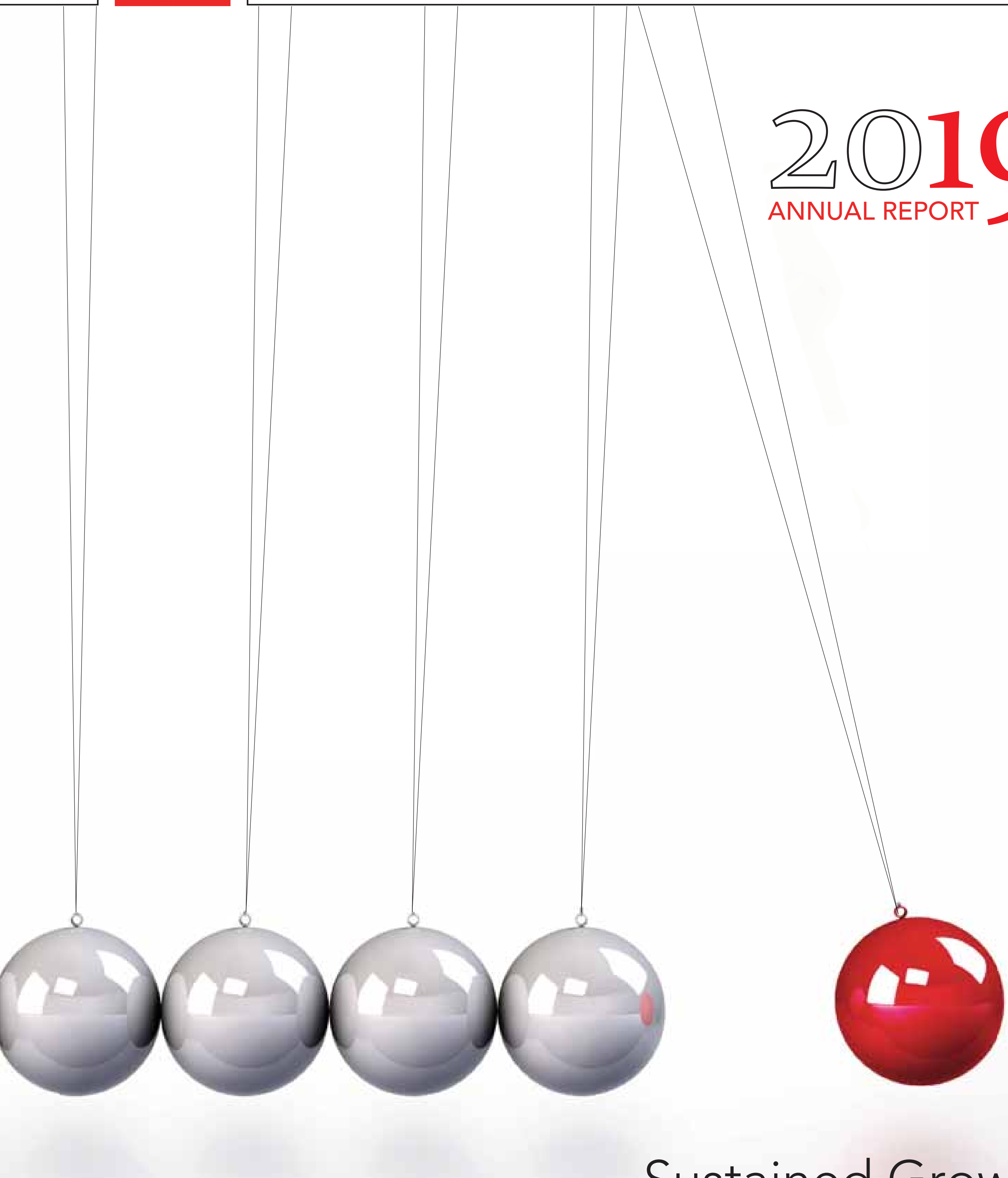
BREM HOLDING BERHAD (66756-P)
Incorporated In Malaysia

2019 ANNUAL REPORT



Sustained Growth Momentum

ABOUT US

Looking back into history, the foundation of Brem was laid in 1981 when the enterprising Tan Sri Dato' Khoo Chai Kaa established a private limited company venturing into construction business. The founder's foresight, sharp vision and sound management coupled with plenty of efforts in the years that followed has made Brem grown rapidly and strategically, and evolved into a group of companies involving in civil engineering, general construction, property development and related businesses. Brem was standing among the larger construction companies in the country when it was listed in 1993 in the Bursa Malaysia Securities Berhad.

• BUILD • BALANCE • BEYOND

is Brem's motto fostering and steering our team forward holding fast to our beliefs. The success stories of the Group with remarkable project track record lie in its strength of experienced management team, construction expertise and commitment to quality.

BUILD

To Build is our expertise

The Group has vast construction experiences and has successfully undertaken a wide variety of projects for both the Government and Private sectors, ranging from road works and a variety of infrastructure projects to drainage and sewerage works, construction of residential, commercial and industrial buildings. The team is moulded to be ready to take on any form of construction work with what is in our gene.

BALANCE

Balance in innovation and affordability

With innovative mind in fulfilling commitments, we are able to manage and juggle well every major aspect of our businesses including sustainable development and shareholders' welfares, and at the same time have enabled many families' dream home come true by making available affordable homes.

