

Brem Holding Berhad (66756-P)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

PART A: EXPLANATORY NOTES

A1. Basis of preparation

The unaudited interim financial report has been prepared in compliance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirement of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2014

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the most recent annual financial statements except for the adoption of the following new FRSs and IC Interpretations(IC Int), and amendments to certain Standards which are effective for the annual financial statements beginning on or after 1 April 2014:

FRSs/Interpretations

Amendments/Improvements

to FRSs

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 127	Investment Entities
FRS 132	Offsetting Financial Assets and Financial Liabilities
FRS 136	Recoverable Amount Disclosure for Non-Financial Assets
FRS 139	Novation of Derivatives and Continuation of Hedge Accounting

New IC Int

IC Interpretation 21	Levies
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The adoption of the abovementioned pronouncements will have no significant impact to the financial statements of the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

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 to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework to 1 January 2015. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

On 2 September 2014, the MASB has announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

The Group falls within the scope of definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will prepare its first MFRSs financial statements using the MFRSs Framework for the financial year ending 31 March 2018.

A2. Audit report of preceding annual financial statements

There was no audit qualification on the preceding annual financial statements.

A3. Seasonal or cyclical factors

The businesses of the Group are not affected by seasonal or cyclical factors.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial year ended 31 March 2015.

A5. Changes in estimates

There was no material changes in estimates used for preparation of the interim financial report.

A6. Issuance or repayment of debts and equity securities

Save as disclosed below, there were no issuance and repayment of debts and equity securities, share cancellation, and resale of treasury shares during the financial year ended 31 March 2015.

Treasury shares

During the current quarter, the Company repurchased 28,800 of its issued ordinary shares from open market at an average price of RM1.01 per share. The total consideration paid for the repurchase including transaction costs was RM29,175 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. As at 31 March 2015, 7,430,531 ordinary shares have been purchased for RM10,149,712 including the transaction costs. The total number of treasury shares is 13,261,562 as at 31 March 2015.

A7. Dividend paid

A final single tier dividend of 3% amounting to RM5,007,154 in respect of the financial year ended 31 March 2014 has been paid on 18 November 2014.

An interim single tier dividend of 3% amounting to RM4,983,162 in respect of the financial year ended 31 March 2015 has been paid on 18 March 2015.

A8. Segmental information**Business Segments**

	Civil engineering & construction RM'000	Property development RM'000	Property investment & investment holding RM'000	Water supply & services RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External	22,167	39,425	14,531	27,957	-	104,080
Inter-segment	31,694	-	-	-	(31,694)	-
Total revenue	<u>53,861</u>	<u>39,425</u>	<u>14,531</u>	<u>27,957</u>	<u>(31,694)</u>	<u>104,080</u>
RESULT						
Segment results	20,530	31,357	33,445	14,340	(19,832)	79,840
Finance cost						(2,407)
Share of results of associated companies						64
Taxation						(15,235)
Profit for the financial year						<u>62,262</u>

Geographical Segments

	Revenue from external customers by geographical market RM'000
Malaysia	76,123
Papua New Guinea	27,957
	<hr/>
	104,080

Statement of comprehensive income items of foreign subsidiary companies are translated into Ringgit Malaysia at average rate of exchange throughout the financial year. The average rate used in the translation is Kina1.00 equal to RM1.2845.

A9. Valuation of property, plant and equipment

Property, plant and equipment of the Group are stated at cost less accumulated depreciation/amortisation and impairment loss, if any.

A10. Events subsequent to the end of the financial period

Subsequent to the financial year ended 31 March 2015, the Company repurchased 30,000 of its issued ordinary shares from open market at average price of RM1.01 per share. The total consideration paid for the repurchase including transaction costs was RM30,390 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

A12. Contingent liabilities

The details of Group contingent liabilities are as follows:

	RM'000
Guarantees given to financial institutions in favour of third parties	<hr/>
	14,098

A13. Capital commitments

As at 31 March 2015, the Group has no capital commitment.

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

For the 12 months ended 31 March 2015, the Group has registered lower revenue of RM104.1 million as compared to the preceding year corresponding period of RM144.1 million. Despite lower revenue, the Group has recorded higher profit before taxation of RM77.5 million as compared to the preceding year corresponding period of RM63.1 million. The decrease in revenue was due to the completion of Villa Orkid project in last financial year. However, the increase in profit before taxation was due to gain on disposal of an associated company amounting to RM17.2 million.

The further analysis of performance of each business segment for 12 months ended 31 March 2015 is as follows:

Civil engineering & construction

The segment recorded RM22.2 million in revenue for the financial year ended 31 March 2015 as compared to the preceding year corresponding period of RM16.1 million. The profit before taxation recorded RM13.6 million for the financial year ended 31 March 2015 as compared to the preceding year corresponding period of RM14.8 million. The higher revenue was due to contribution from various contracts. However, the lower profit before taxation was due to lower contribution from on-going contracts.

Property development

The segment recorded RM39.4 million in revenue for the financial year ended 31 March 2015 as compared to the preceding year corresponding period of RM86 million. For the same period, the segment recorded RM31.1 million in profit before taxation as compared to the preceding year corresponding period of RM20.8 million. The decrease in revenue was due to the completion of Villa Orkid project in last financial year. On the other hand, the increase in profit before taxation was attributable to contribution from Pelangi Heights project.

