

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 2020. 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 2020.

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 2020 except for the mandatory adoption of the following new and revised MFRSs effective for the financial period beginning on 1 April 2020:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 101	Presentation of Financial Instruments
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement

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, 2020. 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.

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

The Group has assessed and recognised a fair value gain of RM10.7 million during the quarter or RM11.4 million YTD on its shareholding of Titijaya Land Berhad's shares.

The Group 51% owned subsidiary, PNG Water has during the quarter declared K50 million (RM61.2 million) dividends. As a result, the Group has to bear 15% withholding tax amounting to RM4.7 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 30 September 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 30 September 2020.

Treasury shares

During the current quarter, the Company repurchased 1,105,500 of its issued ordinary shares from open market at an average price of RM0.54 per share. The total consideration paid for the repurchase including transaction costs was RM595,541 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 30 September 2020 was 16,492,634.

A8. Dividend paid

There is no dividend paid during the current quarter.

A9. Segmental information**Business Segments**

	Civil engineering & construction	Property development	Property investment & investment holding	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External	7,543	7,566	4,690	-	19,799
Inter-segment	-	-	-	-	-
Total revenue	7,543	7,566	4,690	-	19,799
RESULT					
Segment results	6,402	3,980	11,299	(5,805)	15,876
Finance cost					(790)
Share of results of associates					156
Taxation					(6,647)
Profit for the financial period					8,595

The above revenue was wholly from Malaysia.

Statement of comprehensive income items of foreign subsidiary companies are translated into Ringgit Malaysia at average rate of exchange throughout the financial period. The average rate used in the translation is Kina1.00 equal to RM1.2256.

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 period

The Group has via its wholly owned subsidiary, Brem Construction Sdn Bhd on 16 October 2020 entered into 6 sales and purchase agreements with Padang Dinamik Sdn Bhd to acquire 6 parcels of leasehold vacant industrial land measuring approximately 528,439.33 square meters for a total cash consideration of RM68,257,454.00.

The Group has also on 15 October 2020 and 27 October 2020 via its 75% subsidiary, Harmony Property Sdn Bhd entered into 2 sales and purchase agreements with a few individuals to acquire a parcel of freehold agricultural land (divided among the individuals), held under Geran Mukim 6016, Lot 1917, Mukim Batu, Tempat Sungai Teba, Daerah Kuala Lumpur measuring 1.265 hectares for a total cash consideration of RM21 million.

Other than the above, there was no material event subsequent to the financial period ended 30 September 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

2,860

A14. Capital commitments

As at 30 September 2020, the Group has no other 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			
	30-09-20	30-09-19	Variances		30-09-20	30-09-19	Variances	
Business Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	7,543	11,623	(4,080)	(35.1)	2,234	8,283	(6,049)	(73.0)
Property development	7,566	44,619	(37,053)	(83.0)	2,141	16,019	(13,878)	(86.6)
Property investment & investment holding	4,690	6,662	(1,972)	(29.6)	10,867	4,777	6,090	127.5
Water supply & services	-	8,129	(8,129)	(100.0)	-	3,468	(3,468)	(100.0)
Total	19,799	71,033	(51,234)	(72.1)	15,242	32,547	(17,305)	(53.2)

The Group registered 72.1% drop in revenue in the current financial period of RM19.8 million as compared to the preceding year corresponding period of RM71.0 million. In the same periods, the Group recorded 53.2% drop in profit before taxation (PBT) against the preceding year corresponding period. The reduction in both revenue and PBT was mainly due to the impact of Covid-19 pandemic where the business activities were greatly affected by the Movement Control Order (MCO) or Conditional Movement Control Order (CMCO) imposed by the government

The further analysis of performance of each business segment for 6 months ended 30 September 2020 is as follows:

Civil engineering & construction

The segment recorded 35.1% lower revenue and 73.0% lower PBT during the current financial period ended 30 September 2020 as compared to the preceding year corresponding period. The reduction was due to most projects are near to completion and they were also affected by the MCO; progress of construction was impeded.

Property development

The segment recorded 83.0% lower revenue and 86.6% lower PBT during the current financial period ended 30 September 2020 as compared to the preceding year corresponding period. The reduction was due to no operation was carried out during the MCO and delay in recognition of sales due to processing time required to obtain government's Home Ownership Campaign's approval.