BEYOND

Beyond with sustainable development in mind

Green ideas are in our mind. As a caring Developer with fore vision, we strongly stand for Green ideas and Sustainable Building. Going Green in development will be the way Brem Group advancing into the future.

OUR BUSINESSES

38TH ANNUAL GENERAL MEETING

Venue:
Crown Hall 3, 4th Floor, Crystal Crown Hotel,
No. 12, Lorong Utara A,
Off Jalan Utara, 46200 Petaling Jaya,
Selangor Darul Ehsan.

Date:
29 August 2019

Time:
10.30 a.m.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Eighth ("38th") Annual General Meeting ("AGM") of Brem Holding Berhad ("Brem" or "the Company") will be held at Crown Hall 3, 4th Floor, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 29 August 2019, at 10.30 a.m. for the transaction of the following businesses:-

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and the Auditors thereon. (Please Refer Note 7 (a))

2. To approve the payment of Directors' fees of RM97,500/- in respect of the financial year ended 31 March 2019. (Resolution 1)

3. To approve the payment of Directors' benefits up to an amount of RM200,000 from the 38th AGM until the 39th AGM of the Company. (Resolution 2)

4. To re-elect the following directors who are retiring by rotation pursuant to Article 80 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   (i) Tan Sri Dato' Khoo Chai Kaa (Resolution 3)
   (ii) Mr.Wong Miow Song (Resolution 4)

5. To re-elect Sr Alias Bin Marjoh who is retiring pursuant to Article 87 of the Company's Articles of Association and being eligible, has offered himself for re-election. (Resolution 5)

6. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

7. As Special Businesses:-
   To consider and, if thought fit, to pass the following Ordinary and Special Resolution(s):-

   (a) Authority To Allot Shares Pursuant To Sections 75 and 76 Of The Companies Act, 2016 (Resolution 7)

   "THAT subject always to the Companies Act 2016, Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of any other relevant governmental/regulatory bodies where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a General Meeting."

   (b) Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 8)

   "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given for the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") for the Company and/or its subsidiary companies ("the Group") to enter into and to give effect to the category of Recurrent Related Party Transactions of a Revenue or Trading Nature from time to time with the Related Party as specified in Part A - Section 1.4 of the Circular to Shareholders dated 31 July 2019 ("Circular") provided that such transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not prejudicial to the minority shareholders of the Company.

THAT such approval shall continue to be in force until: -

(i) the conclusion of the next AGM of the Company following this at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless by a resolution passed at a general meeting, the authority is renewed; or
(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by resolution passed by shareholders in a general meeting,

whichever is earlier,

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

(Resolution 9)

(c) Proposed Renewal of Authority for Share Buy-Back

"THAT, subject to compliance with Section 127 of the Companies Act, 2016, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws and regulations, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company ("Proposed Purchase") as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

AND THAT upon completion of the purchase by the Company of its own shares , the Directors are authorised to retain the shares as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder AND THAT the Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the Company's shareholders or to deal with the treasury shares in the manners as allowed by the Act;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

(i) the conclusion of the next AGM of the Company following, at which time the authority shall lapse unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders at a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provision of the Listing Requirements and any other relevant authorities AND THAT authority be and is hereby given to Directors of the Company to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities."

Notice of Annual General Meeting

(d) Continuing In Office of Mr. Wong Miow Song As Independent Non-Executive Director (Resolution 10)

"THAT subject to passing of Ordinary Resolution 4, approval be and is hereby given to Mr. Wong Miow Song who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

(e) Continuing In Office of Dato' Hj. Abu Sujak bin Hj. Mahmud As Independent Non-Executive Director (Resolution 11)

"THAT approval be and is hereby given to Dato' Hj Abu Sujak bin Hj. Mahmud who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

8. Proposed Adoption of the New Constitution of the Company (Special Resolution)

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 31 July 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

9. To transact any other business for which due notice shall have been given.

By Order of the Board,

ANDREA HUONG JIA MEI (MIA 36347)
Company Secretary

Kuala Lumpur
31 July 2019

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend, speak and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of the officer or attorney duly authorised.

4. The Proxy Form must be deposited at the Company's Registered Office at 3rd Floor, Brem House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.

5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.

Notice of Annual General Meeting

6. **General Meeting Record of Depositors**
For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 57(c) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities ("MMLR"), a Record of Depositors as at 22 August 2019 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

7. **Explanatory Notes on Ordinary and Special Businesses: -**

(a) Audited Financial Statements for financial year ended 31 March 2019
The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this agenda is not put forward for voting by shareholders of the Company.

(b) Payment of Directors' Benefit
Pursuant to Section 230 (1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting.

The proposed Directors Benefits payable comprise allowances and other benefits. The total estimated amount of Director's benefit payable is calculated based on the number of scheduled Board's and Board's Committee Meeting from 30 August 2019 (being the day after the 38th AGM) until the 39th AGM. In the event, the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

(c) Retirement of Director
Article 80 of the Company's Articles of Association states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

(d) Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016
Resolution No. 7 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by shareholders at the last year's AGM ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the previous mandate.

The proposed Resolution No. 7, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding ten percent (10%) of the total number of issued shares of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

The renewed mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding investment project(s), working capital and/or acquisition.

