

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 gain of RM3.1 million during this quarter (fair value loss of RM8.0 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 year ended 31 March 2022.

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 2022.

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 31 March 2022 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	11,469	128,359	9,292	-	149,120
Inter-segment	10,750	-	-	(10,750)	-
Total revenue	<u>22,219</u>	<u>128,359</u>	<u>9,292</u>	<u>(10,750)</u>	<u>149,120</u>
RESULT					
Segment results	6,881	32,827	(5,832)	(4,829)	29,047
Finance cost					(2,264)
Share of results of associates					402
Taxation					<u>(7,837)</u>
Profit for the financial year					<u>19,348</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 year. The average rate used in the translation is Kina1.00 equal to RM1.1893.

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 2022 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

3,393

A14. Capital commitments

As at 31 March 2022, 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)]			
	31/03/2022	31/03/2021	Variances		31/03/2022	31/03/2021	Variances	
Business Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Civil engineering & construction	11,469	21,360	(9,891)	(46.3)	3,501	14,417	(10,916)	(75.7)
Property development	128,359	121,959	6,400	5.2	29,927	34,261	(4,334)	(12.6)
Property investment & investment holding	9,292	9,616	(324)	(3.4)	(6,243)	8,611	(14,854)	(172.5)
Total	149,120	152,935	(3,815)	(2.5)	27,185	57,289	(30,104)	(52.5)

The Group registered 2.5% drop in revenue in the current financial year of RM149.1 million as compared to the preceding year corresponding period of RM152.9 million. The reduction in revenue was mainly due to lack of on-going construction projects. The lower profit was mainly due to the same reason above and RM8 million fair value losses stated in A5 above while last year had registered a fair value gain of RM11.8m.

The further analysis of performance of each business segment for 12 months ended 31 March 2022 is as follows:

Civil engineering & construction

The segment recorded 46.3% lower revenue and 75.7% lower PBT during the current financial year ended 31 March 2022 as compared to the preceding year corresponding period. The contraction was due to the lack of on-going projects.

Property development

The segment recorded 5.2% higher revenue during the current financial year ended 31 March 2022 as compared to the preceding year corresponding period. The positive contribution was due to added contribution from selling of industrial land at Sungai Buaya in this financial year. However, the segment registered 12.6% lower PBT under the same periods above due to lower profit margin from the selling of industrial land at Sungai Buaya as compared to the selling of completed units at Residensi Harmoni 2.

Property investment & investment holding

The segment recorded 3.4% lower revenue during the current financial year ended 31 March 2022 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 year as compared to the preceding year corresponding period. The segment showed a dive in PBT which resulted in a loss during the current financial year. It was due to RM8.0

million fair value loss stated in A5 above while last year had registered a fair value gain of RM11.8 million.

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	5,804	2,883	2,921	101.3	2,836	286	2,550	891.6
Property development	38,933	40,973	(2,040)	(5.0)	10,657	7,968	2,689	33.7
Property investment & investment holding	2,458	2,340	118	5.0	(1,228)	(1,612)	384	(23.8)
Total	47,195	46,196	999	2.2	12,265	6,642	5,623	84.7

The Group recorded 2.2% higher revenue during the current quarter compared to the immediate preceding quarter mainly due to higher contribution from construction segment during the quarter. The Group also registered higher PBT during the current quarter compared to the immediate preceding quarter due to higher contribution from all segments coupled with fair value gain of RM3.1 million in the current quarter as compared to RM3.8 million fair value loss in last quarter on investment in Titijaya Land Berhad.

B3. Prospects

With the existing contracts in hand under the construction segment, they will continue to make contribution to the Group in the coming 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 with earthwork and infrastructure facilities. The project is expected to complete in financial year 2025. 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 2023.

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	3,778	8,992
Foreign taxation	18	83
Deferred tax expense relating to origination & reversal of temporary differences	(1,250)	(1,238)
	2,546	7,837

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

	Current quarter RM'000	Financial year to-date RM'000
Profit/(Loss) before taxation	<u>12,265</u>	<u>27,185</u>
Tax at the statutory rate of 24%	2,944	6,525
Higher foreign tax rate	4	17
Non-taxable income	(41)	(960)
Non-allowable expenses	(97)	4,002
Overprovision in prior year	-	(363)
Deferred Tax asset recognised	(1,287)	(1,287)
Share of associates results	<u>1023</u>	<u>(97)</u>
Tax expenses	<u>2,546</u>	<u>7,837</u>

B6. Corporate proposal

The Company has received a Selective Capital Reduction (SCR) offer letter on 26 November 2021 from Brem Property Sdn Bhd and Tan Sri Dato' Khoo Chai Kaa, with the intention to privatise the Company by way of a Selective Capital Reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016.

High Court had granted an order confirming the reduction of the issued share capital of the Company in accordance with Section 116 of the Act to give effect to the SCR.

Other than the above, there was no corporate proposal during the financial year ended 31 March 2022.

B7. Group borrowings

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

	RM'000
Long term	43,434
Short term	<u>42,592</u>
	<u>86,026</u>
Secured	61,417
Unsecured	<u>24,609</u>
	<u>86,026</u>

B8. Material litigation

There was no material litigation for the financial year ended 31 March 2022.

B9. Dividends

There was no dividend declared during the quarter ended 31 March 2022.

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 year, excluding the average number of shares purchased by the Company and held as treasury shares.

	Current Quarter 31/03/22	Preceding year corresponding quarter 31/03/21	Financial year to-date 31/03/22	Preceding year corresponding period to-date 31/03/21
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	7,117	12,865	20,349	27,170
Weighted average number of ordinary shares ('000)	328,980	328,980	328,980	329,016
Basic earnings per share (sen)	2.2	3.9	6.2	8.3

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 RM'000	Financial year to-date RM'000
After charging		
Auditors' remuneration	72	276
Fair value (gain)/loss on other investment	(3,115)	7,962
Interest expense	566	2,264
Depreciation/Amortisation of property, plant and equipment	741	2,891
Rental of premise	105	384
Impairment loss on trade receivables	364	364
Impairment on investment property	188	188
And crediting		
Interest income	1,118	4,148
Rental income	671	2,132
Gain/(loss) on foreign exchange:		
-unrealised	78	148
Gain on disposal of property, plant and equipment	57	86
Gain on other investment	264	264
Reversal on impairment loss on trade receivables	387	387

By Order of the Board

Andrea Huang Jia Mei

Company Secretary

Kuala Lumpur

31 May 2022