Property investment & investment holding

The segment recorded 29.6% lower revenue during the current financial period ended 30 September 2020 as compared to the preceding year corresponding period. The reduction was due to the operation of Brem Mall, retail cum office complex at Jalan Kepong, Kuala Lumpur, was affected by the MCO and rental waiver was also offered to eligible tenants to alleviate their financial burden during the period. However, the segment show 127.5% improvement in PBT during the current financial period due to fair value gain of RM11.4 million stated in A5 above.

Water supply & services

The segment has been discontinued after 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	2,994	4,549	(1,555)	(34.2)	1,030	1,204	(174)	(14.5)
Property development	3,130	4,436	(1,306)	(29.4)	(459)	2,600	(3,059)	(117.7)
Property investment & investment holding	2,579	2,111	468	22.2	9,769	1,098	8,671	789.7
Total	8,703	11,096	(2,393)	(21.6)	10,340	4,902	5,438	110.9

The Group recorded 21.6% lower revenue in the current quarter compared to the immediate preceding quarter due to lower revenue from construction projects as most projects are near to completion and lower property sales from completed project Harmony-2. However, there was an increase in PBT in the current quarter compared to the immediate preceding quarter due to fair value gain of RM10.7 million stated in A5 above.

B3. Prospects

The construction segment will continue to make contribution to the Group based on the few projects on hand which are expected to complete in this financial year. The group will be selective in tendering for valued projects. For property development segment, the group is venturing into other marketing avenues to improve sales. At the same time, the group will wait for the right timing to launch its new development in the midst of oversupply properties and availability of financing. For the property investment and investment holding segment, Brem Mall at Kepong is expected to face downward pressure on occupancy rate and teething collection issues from tenants due to Covid-19 pandemic.

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 period to-date are as follows:

	Current quarter RM'000	Financial period to-date RM'000
Malaysian taxation	655	2,408
Foreign taxation	56	138
Withholding tax	4,681	4,681
Deferred tax expense relating to origination & reversal of temporary differences	(281)	(580)
	<u>5,111</u>	<u>6,647</u>

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

	Current quarter RM'000	Financial period to-date RM'000
Profit before taxation	10,340	15,242
Tax at the statutory rate of 24%	2,482	3,659
Higher foreign tax rate	10	26
Non-taxable income	(2,742)	(3,462)
Non-allowable expenses	697	1,780
Share of associates results	(17)	(37)
Withholding tax	4,681	4,681
Tax expenses	5,111	6,647

The Group's effective tax rate for the financial year-to-date under review was higher compared to the statutory taxation rate mainly due to 15% withholding tax on dividend stated in A5 above,

B6. Corporate proposal

There was no corporate proposal during the financial period ended 30 September 2020.

B7. Group borrowings

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

	RM'000
Long term	39,009
Short term	48,961
	<u>87,970</u>
Secured	63,452
Unsecured	24,518
	<u>87,970</u>

B8. Material litigation

There was no material litigation for the financial period ended 30 September 2020.

B9. Dividends

There was no dividend declared during the quarter ended 30 September 2020.

B10. Earnings per share

Basic earnings per share

Basic earnings per share has been calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of shares in issue during the financial period, excluding the average number of shares purchased by the Company and held as treasury shares.

	Current Quarter 30/09/20	Preceding year corresponding quarter 30/09/19	Financial period to-date 30/09/20	Preceding year corresponding period to-date 30/09/19
Profit attributable to the equity holders of the parent (RM'000)	(274)	5,772	1,886	14,375
Weighted average number of ordinary shares ('000)	328,979	339,638	329,052	340,316
Basic earnings per share (sen)	(0.1)	1.7	0.6	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 period to-date
	RM'000	RM'000
After charging		
Auditors' remuneration	64	145
Interest expense	406	790
Depreciation/Amortisation of property, plant and equipment	732	1513
Rental of premise	96	192
Loss on foreign exchange:		
-realised	444	444
-unrealised	545	647
And crediting		
Gain on disposal of property, plant and equipment	5	5
Fair value gain on other investment	10,731	11,423
Interest income	426	1,470
Rental income	623	713

By Order of the Board

Andrea Huang Jia Mei
Company Secretary
Kuala Lumpur
24 November 2020