(e) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Resolution No. 8, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next AGM unless authority for its renewal is obtained from the shareholders of the Company at a general meeting. For further information, please refer to Part A of the Circular to Shareholders dated 31 July 2019, which is circulated together with this Annual Report.

(f) Proposed Renewal of Authority for Share Buy-Back
Resolution No. 9, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM. For further information, please refer to Part B of the Circular to Shareholders dated 31 July 2019 which is circulated together with this Annual Report.

Notice of Annual General Meeting

(g) Resolutions No. 10 and 11

The proposed Ordinary Resolution No. 10, if passed, will allow Mr. Wong Miow Song to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nomination Committee had assessed the independence of Mr Wong Miow Song, who has served as INED of the Company for a cumulative term of more than eighteen (18) years and recommended him to continue to act as an INED of the Company. The justifications of the Board of Directors for recommending and supporting the resolutions for him continuing in office as INED are set out under the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

The proposed Ordinary Resolution No. 11, if passed, will allow Dato' Hj. Abu Sujak bin Hj. Mahmud to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nomination Committee had assessed the independence of Dato Hj. Abu Sujak bin Hj. Mahmud, who has served as INED of the Company for a cumulative term of more than thirteen (13) years and recommended him to continue to act as an INED of the Company. The justifications of the Board of Directors for recommending and supporting the resolutions for him continuing in office as INED are set out under the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

Resolutions No. 10 & 11 if passed, will authorise Mr. Wong Miow Song and Dato' Hj. Abu Sujak bin Hj. Mahmud to continue in office as INEDs of the Company until the conclusion of the next AGM of the Company.

(h) Special Resolution
Proposed Adoption of the New Constitution of the Company

In view of the substantial amount of amendments to the existing Memorandum and Articles of Association ("M&A"), the Board proposed to revoke the existing M&A in its entirety and in place thereof, adopt a new Constitution as set out in Appendix II of the Circular to Shareholders dated 31 July 2019.

The proposed resolution, if passed, will streamline the Company's Constitution with the Act, recent amendments to Main Market Listing Requirements of Bursa Securities.

For further information, please refer to Part C of the Circular to Shareholders dated 31 July 2019 which is circulated together with this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Hj. Abu Sujak Bin Hj. Mahmud
(Independent Non-Executive Chairman)

Tan Sri Dato' Khoo Chai Kaa
(Managing Director)

Low Yew Hwa
(Executive Director)

Wong Miow Song
(Independent Non-Executive Director)

Sr. Alias Bin Marjoh
(Independent Non-Executive Director)

Khoo Hui Keam
(Non-Independent Non-Executive Director)

Khoo Hui Giok
(Non-Independent Non-Executive Director)

COMMITTEES

AUDIT
Wong Miow Song *(Chairman)*
Dato' Hj. Abu Sujak Bin Hj. Mahmud
Khoo Hui Giok

NOMINATION
Wong Miow Song *(Chairman)*
Dato' Hj. Abu Sujak Bin Hj. Mahmud
Khoo Hui Giok

REMUNERATION
Dato' Hj. Abu Sujak Bin Hj. Mahmud *(Chairman)*
Tan Sri Dato' Khoo Chai Kaa
Wong Miow Song

RISK MANAGEMENT AND SUSTAINABILITY
Tan Sri Dato' Khoo Chai Kaa *(Chairman)*
Dato' Hj. Abu Sujak Bin Hj. Mahmud
Wong Miow Song

REGISTERED OFFICE
3rd Floor, Brem House,
Crystal Crown Hotel, No. 12,
Lorong Utara A, Off Jalan Utara,
46200 Petaling Jaya, Selangor Darul Ehsan.
Tel : (03) 7958 7888
Fax : (03) 7958 1533
Website : www.bremholding.com

AUDITORS
Baker Tilly Monteiro Heng PLT
Chartered Accountants

COMPANY SECRETARY
Andrea Huong Jia Mei (MIA 36347)