Property investment & investment holding

The segment recorded RM14.5 million in revenue for the financial year ended 31 March 2015 as compared to the preceding year corresponding period of RM14 million. The marginal increase was due to slight increase of rental income in Kepong Brem Mall. The profit before taxation of RM18.5 million recorded for the financial year ended 31 March 2015 was higher when compared to the preceding year corresponding period of RM1.3 million. The increase in profit before taxation was due to gains on disposal of an associated company.

Water supply & services

The revenue of the segment for the financial year ended 31 March 2015 and preceding year corresponding period were maintained at RM28 million. The profit before taxation has decreased by RM4.1 million, from RM18.4 million in preceding year corresponding period to RM14.3 million for the financial year ended 31 March 2015. The lower profit was mainly due to increased operating cost and reduced interest income.

B2. Comparison with preceding quarter results

The Group recorded profit before taxation of RM9.5 million for the current quarter as compared to the preceding quarter of RM16.1 million. The decrease in profit before taxation was mainly due to lower contribution from development project.

B3. Prospects

The on-going construction works and new launching of property development projects will contribute positively to the performance of the Group for the financial year ending 31 March 2016.

It is expected that there will be stable revenue and profit derived from water supply and services sector. For the property investment and investment holding sector, the rental receivable in Kepong Brem Mall is expected to continue contribute positively to the results of the Group.

B4. Variance of actual profit from forecast profit

- (a) The Company did not issue any profit forecast during the financial year.
- (b) The Company did not issue profit guarantee to any parties.

B5. Taxation

The taxation for the current quarter and financial year to-date are as follows:

	Current quarter RM'000	Financial year to-date RM'000
Malaysia taxation	2,434	13,507
Foreign taxation	1,037	1,603
Share of taxation in associated companies	-	125
	<u>3,471</u>	<u>15,235</u>

The relationship between the tax expenses and accounting profit are as follows:-

	Current quarter RM'000	Financial year to-date RM'000
Profit before taxation and share of results of associated companies	9,735	77,433
Share of results of associated companies	(259)	64
Profit before taxation	<u>9,476</u>	<u>77,497</u>
Tax at the statutory rate of 25%	(2,433)	(19,358)
Higher foreign tax rate	(182)	(723)
Non-taxable income	(7)	4,512
Under provision of income tax in prior year	67	(2,941)
Reversal of temporary differences in prior year	49	5,612
Crystallisation of deferred tax on completed project	(107)	(349)
Deferred tax asset recognised	154	644
Non allowable expenses	(1,012)	(2,507)
Share of taxation in associated companies	-	(125)
Tax expenses	<u>(3,471)</u>	<u>(15,235)</u>

B6. Corporate proposal

There was no corporate proposal during the financial year ended 31 March 2015.

B7. Group borrowings

The tenure of group borrowings classified as short and long term categories are as follows:

	RM'000
Long term	90,739
Short term	9,262
	<u>100,001</u>
Secured	100,001
Unsecured	-
	<u>100,001</u>

B8. Material litigation

There are several suits which involve claims against the Company and subsidiary companies. In the opinion of the directors and solicitors, the pending litigation involving the Group will not result in material losses to the Group.

B9. Realised and unrealised profits/losses disclosure

	As at 31/03/2015 UNAUDITED RM'000	As at 31/03/2014 AUDITED RM'000
Total retained earnings of Brem Holding Berhad and its subsidiary companies		
- Realised	446,227	386,758
- Unrealised	(8,523)	(12,890)
	<u>437,704</u>	<u>373,868</u>
Total share of retained earnings from associated companies		
- Realised	(1,492)	7,442
- Unrealised	(106)	(1,178)
	<u>436,106</u>	<u>380,132</u>
Less: Consolidation adjustments	(90,554)	(70,579)
Retained earnings as per consolidated financial statements	<u>345,552</u>	<u>309,553</u>

B10. Dividends

An interim single tier dividend of 3% has been declared in respect of the financial year ended 31 March 2015 and was paid on 18 March 2015 to depositors registered in the Record of Depositors on 5 March 2015.

The Board has proposed a final single tier dividend of 3% in respect of the financial year ended 31 March 2015 for shareholders' approval.

B11. Earnings per share*Basic earnings per share*

Basic earnings per share for the financial year to-date are calculated by dividing the net profit attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	Current quarter 31/03/15	Preceding year corresponding quarter 31/03/14 restated	Financial year to-date 31/03/15	Preceding year corresponding period to-date 31/03/14 restated
Profit attributable to the equity holders of the parent (RM'000)	2,177	10,577	42,473	36,493
Weighted average number of ordinary shares ('000)	333,493	336,374	335,194	336,590
Basic earnings per share (sen)*	0.7	3.2	12.7	10.9

*Paid up share capital RM172.7 million consist of 345,472,344 ordinary shares of RM0.50 per share after share split

Diluted earnings per share

There is no dilution of earnings per share.

B12. Profit before taxation

The profit before taxation for the financial year is arrived at:

	Current quarter RM'000	Financial year to-date RM'000
After charging		
Auditors' remuneration	54	168
Interest expense	583	2,407
Depreciation/Amortisation of property, plant and equipment	935	3,512
Loss on foreign exchange -unrealised	33	306
And crediting		
Gain on foreign exchange -unrealised	8	59
Interest income	3,665	15,383
Gain on disposal of property, plant and equipment	270	343