

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 statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2019.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group and its subsidiary companies for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2019 except for the mandatory adoption of the following new and revised MFRSs and Issues Committee Interpretations ("IC Interpretations") effective for the financial period beginning on 1 April 2019:

MFRSs, amendments to MFRSs and IC Interpretations

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 April, 2019. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group as mentioned below:

MFRS 16, Leases

On the adoption of MFRS 16, Group has assessed the estimated impact that the initial application of MFRS 16. Based on the preliminary assessment, the Group does not expect the application of MFRS 16 to have a significant financial impact on its consolidated financial statements.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

A2. Changes in Accounting Policies (continued)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective and have not applied by the Group:

Title	Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3. Audit report of preceding annual financial statements

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

A4. Seasonal or cyclical factors

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

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There was a totalled of RM8.2 million impairment of goodwill during the quarter on investment in subsidiaries, Semangat Hijau Sdn Bhd and Naga Istimewa Sdn Bhd, due to the impact of Covid-19 pandemic on the outlook of property development and retail mall. In addition, there was further impairment of RM2.4 million on other investments during the quarter on shareholding of Titijaya Land Berhad bringing the total YTD impairment to RM3.1 million. A further impairment on receivables of RM0.9 million during the quarter, bringing the total YTD impairment to RM8.3 million.

Other than the above, there was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group for the financial quarter ended 31 March 2020.

A6. Changes in estimates

There were no significant changes in estimates used for preparation of the interim financial report.

A7. 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 quarter ended 31 March 2020.

Treasury shares

During the current quarter, the Company repurchased 4,324,700 of its issued ordinary shares from open market at an average price of RM0.673 per share. The total consideration paid for the repurchase including transaction costs was RM2,911,317 and this was financed by internally generated funds. Shares repurchased were held as treasury shares in accordance with Section 127 of the Companies Act 2016. The total number of treasury shares held as at 31 March 2020 was 15,387,134.

A8. Dividend paid

On 26 July 2019, the Company paid an interim single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 March 2019.

A9 **Segmental information**
Business Segments

	Civil engineering & construction	Property development	Property investment & investment holding	Water supply & services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External	24,919	94,089	12,658	8,229	-	139,895
Inter-segment	50,285	-	-	-	(50,285)	-
Total revenue	<u>75,204</u>	<u>94,089</u>	<u>12,658</u>	<u>8,229</u>	<u>(50,285)</u>	<u>139,895</u>
RESULT						
Segment results	42,035	30,362	1,126	3,464	(28,418)	48,569
Finance cost						(2,722)
Share of results of associates						2,323
Taxation						(19,788)
Profit for the financial period						<u>28,382</u>

Revenue from external
customers by
geographical market
RM'000

Malaysia	131,666
Papua New Guinea	<u>8,229</u>
	<u>139,895</u>

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 RM1.2347.

A10. **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.

A11. **Events subsequent to the end of the financial year**

There was no material event subsequent to the financial year ended 31 March 2020 up to the date of this report.

A12. **Changes in the composition of the Group**

There was no change of composition of the Group during the quarter.

A13. **Contingent liabilities**

The details of Group contingent liabilities are as follows:

	RM'000
Guarantees given to financial institutions in favour of third parties	<u>9,776</u>

A14. **Capital commitments**

As at 31 March 2020, 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

	Revenue				Profit before tax			
	31-03-20	31-03-19	Variances		31-03-20	31-03-19	Variances	
Business Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	24,919	25,491	(572)	(2.2)	25,574	14,397	11,177	77.6
Property development	94,089	50,751	43,338	85.4	24,956	14,620	10,336	70.7
Property investment & investment holding	12,658	13,230	(572)	(4.3)	(5,865)	(5,038)	(827)	16.4
Water supply & services	8,229	32,259	(24,030)	(74.5)	3,505	7,166	(3,661)	(51.1)
Total	139,895	121,731	18,164	14.9	48,170	31,145	17,025	54.7

The Group registered 14.9% improvement in revenue in the current financial year of RM139.9 million as compared to the preceding year corresponding period of RM121.7 million. In the same periods, the Group recorded 54.7% improvement in profit before taxation (PBT) against the preceding year corresponding period. The increase in revenue and PBT was mainly due to better contribution from property development while the civil engineering & construction segments also showed improvement in PBT.

The further analysis of performance of each business segment for 12 months ended 31 March 2020 is as follows:

Civil engineering & construction

The segment recorded 2.2% lower revenue for the current financial year ended 31 March 2020 as compared to the preceding year corresponding period. The reduction in revenue was due to most projects are near to completion. However, the segment recorded 77.6% higher PBT of RM25.6 million for the financial year ended 31 March 2020 as compared to the preceding year corresponding period. The higher PBT was mainly due to better recognition of profits in a few completed projects.

Property development

The segment recorded 85.4% improvement in revenue for the financial year ended 31 March 2020 as compared to the preceding year corresponding period. The PBT also recorded 70.7% improvement for the financial year ended 31 March 2020 as compared to PBT in the preceding year corresponding period. The increase in revenue and PBT was due to higher sales recorded under Project Harmony-2 as a result of government Home Ownership Campaign from January to December 2019.