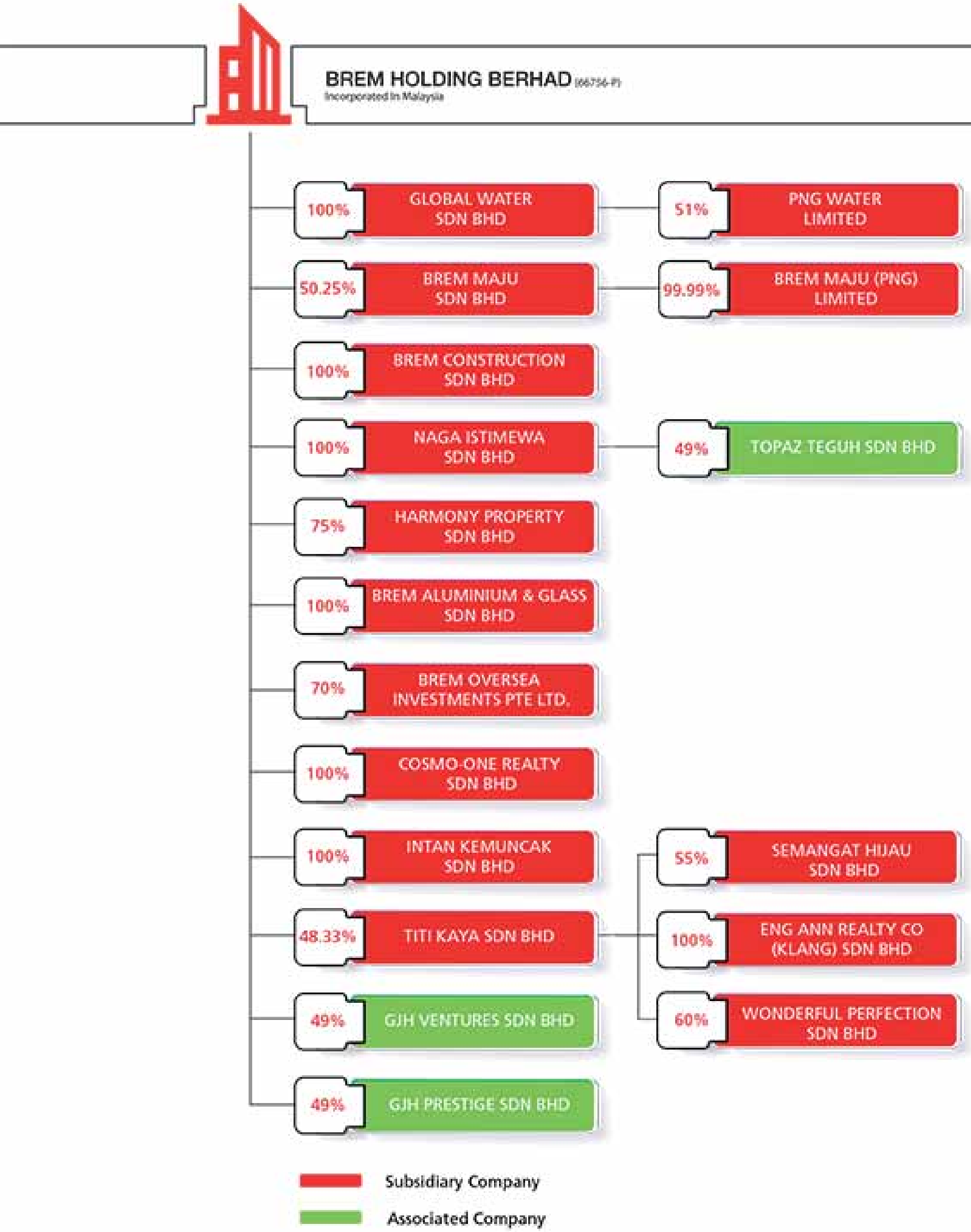
REGISTRARS
Insurban Corporate Services Sdn. Bhd.,
149-B, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.
Tel : (03) 7729 5529
Fax : (03) 7728 5948

PRINCIPAL BANKERS
Malayan Banking Berhad
Alliance Bank Malaysia Berhad

SOLICITORS
Kamarudin & Partners
HK Ang & Partners

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Market

CORPORATE STRUCTURE



PROFILE OF THE BOARD OF DIRECTORS

DATO' HJ. ABU SUJAK BIN HJ. MAHMUD, *DSSA, KMN, PPT, PJK*
(Independent Non-Executive Chairman)

Dato' Hj. Abu Sujak Bin Hj. Mahmud, male, aged 79, Malaysian, was appointed to the Board of the Company on 4 January 2006 as Independent Non-Executive Director. He began his career as an audit clerk in Jabatan Pembangunan Koperasi Malaysia in 1958. He then joined the Maktab Perguruan Bahasa in 1960 and then taught for a period of five (5) years before pursuing his degree in the University of Malaya. He obtained Bachelor of Arts in Malay Studies in 1970. In 1971, he joined Dewan Bandaraya Kuala Lumpur and subsequently was appointed as Secretary of Majlis Perbandaran Klang and Majlis Perbandaran Shah Alam. In 1986, he was chosen to stand for election, which marked his career as a politician. He served as a member of the Selangor State Legislative Council for three (3) terms and was also a member of the Selangor State Executive Council from 1986 to 1995. He was also appointed as Timbalan Menteri Besar Selangor Darul Ehsan in 1990 until 1995. In the year 2000, he was appointed as the Datuk Bandar Majlis Bandaraya Shah Alam and was in office until 2002. Dato' was elected Chairman of the Board of Directors on the 28 July 2010. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Risk Management and Sustainability Committee of Brem Holding Berhad.

TAN SRI DATO' KHOO CHAI KAA, *P.S.M, DIMP*
(Managing Director)

Tan Sri Dato' Khoo Chai Kaa, male, aged 68, Malaysian, is the Managing Director of the Company and a founder member of the Brem Holding Group. He has been a Director of the Company since its incorporation on 21 January 1981. Tan Sri Dato' Khoo holds a Bachelor of Science degree in Civil Engineering and Building from the United Kingdom. He has over 40 years of experience in the construction and property development sectors as well as vast experience in hotel industry. He has also attained a wide experience in heavy machinery know-how. He also sits on the Board of some of the subsidiary companies of Brem Holding Berhad and several other private limited companies. Tan Sri Dato' Khoo is the Chairman of Risk Management and Sustainability Committee and a member of the Remuneration Committee of Brem Holding Berhad. He is the father of Khoo Hui Keam and Khoo Hui Giok.

