

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 2021. 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 2021.

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 2021 except for the mandatory adoption of the following new and revised MFRSs effective for the financial period beginning on 1 April 2021:

Standards issued but not yet effective

The Group has not adopted the following standards and interpretation that have been issued but are not yet effective:

New MFRS	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023
MFRS 3 Business Combination	1 January 2023
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023
MFRS 7 Financial Instruments: Disclosures	1 January 2023
MFRS 9 Financial Instruments:	1 January 2023
MFRS 10 Consolidated Financial Statements:	Deferred
MFRS 15 Revenue from Contracts with Customers:	1 January 2023
MFRS 16 Leases	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Instruments	1 January 2023
MFRS 107 Statement of Cash Flow	1 January 2023
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112 Income Taxes	1 January 2023
MFRS 116 Property, Plant and Equipment	1 January 2023
MFRS 119 Employee Benefits	1 January 2023
MFRS 128 Investments in Associates and Joint Ventures	1 January 2023
MFRS 132 Financial Instruments: Presentation	1 January 2023
MFRS 136 Impairment of Assets	1 January 2023
MFRS 137 Provision, Contingent Liabilities and Contingent Assets	1 January 2023
MFRS 138 Intangible Assets	1 January 2023
MFRS 139 Financial Instruments: Recognition and Measurement	1 January 2023
MFRS 140 Investment Property	1 January 2023
MFRS 141 Agriculture	1 January 2022

A3. Declaration of audit qualification

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 RM5.2 million during the quarter on its shareholding of Titijaya Land Berhad's shares.

Other than the above, there was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 30 June 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 30 June 2021.

Treasury shares

There was no share repurchased during the current quarter. 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 June 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
REVENUE					
External	139	12,793	2,410	852	16,194
Inter-segment	3,163	-	-	(3,163)	-
Total revenue	<u>3,302</u>	<u>12,793</u>	<u>2,410</u>	<u>(2,311)</u>	<u>16,194</u>
RESULT					
Segment results	434	3,310	(4,394)	(1,307)	(1,957)
Finance cost					(430)
Share of results of associates					1,795
Taxation					<u>(1,191)</u>
Profit for the financial year					<u>(1,783)</u>

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 RM1.1841.

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 30 June 2021 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

2,895

A14. Capital commitments

As at 30 June 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			
	30/06/2021	30/06/2020	Variances		30/06/2021	30/06/2020	Variances	
Business Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	139	4,549	(4,410)	(96.9)	(448)	1,204	(1,652)	(137.2)
Property development	13,645	4,436	9,209	207.6	2,667	2,600	67	2.6
Property investment & investment holding	2,410	2,111	299	14.2	(2,811)	1,098	(3,909)	(356.0)
Water supply & services	-	-	-	-	-	-	-	-
Total	16,194	11,096	5,098	45.9	(592)	4,902	(5,494)	(112.1)

The Group registered 45.9% surge in revenue in the current financial period of RM16.2 million as compared to the preceding year corresponding period of RM11.1 million. The shoot up in revenue was mainly due to the improvement in sales of properties at project Harmony-2. However, in the same periods, the Group recorded a loss compared against profit registered in the preceding year corresponding period. The loss was mainly due to the RM5.2 million fair value loss stated in A5 above.

The further analysis of performance of each business segment for 3 months ended 30 June 2021 is as follows:

Civil engineering & construction

The segment recorded 96.9% lower revenue and 137.2% lower PBT which resulted in a loss during the current financial period ended 30 June 2021 as compared to the preceding year corresponding period. The contraction was due to the lack of on-going projects, and operations were impeded by MCO imposed by government during the period.

Property development

The segment recorded 207.6% higher revenue and 2.6% higher PBT during the current financial period ended 30 June 2021 as compared to the preceding year corresponding period. The positive contribution was due to the improvement in sales of property at project Harmoni-2.

Property investment & investment holding

The segment recorded 14.2% higher revenue during the current financial period ended 30 June 2021 as compared to the preceding year corresponding period. The increment was due to the operation of Brem Mall, a retail cum office complex at Jalan Kepong, Kuala Lumpur, was less affected during the current period as compared to the preceding year corresponding period when MCO 1.0 was imposed. However, the segment showed a dive in PBT which resulted in a loss during the current financial period. It was due to RM5.2 million fair value loss stated in A5 above.

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	139	12,341	(12,202)	(98.9)	(448)	8,949	(9,397)	(105.0)
Property development	13,645	54,050	(40,405)	(74.8)	2,667	14,239	(11,572)	(81.3)
Property investment & investment holding	2,410	2,319	91	3.9	(2,811)	(1,674)	(1,137)	67.9
Total	16,194	68,710	(52,516)	(76.4)	(592)	21,514	(22,106)	(102.8)

The Group recorded 76.4% lower revenue and 102.8% drop in PBT which resulted in a loss during the current quarter compared to the immediate preceding quarter due to lower sales from project Harmoni-2 and lack of on-going construction projects carried out during the current period. The fair value loss stated in A5 above also negatively contributed to the loss incurred during the quarter.

B3. Prospects

The construction segment has secured 2 new contracts during the quarter, and they are expected to make contribution to the Group in the current financial year. They are targeted to be completed by early of next financial year. The Group will continue to be selective in tendering for valued projects. For property development segment, the group will continue to dispose of the inventory at hand while developing the 6 parcels of leasehold industrial land acquired in October 2020 to be completed with infrastructure facilities. The project is expected to complete in FY2023. 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 period ending 31 March 2022.

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	1,104	1,104
Foreign taxation	8	8
Deferred tax expense relating to origination & reversal of temporary differences	79	79
	1,191	1,191

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

	Current quarter RM'000	Financial period to-date RM'000
Profit/(Loss) before taxation	<u>(592)</u>	<u>(592)</u>
Tax at the statutory rate of 24%	(142)	(142)
Higher foreign tax rate	2	2
Non-taxable income	(22)	(22)
Non-allowable expenses	1,785	1,785
Share of associates results	<u>(432)</u>	<u>(432)</u>
Tax expenses	<u>1,191</u>	<u>1,191</u>

B6. Corporate proposal

There was no corporate proposal during the financial period ended 30 June 2021.

B7. Group borrowings

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

	RM'000
Long term	35,800
Short term	<u>51,058</u>
	<u>86,858</u>
Secured	62,340
Unsecured	<u>24,518</u>
	<u>86,858</u>

B8. Material litigation

There was no material litigation for the financial period ended 30 June 2021.

B9. Dividends

There was no dividend declared during the quarter ended 30 June 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 30/06/21	Preceding year corresponding quarter 30/06/20	Financial period to-date 30/06/21	Preceding year corresponding period to-date 30/06/20
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	790	2160	790	2,160
Weighted average number of ordinary shares ('000)	328,980	329,125	328,980	329,125
Basic earnings per share (sen)	0.2	0.7	0.2	0.7

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	67	67
Fair value loss on other investment	5,192	5,192
Interest expense	430	430
Depreciation/Amortisation of property, plant and equipment	700	700
Rental of premise	88	88
Loss on foreign exchange:		
-realised	7	7
-unrealised	6	6
And crediting		
Interest income	751	751
Rental income	445	445

By Order of the Board

Andrea Huang Jia Mei

Company Secretary

Kuala Lumpur

30 August 2021