

**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 RM1.0 million during the quarter (RM11.8 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 recorded foreign exchange translation gain of RM0.4 million during the current quarter (but suffered a loss of RM1.6 million YTD) based on the dividend received and receivable as a result of the movement of currency Kina against Ringgit Malaysia.

During the quarter, there is a reversal on impairment of trade receivable of RM2.5 million for setting off against a factory bought from a defaulted trade debtor. However, there is a further impairment of trade receivable of RM0.3 million from Brem Mall due to the challenges of collection faced by the retail and office complex.

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 2021.

**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 2021.

**Treasury shares**

There was no share repurchased during the current quarter. The Company has during the current financial year 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 March 2021 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	13,053	121,922	9,616	-	144,591
Inter-segment	3,964	-	-	(3,964)	-
Total revenue	17,017	121,922	9,616	(3,964)	144,591
<b>RESULT</b>					
Segment results	39,753	34,735	8,816	(24,626)	58,678
Finance cost					(2,637)
Share of results of associates					1,248
Taxation					(18,407)
Profit for the financial year					38,882

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 year. The average rate used in the translation is Kina1.00 equal to RM1.2228.

**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 2021 up to the date of this report.

## A12. Changes in the composition of the Group

During the quarter, the Group has deregistered a dormant, Hong Kong subsidiary, Brem Oversea Investments Pte Limited. The investment has been taken out from our book in this quarter with return of capital to non-controlling interests of RM0.16 million. Other than the above, 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

2,895

## A14. Capital commitments

As at 31 March 2021, 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			
	31/03/2021	31/03/2020	Variances		31/03/2021	31/03/2020	Variances	
Business Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	13,053	24,919	(11,866)	(47.6)	14,417	25,587	(11,170)	(43.7)
Property development	121,922	93,968	27,954	29.7	34,261	25,560	8,701	34.0
Property investment & investment holding	9,616	12,658	(3,042)	(24.0)	8,611	(5,865)	14,476	(246.8)
Water supply & services	-	8,229	(8,229)	(100.0)	-	3,499	(3,499)	(100.0)
Total	144,591	139,774	4,817	3.4	57,289	48,781	8,508	17.4

The Group registered 3.4% rise in revenue in the current financial year of RM144.6 million as compared to the preceding financial year of RM139.8 million. In the same periods, the Group recorded 17.4% hike in profit before taxation (PBT) against the preceding financial year. The increment in both revenue and PBT was mainly due to the improvement in sales of property at project Harmoni-2.

The further analysis of performance of each business segment for 12 months ended 31 March 2021 is as follows:

#### Civil engineering & construction

The segment recorded 47.6% lower revenue and 43.7% lower PBT during the current financial year ended 31 March 2021 as compared to the preceding financial year. The reduction was due to most projects are near to completion or lack of on-going projects, and they were also affected by the MCO; progress of construction was impeded.

#### Property development

The segment recorded 29.7% higher revenue and 34.0% higher PBT during the current financial year ended 31 March 2021 as compared to the preceding year. The increment was due to the improvement in sales of property at project Harmoni-2 directly contributed from good marketing efforts from our marketing representatives.

#### Property investment & investment holding

The segment recorded 24.0% lower revenue during the current financial year ended 31 March 2021 as compared to the preceding year. The reduction was due to the operation of Brem Mall, a 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 financial year. However, the segment showed improvement in PBT during the current financial year due to RM11.8 million fair value gain 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	4,035	1,475	2,560	173.6	8,950	3,233	5,717	176.8
Property development	54,014	60,342	(6,328)	(10.5)	14,240	17,880	(3,640)	(20.4)
Property investment & investment holding	2,319	2,607	(288)	(11.0)	(1,674)	(582)	(1,092)	187.6
Total	60,368	64,424	(4,056)	(6.3)	21,516	20,531	985	4.8

The Group recorded 6.3% lower revenue during the current quarter compared to the immediate preceding quarter due to lower sales from project Harmoni-2. However, the Group registered 4.8% increase in PBT during the current quarter compared to the immediate preceding quarter for higher revenue contribution from Civil engineering & Construction segment couple with a reversal of impairment on trade receivable of RM2.5 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 mostly in this coming financial year. The Group will continue to be selective in tendering for valued projects. For property development segment, the group's marketing efforts have shown 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 2022.

#### 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
Malaysian taxation	5,026	11,678
Foreign taxation	21	201
Withholding tax	-	4,681
Deferred tax expense relating to origination & reversal of temporary differences	1,118	1,847
	<u>6,165</u>	<u>18,407</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	21,516	57,289
Tax at the statutory rate of 24%	5,164	13,749
Higher foreign tax rate	(215)	(180)
Non-taxable income	(309)	(3,703)
Non-allowable expenses	1961	4,319
Over/under provision in prior year	-	(20)
Share of associates results	(297)	(300)
Deferred tax recognised	(139)	(139)
Withholding tax	-	4,681
Tax expenses	6,165	18,407

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 year ended 31 March 2021.

**B7. Group borrowings**

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

	RM'000
Long term	54,558
Short term	39,096
	<u>93,654</u>
Secured	67,866
Unsecured	25,788
	<u>93,654</u>

**B8. Material litigation**

There was no material litigation for the financial year ended 31 March 2021.

**B9. Dividends**

There was no dividend declared during the quarter ended 31 March 2021.

**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 31/03/21	Preceding year corresponding quarter 31/03/20	Financial year to-date 31/03/21	Preceding year corresponding year to-date 31/03/20
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	12,929	(8,780)	27,234	21,658
Weighted average number of ordinary shares ('000)	328,980	333,364	329,016	337,411
Basic earnings per share (sen)	3.9	(2.6)	8.3	6.4

*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	65	263
Bad Debt written off	55	55
Interest expense	940	2,637
Impairment loss on trade receivables	341	341
Depreciation/Amortisation of property, plant and equipment	703	2,929
Rental of premise	100	384
Loss on foreign exchange:		
-realised	382	1066
-unrealised	(751)	543
And crediting		
Gain on disposal of property, plant and equipment	-	210
Fair value gain on other investment	1,038	11,769
Interest income	2,290	4,138
Rental income	473	1629
Reversal of impairment on trade receivables	2,477	2,477

By Order of the Board

**Andrea Huang Jia Mei**

Company Secretary

Kuala Lumpur

8 June 2021