LOW YEW HWA
(Executive Director)

Low Yew Hwa, male, aged 63, Malaysian, has been with the Company since year 1989. He was appointed to the Board of the Company on 24 August 1992. Mr. Low is a qualified Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom. He sits on the Board of some of the subsidiary companies of Brem Holding Berhad and several other private limited companies.

Profile of the Board of Directors

WONG MIOW SONG
(Independent Non-Executive Director)

Wong Miow Song, male, aged 68, Malaysian, was appointed to the Board of the Company on 24 May 2001 as an Independent Non-Executive Director. He was also elected as Chairman of the Audit Committee of the Company with effect from 24 May 2001. He holds a Bachelor of Engineering (Honours) degree in Civil Engineering from University of Malaya. He has over 40 years of experience in building construction and housing development. Currently he is a director of a private construction company involved in the construction of houses, shop houses and apartments in Klang Valley area. He is a member of The Institution of Engineers, Malaysia and a professional engineer with practicing certificate registered with the Board of Engineers, Malaysia. He is the Chairman of the Audit Committee and Nomination Committee and also a member of the Remuneration Committee and Risk Management and Sustainability Committee of Brem Holding Berhad.

SR. ALIAS BIN MARJOH
(Independent Non-Executive Director)

Surveyor (SR) Alias Bin Marjoh, male, aged 62, Malaysian, was appointed to the Board of the Company on 15 June 2019 as an Independent Non-Executive Director. He holds a Diploma in Civil Engineering from University Teknology Malaysia (UTM) and is a Professional Building Surveyor after becoming a member of the Royal Institution of Surveyors, Malaysia (MRISM) in 2002. He began his career as a Technical Assistant in Dewan Bandaraya Kuala Lumpur (DBKL). After serving of 39 years in DBKL, he retired in 2018 as the Director of the Building Control Department, DBKL. Presently, SR Alias Bin Marjoh is an Associate with the Malaysian Productivity Cooperation (MPC) as a member of the Focus Group Dealings with Construction Permits (FGDCP). Through his experience, he gives talks at seminars and advices on matters relating to Construction Permitting, Statutory Laws/Codes, Development Procedures and Processes and Local Authority Building Control Requirements.

KHOO HUI KEAM
(Non-Independent Non-Executive Director)

Khoo Hui Keam, female, aged 43, Malaysian, was appointed to the Board of the Company on 26 November 2007 as a Non-Independent Non-Executive Director. She holds a Bachelor Degree in Business majoring in banking from Nanyang Technology University (NTU) of Singapore. She has been in the banking industry for many years before joining the Group as an Operating Manager of a subsidiary. Currently, she is the Chief Operating Officer of Crystal Crown Hotel & Resort, which has 5 hotels across Malaysia under its group. She is the daughter of Tan Sri Dato' Khoo Chai Kaa and the sister of Khoo Hui Giok.

KHOO HUI GIOK
(Non-Independent Non-Executive Director)

Khoo Hui Giok, female, aged 41, Malaysian, was appointed to the Board of the Company on 26 May 2008 as a Non-Independent Non-Executive Director. She holds a Bachelor of Business Accounting, Charles Sturt University. She is a certified practicing accountant of CPA Australia and a member of the Malaysian Institute of Accountants. She has over 17 years of experience in financial management. Currently she is a financial controller of a chain of hotels in Malaysia. She is also a member of the Audit Committee and Nomination Committee of Brem Holding Berhad. She is the daughter of Tan Sri Dato' Khoo Chai Kaa and the sister of Khoo Hui Keam.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SRI DATO' KHOO CHAI KAA, *P.S.M, DIMP*

(Managing Director)

Please refer to page 9 of this Annual Report for his profile.

LOW YEW HWA

(Executive Director)

Please refer to page 9 of this Annual Report for his profile.

NEOH WEE HONG

(Accountant)

Neoh Wee Hong, male, aged 52, Malaysian, is an Accountant of the Company since November 2017. He graduated from ACCA and is a member of the Malaysian Institute of Accountants. He has over 26 years of experience at middle and senior management in financial and management accounting, consolidation of accounts, taxation, internal audit, process reviews & documentation, system evaluations, share margin financing, credit control and IT project implementation. His past experience was from manufacturing, oil & gas, multi-level marketing and financial industries.

ADDITIONAL INFORMATION

OTHER DIRECTORSHIP OF PUBLIC COMPANIES

None of the director and key senior management of the Company has any directorship in other public companies.

FAMILY RELATIONSHIP OF DIRECTORS AND KEY SENIOR MANAGEMENT

There is no family relationship among the directors and key senior management except that:-

(a) Tan Sri Dato' Khoo Chai Kaa and Ms. Khoo Hui Keam and Ms. Khoo Hui Giok are father and daughters;
(b) Ms. Khoo Hui Keam and Ms. Khoo Hui Giok are sisters.

CONFLICT OF INTEREST WITH THE COMPANY

Other than the recurrent transactions of revenue or trading nature which are necessary for the company day-to-day operations, none of the director and key senior management has conflict of interest with the company.

LIST OF CONVICTIONS FOR OFFENCES

None of the director and key senior management has:

(a) been convicted of any offences within the past five (5) years other than traffic offences, or,
(b) been imposed with any public sanction or penalty.

MATERIAL CONTRACT INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There is no material contract (not being contract entered into in the ordinary course of business) of the Company and its subsidiaries, involving directors' and major shareholders' interests, still subsisting at the end of the financial year.

