Daerah Kubang Pasu	Agriculture	43.12 acre	Freehold	-	470,059.59	-	16/05/1983
14.	SP 6986 PT. 440, Mukim Jitra, Daerah Kubang Pasu	Residential	4.92 acre	Freehold	-	49,827.56	-	16/05/1983
15.	SP 6987 PT. 441, Mukim Jitra, Daerah Kubang Pasu	Residential	84.74 acre	Freehold	-	377,611.84	-	16/05/1983
16.	HS(D) 3356 PT. 2059 HS(D) 3164 PT. 2061 HS(D) 3166 PT. 2062 HS(D) 3170 PT. 2092 HS(D) 3172 PT. 2094, Bandar Darulaman HS(D) 16284 Lot 281, Bandar Darulaman	Agriculture / Building  Agriculture	220.56 acre  13.60 acre	Freehold	-  -	2,271,758.43  1.00	-  -	16/05/1983  16/05/1983
17.	Lot 3105, 3106 & 3127 Mukim Sg. Petani, Daerah Kuala Muda	Agriculture	258.51 acre	Freehold	-	10,410,799.43	-	15/11/1995
18.	Lot 3107 & 3203, Mukim Sg. Petani, Daerah Kuala Muda	Residential	155.08 acre	Freehold	-	5,601,719.00	-	15/11/1995
19.	Geran No. 65187, Lot 3271 Mukim Sungai Petani, Daerah Kuala Muda	Mixed Development	20.00 acre	Freehold	-	1,735,025.56	-	13/04/1996

## List Of Landed Properties Owned By Bina Darulaman Berhad Group

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
20.	HS(D) 1071/90, PT. 17696 Mukim Sungai Petani, Daerah Kuala Muda	Mixed Development	1.44 acre	Freehold	-	1.00	-	13/04/1996
21.	Kuala Ketil Industrial Estate II, Lot 3979 Mukim Tawar, Daerah Baling	Mixed Development	1,064.32 acre	Freehold	-	23,777,350.65	-	30/5/1996
<b>DARULAMAN GOLF RESORT BERHAD</b>								
1.	HS(D) 409/95, PT. 3428, Mukim Naga, Daerah Kubang Pasu, Kedah	Club House	9.63 acre	Freehold	19	6,695,228.84	-	1983
2.	HS(D) 411/95, PT. 3430, Mukim Naga Daerah Kubang Pasu, Kedah	Golf Course	179.98 acre	Freehold	-	7,832,887.41	-	1983

## Analysis Of Shareholdings

As At 20<sup>th</sup> March 2013

Authorised Share Capital	:	RM100,000,000
Paid-up Share Capital	:	RM 72,815,856
Type of Shares	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	2,040
Voting Rights	:	One vote for every share

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	10	0.49	184	0.00
100 - 1000	182	8.92	143,047	0.20
1001 - 10000	1,582	77.55	4,596,200	6.31
10001 - 100000	230	11.27	6,368,800	8.75
100001 - 1000000	28	1.37	6,623,000	9.10
OVER 1000000	8	0.39	55,084,625	75.65
<b>TOTAL</b>	<b>2,040</b>	<b>100.00</b>	<b>72,815,856</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

NAME	NO. OF SHARES	PERCENTAGE OF SHARE CAPITAL (%)
1. Perbadanan Kemajuan Negeri Kedah	39,678,993	54.49
	<hr/> 39,678,993	<hr/> 54.49

