

**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 loss of RM0.7 million during the quarter (RM10.7 million YTD fair value gain) on its shareholding of Titijaya Land Berhad's shares. The Group 51% owned subsidiary, PNG Water has during the financial year declared K50 million (RM61.2 million) dividends. As a result, the Group has to bear 15% withholding tax amounting to RM4.7 million. Pursuant to the dividend declaration, the group suffered foreign exchange translation losses of RM0.9 million during the current quarter (RM1.95 million YTD) based on the dividend received and receivable as a result of depreciation of currency Kina against Ringgit Malaysia.

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 December 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 December 2020.

**Treasury shares**

There was no share repurchased during the current quarter. The Company has during the current financial period 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 31 December 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
<b>REVENUE</b>					
External	9,018	67,908	7,297	-	84,223
Inter-segment	-	-	-	-	-
Total revenue	9,018	67,908	7,297	-	84,223
<b>RESULT</b>					
Segment results	9,873	18,520	11,120	(2,055)	37,458
Finance cost					(1,698)
Share of results of associates					13
Taxation					(12,242)
Profit for the financial period					23,531

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 RM1.2062.

**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**

There was no material event subsequent to the financial period ended 31 December 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:

Guarantees given to financial institutions in favour of third parties

2,925

**A14. Capital commitments**

As at 31 December 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			
	31/12/2020	31/12/2019	Variances		31/12/2020	31/12/2019	Variances	
Business Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	9,018	18,754	(9,736)	(51.9)	8,037	13,483	(5,446)	(40.4)
Property development	67,908	93,674	(25,766)	(27.5)	17,451	31,454	(14,003)	(44.5)
Property investment & investment holding	7,297	9,868	(2,571)	(26.1)	10,285	8,291	1,994	24.1
Water supply & services	-	8,048	(8,048)	(100.0)	-	3,468	(3,468)	(100.0)
Total	84,223	130,344	(46,121)	(35.4)	35,773	56,696	(20,923)	(36.9)

The Group registered 35.4% drop in revenue in the current financial period of RM84.2 million as compared to the preceding year corresponding period of RM130.3 million. In the same periods, the Group recorded 36.9% 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 9 months ended 31 December 2020 is as follows:

Civil engineering & construction

The segment recorded 51.9% lower revenue and 40.4% lower PBT during the current financial period ended 31 December 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 27.5% lower revenue and 44.5% lower PBT during the current financial period ended 31 December 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 26.1% lower revenue during the current financial period ended 31 December 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 24.1% improvement in PBT during the current financial period due to fair value gain of RM10.7 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**

	Revenue				Profit before tax			
	Current Quarter	Preceding Quarter	Variances		Current Quarter	Preceding Quarter	Variances	
Business Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	1,475	2,994	(1,519)	(50.7)	5,803	1,030	4,773	463.4
Property development	60,342	3,130	57,212	1,827.9	15,310	(459)	15,769	(3,435.5)
Property investment & investment holding	2,607	2,579	28	1.1	(582)	9,769	(10,351)	(106.0)
Total	64,424	8,703	55,721	640.3	20,531	10,340	10,191	98.6

The Group recorded 6X higher revenue and 1X increase in PBT during the current quarter compared to the immediate preceding quarter for higher sales in completed project Harmony-2 under the property development segment. Property investment & investment holdings made loss in the current quarter was due to recognition of RM0.7m fair value losses on Titijaya land shares in comparison against RM10.7 million of fair value gain in the preceding quarter.

**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 mostly in this financial year. The Group will be selective in tendering for valued projects. For property development segment, the group's marketing efforts have shown some improvements. The Group is expected to launch a new development in the coming financial year. For the property investment and investment holding segment, Brem Mall at Kepong is still facing 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	4,243	6,652
Foreign taxation	43	180
Withholding tax	-	4,681
Deferred tax expense relating to origination & reversal of temporary differences	1,309	729
	5,595	12,242

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	20,531	35,773
Tax at the statutory rate of 24%	4,927	8,585
Higher foreign tax rate	9	35
Non-taxable income	68	(3,394)
Non-allowable expenses	577	2,358
Over/under provision in prior year	(20)	(20)
Share of associates results	34	(3)
Withholding tax	-	4,681
Tax expenses	5,595	12,242

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 31 December 2020.

**B7. Group borrowings**

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

	RM'000
Long term	38,954
Short term	44,676
	<u>83,630</u>
Secured	58,262
Unsecured	25,368
	<u>83,630</u>

**B8. Material litigation**

There was no material litigation for the financial period ended 31 December 2020.

**B9. Dividends**

There was no dividend declared during the quarter ended 31 December 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 31/12/20	Preceding year corresponding quarter 31/12/19	Financial period to-date 31/12/20	Preceding year corresponding period to-date 31/12/19
Profit attributable to the equity holders of the parent (RM'000)	12,419	16,063	14,305	30,438
Weighted average number of ordinary shares ('000)	328,980	335,636	329,028	338,750
Basic earnings per share (sen)	3.8	4.8	4.3	9.0

*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	52	198
Interest expense	908	1698
Depreciation/Amortisation of property, plant and equipment	712	2,226
Rental of premise	92	284
Loss on foreign exchange:		
-realised	240	684
-unrealised	647	1294
And crediting		
Gain on disposal of property, plant and equipment	205	210
Fair value gain/(loss) on other investment	(692)	10,731
Interest income	377	1,847
Rental income	444	1156

By Order of the Board

**Andrea Huong Jia Mei**

Company Secretary

Kuala Lumpur

23 February 2021