UTILISATION OF PROCEEDS

The Company did not make any corporate proposal to raise proceeds during the financial year ended 31 March 2019.

AUDIT AND NON-AUDIT FEES

The Audit and Non-audit fees payable to the External Auditors in relation to the audit services rendered to the Company and on a group basis respectively for the financial year ended 31 March 2019 are as follows:

	The Company RM	The Group RM
Audit Fees	119,100	271,386
Non Audit Services	5,500	5,500

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

On 20 September 2018, the Company obtained approval from the shareholders of the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("recurrent transactions") with persons who are considered to be "Related Party" as defined in Chapter 10 of the Listing Requirements.

The breakdown of the aggregate value paid/payable of the recurrent transactions made during the financial year are set out below:

Nature /Type of Transactions	Supplier	Customer	Interested Director/Major Shareholder or Person Connected	RM
Construction Contracts	Sinn Huat Construction Sdn. Bhd.	Brem Holding Berhad	Puan Sri Datin Lee Lei Choo Lee Kok Ting	4,679,688
Construction Contracts	Sinn Huat Construction Sdn. Bhd.	Brem Maju Sdn Bhd	Puan Sri Datin Lee Lei Choo Lee Kok Ting	2,281,756

Relationship of Related Parties with Brem Holding Berhad ("Brem") as at the financial year ended 31 March 2019:

Names of Related Party	Relationship
Sinn Huat Construction Sdn. Bhd.	No relationship except for the director and major shareholder of the Company is related to a major shareholder of Brem

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Brem Holding Berhad is pleased to present its Statement on Risk Management and Internal Control ("Statement"). This Statement describes the state of risk management and internal control of the Company and its subsidiaries ("the Group") during the financial year ended 31 March 2019 is disclosed based on the requirement of paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD'S RESPONSIBILITIES

In accordance with the Malaysian Code of Corporate Governance, the Board who is responsible for the Group's risk management and internal control systems, shall set appropriate policies on internal control and seek assurance that the systems are functioning effectively and forming part of its corporate culture.

The Board understands the principal risks of the business that the Group involves and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders. Functionally, risk management are the responsibility of all Executive Directors and management staff members who manage the business risks in the Group and ensure that businesses are under control. The Board also established an Audit Committee to review the systems of internal control of the Group objectively.

RISK MANAGEMENT

The risk management processes in identifying, evaluating and managing risks are embraced in the operating and business processes in the respective management functions. The risk management processes of the ISO 31000 Risk Management Guidelines involving the identification of issues, assessment of the impact of the identified issues and management plan actions are applied in the annual risk assessment. The effectiveness of actions taken to address the risk identified was also discussed in the ISO 9001:2015 Annual Management Review Meeting.

Separately, Accounts and Finance function supplements the Audit Committee's review on the risks and controls when presenting their quarterly financial performance and results to the Audit Committee. In this case, the Audit Committee reviews the interim financial results in corroboration with management explanations of the business and the performance management of its subsidiaries. In addition, the integrity of the financial results, Annual Report and audited financial statements is reviewed in consultation with the External Auditors.

The key focus of the Group risk management presently is on the manpower resource to execute the on-going construction works. These manpower resource challenges include adequacy of supply of foreign workers who possess work permit and CIDB green card and skilled site supervisor. The present management mitigation plans to address these challenges are as follows:

- Mobilisation of Industrialised Building System ("IBS") when feasible to reduce worker dependency;
- Increase of the pool of existing and new sub-contractors;
- Monitoring of sub-contractors and ensure their site workers are trained and possess work permit and CIDB green card; and
- Provision of training to enhance the skillsets of site supervisor.

Statement On Risk Management And Internal Control

BOARD REVIEW

In considering the effectiveness of the risk management and systems of internal control, the Board uses the following processes and information to derive its comfort which are in place during the financial year under review up to the date of approval of this Statement:

- Quarterly review of financial information covering financial performance and quarterly financial results;
- Discussion with management during the board meetings on business and operational information and updates;
- Audit Committee's review and consultation with management on the financial results, annual report and audited financial statements in order to assess the integrity of the financial information and performance;
- The Internal Audit function assists the Audit Committee and the Board to carrying out independent assessment on the internal control systems and the governance practices;
- Management assurance that the Group's risk management and internal control systems are adequate and effective, in all material respects; and
- Director representations in the boards of the joint venture and associated companies in which the Group has interest.

KEY ELEMENTS OF INTERNAL CONTROL

At management level, the following key internal controls and its review mechanisms are put in place in the Group:

i. Job description and responsibility for management functions;

ii. Limit of authority and approval facilitating delegation of authority;

iii. Standard operating procedures covering for the property development and construction activities under the ISO 9001:20015 Quality Management System;

iv. Management information systems generating financial data and information for reporting and monitoring purposes; and

v. Project planning, monitoring and reporting procedures ensuring timely completion of projects and achievement of business targets.

MANAGEMENT ACCOUNTABILITY AND ASSURANCE

Management is accountable to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Managing Director of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

In producing this Statement, Managing Director and Executive Director have represented to the Board that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

Statement On Risk Management And Internal Control

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require separate disclosure in the 2019 Annual Report. The systems of risk management and internal control of those joint ventures and associated companies of which the Group has no management control, were not dealt with in reporting this Statement.

