

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 RM2.1 million during this quarter (RM7.3 million YTD) 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 September 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 September 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 September 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	2,782	48,453	4,494	-	55,729
Inter-segment	6,480	-	-	(6,480)	-
Total revenue	<u>9,262</u>	<u>48,453</u>	<u>4,494</u>	<u>(6,480)</u>	<u>55,729</u>
RESULT					
Segment results	2,084	12,304	(5,742)	(2,184)	6,462
Finance cost					(939)
Share of results of associates					2,755
Taxation					<u>(3,095)</u>
Profit for the financial year					<u>5,183</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 RM1.1890.

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 September 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

3,631

A14. Capital commitments

As at 30 September 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/(Loss) before tax [PBT/(LBT)]			
	30/09/2021	30/09/2020	Variances		30/09/2021	30/09/2020	Variances	
Business Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	2,782	7,543	(4,761)	(63.1)	379	2,234	(1,855)	(83.0)
Property development	48,453	7,566	40,887	540.4	11,302	2,141	9,161	427.9
Property investment & investment holding	4,494	4,690	(196)	(4.2)	(3,403)	10,867	(14,270)	(131.3)
Total	55,729	19,799	35,930	181.5	8,278	15,242	(6,964)	(45.7)

The Group registered 181.5% surge in revenue in the current financial period of RM55.7 million as compared to the preceding year corresponding period of RM19.8 million. The shoot up in revenue was mainly due to the improvement in sales of properties at project Harmony-2 and recognition of contribution from selling of industrial land at Sungai Buaya. However, in the same periods, the Group recorded a lower profit compared against profit registered in the preceding year corresponding period. The lower profit was mainly due to the RM7.3 million fair value losses stated in A5 above while last year had registered a fair value gain of RM11.4m.

The further analysis of performance of each business segment for 6 months ended 30 September 2021 is as follows:

Civil engineering & construction

The segment recorded 63.1% lower revenue and 83.0% lower PBT during the current financial period ended 30 September 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 Movement Control Order (MCO) imposed by government during the period.

Property development

The segment recorded 540.4% higher revenue and 427.9% higher PBT during the current financial period ended 30 September 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 and recognition of contribution from selling of industrial land at Sungai Buaya.

Property investment & investment holding

The segment recorded 4.2% lower revenue during the current financial period ended 30 September 2021 as compared to the preceding year corresponding period. The slide in revenue was due to the operation of Brem Mall, a retail cum office complex at Jalan Kepong, Kuala Lumpur, was affected by disruptive MCO during the current period as compared to the preceding year corresponding period. The segment showed a dive in PBT which resulted in a loss during the current financial period. It was due to RM7.3 million fair value loss stated in A5 above while last year had registered a fair value gain of RM11.4m.

B2. Comparison with preceding quarter results

Business Segment	Revenue				Profit/(Loss) before tax [PBT/(LBT)]			
	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	2,643	139	2,504	1,801.4	827	(448)	1,275	(284.6)
Property development	34,808	13,645	21,163	155.1	8,635	2,667	5,968	223.8
Property investment & investment holding	2,084	2,410	(326)	(13.5)	(592)	(2,811)	2,219	(78.9)
Total	39,535	16,194	23,341	144.1	8,870	(592)	9,462	(1,598.3)

The Group recorded 144.1% higher revenue and registered RM8.8m in PBT during the current quarter compared to losses in the immediate preceding quarter due to higher sales in project Harmoni-2, recognition of contribution from selling of industrial land at Sungai Buaya and higher on-going construction projects carried out during the current period.

B3. Prospects

With the existing contracts in hand under the construction segment, they will continue to make contribution to the Group in the current financial year. They are targeted to be completed by 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 leasehold industrial land at Sungai Buaya acquired in October 2020 with earthwork and infrastructure facilities. The project is expected to complete in financial year 2023. 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 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	1,826	2,930
Foreign taxation	20	28
Deferred tax expense relating to origination & reversal of temporary differences	58	137
	<u>1,904</u>	<u>3,095</u>

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	8,870	8,278
Tax at the statutory rate of 24%	2,129	1,987
Higher foreign tax rate	4	6
Non-taxable income	(689)	(712)
Non-allowable expenses	690	2,475
Share of associates results	(230)	(661)
Tax expenses	1,904	3,095

B6. Corporate proposal

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

B7. Group borrowings

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

	RM'000
Long term	31,928
Short term	52,539
	<u>84,467</u>
Secured	59,949
Unsecured	24,518
	<u>84,467</u>

B8. Material litigation

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

B9. Dividends

There was no dividend declared during the quarter ended 30 September 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 30/09/21	Preceding year corresponding quarter 30/09/20	Financial period to-date 30/09/21	Preceding year corresponding period to-date 30/09/20
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	6,651	(274)	7,441	1,886
Weighted average number of ordinary shares ('000)	328,979	328,979	328,979	329,052
Basic earnings per share (sen)	2.0	(0.1)	2.3	0.6

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	76	143
Fair value loss on other investment	2,077	7,269
Interest expense	509	939
Depreciation/Amortisation of property, plant and equipment	716	1,416
Rental of premise	90	178
And crediting		
Interest income	1,393	2,125
Rental income	415	860
Gain/(loss) on foreign exchange: -unrealised	(132)	140

By Order of the Board

Andrea Huang Jia Mei
Company Secretary
Kuala Lumpur
24 November 2021