## Analysis Of Shareholdings

As At 20<sup>th</sup> March 2013

### 30 LARGEST SHAREHOLDERS

NO.	NAME	SHAREHOLDINGS	%
1	PERBADANAN KEMAJUAN NEGERI KEDAH	39,678,993	54.49
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD	3,420,200	4.70
3	RESON SDN BHD	2,745,300	3.77
4	CHUANG SHOW CHUAN	2,473,800	3.40
5	HSBC NOMINEES (TEMPATAN) SDN BHD (Trustee Berhad for Amanah Saham Kedah)	2,460,000	3.38
6	SYARIKAT MALURI SDN BHD	1,851,832	2.54
7	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chuang Nee Wang Kim Lien)	1,282,300	1.76
8	SIVA KUMAR A/L M JEYAPALAN	1,172,200	1.61
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yeow Siow Lin)	954,800	1.31
10	ANG HIOH	586,300	0.81
11	ANG HIOH	424,900	0.58
12	HLB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Goh Chu Yong)	411,300	0.56
13	FONG CHEONG KOK	366,000	0.50
14	ONN PING LAN	364,500	0.50
15	YONG CHIU PENG	306,200	0.42
16	YEO KHEE HUAT	275,000	0.38
17	HLB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Mah Siew Seong)	269,000	0.37
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tung Ah Kiong (E-KLG))	249,600	0.34
19	CHENG HON SANG	222,900	0.31
20	ONN KOK PUAY (WENG GUOPEI)	179,000	0.25
21	SIM TIEN CHYE	158,800	0.22
22	LEE KOW CHAI @ LEE PENG SAW	152,900	0.21
23	YONG CHIU PENG	149,600	0.21
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yeoh Joey Keng (473081))	143,900	0.20
25	ECML NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Yeow Kim (MG0000137))	137,300	0.19
26	TAN KAI SUM	130,000	0.18
27	PROCRAFT SDN BHD	126,600	0.17
28	SENTOSA CLUB VISION BERHAD	120,000	0.16
29	TEH SENG HOCK	119,200	0.16
30	LUCKY STAR PTE LTD	118,200	0.16
<b>TOTAL</b>		<b>61,050,625</b>	<b>83.84</b>

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# Proxy Form

NUMBER OF SHARES

I/We \_\_\_\_\_

of \_\_\_\_\_

being member/members of the abovementioned Company hereby appoint the Chairman of the meeting or Mr/Mrs/Mdm/Miss

of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the 18<sup>th</sup> Annual General Meeting of the Company to be held on **Thursday, 23<sup>rd</sup> May 2013, at 11.00 a.m. at Dewan Damai, Darulaman Suites, Lot 888, Bandar Darulaman, 06000 Jitra, Kedah Darul Aman** or any adjournment thereof, as indicated below :-

	Ordinary Resolution	For	Against
Resolution 1	To approve a first and final single tier dividend of 7 sen per ordinary share in respect of the financial year ended 31 <sup>st</sup> December 2012.		
Resolution 2	To approve the payment of Directors' Fee for the financial year ended 31 <sup>st</sup> December 2012.		
Resolution 3	To pass the following resolution pursuant to Section 129(6) of the Companies Act 1965:  "Dato' Paduka Hj. Mohd Saad bin Endut who is over the age of seventy (70) years be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company".		
Resolution 4 Resolution 5 Resolution 6	To re-elect the following Directors retiring pursuant to Article 86(i) of the Company's Articles of Association and who, being eligible, offer themselves for re-election.  i. Dato' Dr. Ab. Wahab bin Ismail ii. Ir. Hj. Zamri bin Yusuf iii. Dato' Jahubar Sathik bin Abdul Razak		
Resolution 7	Re-appointment of Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2013

\_\_\_\_\_  
Signature/Common Seal of Shareholder(s)

## Notes:

- Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if the appointer is a corporation either under its common seal or under the hand of an officer duly authorized in writing.
- 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 this meeting or at any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting the Company shall be requesting the 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 Articles of Association and Main Market Listing Requirements.

Stamp

*The Company Secretary*

**BINA DARULAMAN BERHAD**

Aras 9, Menara BDB  
88, Lebuhraya Darulaman  
05100 Alor Setar  
Kedah Darul Aman



**BINA DARULAMAN BERHAD** (332945-X)

Aras 9 & 10, Menara BDB,  
88 Lebuhraya Darulaman,  
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Kedah Darul Aman.  
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