The Board recognises that the systems of risk management and internal control should be continuously improved. Despite the above, it should be noted that all risk management and of internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control of the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") [Previously known as "RPG5 (Revised) 2015"] issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether this Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. However, AAPG3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

The External Auditors have reviewed this Statement for inclusion in this Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and effectiveness of the internal control systems of the Group.

This Statement is made in accordance with the approval by the Board dated 2 July 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY AND INDUSTRY OUTLOOK

The economy of Malaysia is expected to be slower than last year which is in line with the global slowdown on the back of trade tension between US and China. Domestically, a review of planned infrastructure projects and slowing public spending further dampen economic growth for Malaysia. Moody's Investor Service had reduced Malaysia's Gross Domestic Product (GDP) outlook to 4.4% for this year, and 4.3% for 2020. This is a further reduction from its January report, in which it expected the country's GDP growth to slow down to 4.7% and 4.5% for the respective annum. Pursuant to the softer market outlook, Bank Negara has reduced the benchmark overnight policy rate (OPR) by 25 basis points in May 7, 2019 to support the economic growth and improve the tightening financial conditions.

The property section is still facing trying times evidenced by declining volume and value of property transactions. Residential properties continue to lead the overall market in terms of transaction value. New launch of properties also decline. Unsold and overhang become a hot issue, the market will take time to digest.

Government has planned to revive some mega projects like East Coast Rail Link (ECRL) and Bandar Malaysia to stimulate market confidence and strengthen the Malaysian economy in general and construction sector in particular.

OVERVIEW OF BUSINESSES

The group is principally engaged in construction, property development, property investments & investment holding and water supply & services. Having registration of PKK Class A contractor coupled with a category of Grade 7 with the Construction Industry Development Board Malaysia, the Group is qualified to tender and carry out all categories of contract and construction works.

Despite the challenging and competitive market especially on over supply of residential, commercial complex and offices, the group continue to perform and remain profitable in various segments in normal operations. The Group reported revenue of RM121.7 million and profit before taxation (PBT) of RM31.1 million for the financial year ended 31 March 2019 compared to revenue of RM292.0 million and PBT of RM81.7 million in FY2018.

The following table summarised the segmental information for the Group:

Segments	2019		2018	
	Revenue RM Million	Profit before tax RM Million	Revenue RM Million	Profit before tax RM Million
Civil engineering & construction	25.5	14.4	175.2	23.5
Property development	50.8	14.6	70.5	12.0
Property investment & investment holding	13.2	(5.0)	13.9	36.7
Water supply & services	32.2	7.1	32.4	9.5
Total	121.7	31.1	292.0	81.7

CIVIL ENGINEERING AND CONSTRUCTION SEGMENT

The Group's civil engineering and construction segment reported revenue and PBT of RM25.5 million and RM14.4 million respectively in FY2019 as compared to revenue of RM175.2 million and PBT of RM23.5 million in FY2018. The decrease contribution was mainly due to the near completion on construction of sewerage treatment plant, namely Bunus project at Titiwangsa, Kuala Lumpur and construction of main infrastructure works and appurtenance works at Bandar Bukit Raja, Klang.

The Group has secured a project in FY2019 at Bandar Ainsdale, Seremban to construct and complete earthworks and main infrastructure works. The project is expected to complete in next financial year.

PROPERTY DEVELOPMENT SEGMENT

This property development segment continue to be affected by oversupply of properties, high house-hold debt and stringent credit control policies adopted by financial institution on approval of housing loan and purchasers' adopt 'wait and see' approach.

The property development segment reported revenue and PBT of RM50.8 million and RM14.6 million respectively in FY2019 as compared to revenue of RM70.5 million and PBT of RM12.0 million in FY2018. The decrease contribution in revenue was due to lagging property sales coupled with lower percentage of completion under project Harmony-2. However, the increase in PBT was mainly due to higher profit recognised from the project. In additions, PBT in FY2018 was affected by goodwill written off of RM1.7 million. Project Harmony-2 is expected to complete in FY2020.

PROPERTY INVESTMENTS AND INVESTMENT HOLDING

The property investment & investment holding segment reported revenue of RM13.2 million and loss before taxation of RM5.0 million in FY2019 as compared to revenue of RM13.9 million and PBT of RM36.7 million in FY2018. The major revenue contributor to this segment was derived from Brem Mall, a retail cum office complex located at Jalan Kepong, Kuala Lumpur. The slight decrease in revenue was attributable to lower occupancy rate caused by high competitive and oversupply of shopping malls at Klang Valley. The loss of RM5m in FY2019 was mainly due to RM15.9 million impairment of investment in Titijaya Land Berhad while the significant gain in FY2018 was due to RM45.6 million gain on disposal of a subsidiary mitigated by RM20.3 million impairment loss on investment in Titijaya Land Berhad.

The average occupancy rates for retail and office have deteriorated from 87.1% to 86.5% and from 84.4% to 78.2% respectively in comparison of current and previous financial years for Brem Mall. The Group will adopt a more aggressive marketing strategy to look for new tenants to improve its occupancy rate.

WATER SUPPLY AND SERVICES

The Group has concession arrangement with a governing body of the government of Papua New Guinea ("the grantor") to operate water treatment plants. Under the concession agreements, the Group will construct and operate the plants and water distribution networks for a concession period of 22 years commencing year 1997 and transfer the plant to the grantor at the end of the concession period ending in June 2019.