Property investment & investment holding

The segment recorded 4.3% lower revenue for the financial year ended 31 March 2020 as compared to the preceding year corresponding period. The softer revenue was due to lower rental income from Brem Mall, retail cum office complex at Jalan Kepong, Kuala Lumpur. However, the segment has recorded 16.4% higher loss before tax for the financial year ended 31 March 2020 as compared to the preceding year corresponding period. The higher loss was due to RM8.2 million of impairment in goodwill and RM3.1 million impairment on Titijaya Land Berhad shares in the current financial year compared to RM15.9 million impairment losses on Titijaya Land Berhad shares but mitigated by RM5.4 million gain on disposal of the shares in the preceding year corresponding period.

Water supply & services

The revenue of the segment recorded 74.5% drop for the financial year ended 31 March 2020 as compared to the preceding year corresponding period. The PBT has decreased by 51.1% for the financial year as compared to the preceding year. The decrease in revenue and PBT was due to the cessation of water concession in June 2019.

B2. Comparison with preceding quarter results

Business Segment	Revenue				Profit before tax			
	Current Quarter	Preceding Quarter	Variances		Current Quarter	Preceding Quarter	Variances	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	6,165	7,131	(966)	(13.5)	12,091	5,200	6,891	132.5
Property development	415	49,055	(48,640)	(99.2)	(6,498)	15,435	(21,933)	(142.1)
Property investment & investment holding	2,790	3,206	(416)	(13.0)	(14,119)	3,514	(17,633)	(501.8)
Water supply & services	181	(81)	262	(323.5)	(0)	-	(0)	NM
Total	9,551	59,311	(49,760)	(83.9)	(8,526)	24,149	(32,675)	(135.3)

The Group recorded 83.9% lower in revenue during the current quarter compared to immediate preceding quarter mainly due to lower property sales as the government Home Ownership Campaign has ended in December 2019.

The Group recorded RM8.5 million losses during the quarter compared to RM24.1 million PBT during the preceding quarter was mainly due to RM8.2 million impairment in goodwill and RM2.4 million impairment of Titijaya Land Berhad shares and RM0.9 million impairment of receivables during the current quarter.

B3. Prospects

The construction segment will continue to make contribution to the Group based on the few projects on hand. The group will be selective in tendering for valued projects. In water supply and services segment, the water concession has ceased in June 19. No further contribution from this segment in the future. For the property investment and investment holding segment, Brem Mall at Kepong is expected to face downward pressure on occupancy rate and teething collection issue from tenants post Covid-19 pandemic. For property development segment, the short-term prospect of the industry is expected to remain challenging in the aftermath of Covid-19. The Group will continue to sell its unsold properties while carefully time new launching of any development in the midst of oversupply of properties and availability of financing.

The Board is cautious about the current market sentiment and will continue to seek ways and implement measures to improve the financial performance for the financial year ending 31 March 2021.

B4. Variance of actual profit from forecast profit

- (a) The Company did not issue any profit forecast during the financial period.
(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
Malaysian taxation	1,860	15,558
Foreign taxation	155	1,514
Withholding tax	-	2,780
Deferred tax expense relating to origination & reversal of temporary differences	(377)	(64)
	<u>1,638</u>	<u>19,788</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	<u>(8,526)</u>	<u>48,170</u>
Tax at the statutory rate of 24%	(2,046)	11,561
Higher foreign tax rate	27	299
Non-taxable income	(80)	(127)
Non-allowable expenses	1,100	7,052
Share of associates results	844	(558)
Deferred tax	1,793	1,793
Overprovision in prior financial year	<u>-</u>	<u>(232)</u>
Tax expenses	<u>1,638</u>	<u>19,788</u>

B6. Corporate proposal

There was no corporate proposal during the financial year ended 31 March 2020.

B7. Group borrowings

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

	RM'000
Long term	33,577
Short term	<u>55,092</u>
	<u>88,669</u>
Secured	64,151
Unsecured	<u>24,518</u>
	<u>88,669</u>

B8. Material litigation

There was no material litigation for the financial year ended 31 March 2020.

B9. Dividends

There was no dividend declared during the quarter ended 31 March 2020.

B10. 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 31/03/20	Preceding year corresponding quarter 31/03/19	Financial year to-date 31/03/20	Preceding year corresponding period to-date 31/03/19
Profit attributable to the equity holders of the parent (RM'000)	(9,202)	5,292	21,236	14,589
Weighted average number of ordinary shares ('000)	333,364	342,191	337,411	343,742
Basic earnings per share (sen)	(2.8)	1.5	6.3	4.2

Diluted earnings per share

There is no dilution of earnings per share.

B11. Profit before taxation

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

	Current quarter	Financial year to-date
	RM'000	RM'000
After charging		
Auditors' remuneration	49	286
Interest expense	905	2,722
Depreciation/Amortisation of property, plant and equipment	790	3,208
Liquidated ascertained damages	14	1,327
Rental of premise	96	385
Loss on:		
-Impairment of receivables	914	8,253
-impairment of goodwill	8,165	8,165
-foreign exchange (realised)	294	294
-other investments	2,423	3,115
Property, plant and equipment written off	9	9
And crediting		
Gain on disposal of property, plant and equipment	10	100
Interest income	1,145	5,484
Rental income	498	1,787
Unrealised gain on foreign exchange	266	231

By Order of the Board

Andrea Huong Jia Mei

Company Secretary

Kuala Lumpur

24 June 2020