The water supply and services segment recorded revenue and PBT of RM32.2 million and RM7.1 million respectively in FY2019 as compared to revenue of RM32.4 million and PBT of RM9.5 million in FY2018. The decrease in PBT was mainly due to reduction in interest income from operating financial assets.

Management Discussion And Analysis

GROUP OUTLOOK

The Group has established track record in the civil engineering and construction segment. Although most of the current projects are completing soon, the Group is optimistic in the coming year as the rising number of contract awards in the industry after the government moved to revive some mega projects to stimulate the economy. The Group is expected to secure new contracts and generate reasonable profit margin in future. The Group is actively involved in tendering contracts and aims to win tenders to raise the Group profile in civil engineering and construction industry. The Group is expecting a positive contribution from this segment in the coming years.

On the property segment, the Group is expecting to increase the sales of properties boosted by the aggressive marketing plans through its subsidiary company namely Harmony Property Sdn Bhd. The company is currently developing residential properties in Bukit Prima Pelangi, Kuala Lumpur. Going forward, the property arm is expected to multiply contribution to the Group's earnings with new launching of projects in Klang and Setiawangsa.

The property investments and investment holding segment is expected to contribute positively to the Group from Brem Mall, the retail cum office complex located at Jalan Kepong, Kuala Lumpur even though there are challenges ahead on the back of oversupply of shopping malls at Klang Valley. The Management will adopt aggressive marketing approach to look for new tenants to improve the occupancy rate.

For the water supply and services segment, the water concession has come to an end in June 2019. The revenue contribution from the segment will discontinue.

CONCLUSION

The Group has overcome the tough FY2019 and the current difficult environment is expected to persist in the next year. Nevertheless, Brem Group is confident that with strategically placed developments and right product strategies, we will continue to move forward and strive towards enriching the lives of communities together.

On behalf of the Board of Directors, we would like to convey our sincere appreciation to our valued shareholders, business associates, sub-contractors, suppliers, financial institutions and most importantly our customers for their continue support and belief in Brem.

I would like to extend my sincere appreciation to my fellow board members, our management team and employees for their support, invaluable dedication, contribution and commitment towards the Group over the years.

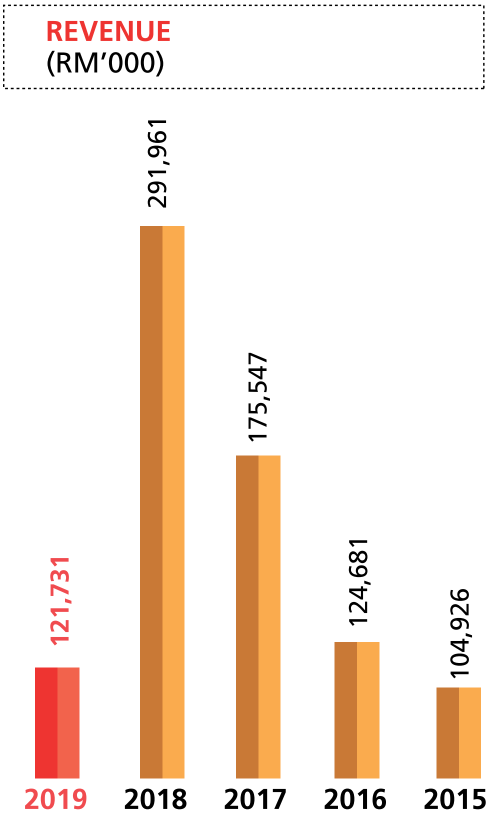
GROUP FINANCIAL HIGHLIGHTS

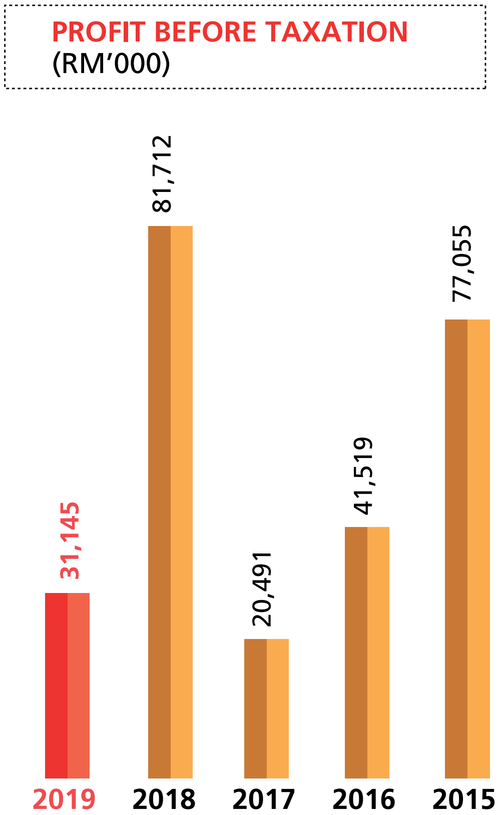
Statements Of Comprehensive Income *(Financial Year Ended 31 March)*	2019 RM '000	2018 RM '000 (Restated)#	2017 RM '000	2016 RM '000 (Restated)#	2015 RM '000
Revenue	121,731	291,961	175,547	124,681	104,926
Profit Before Taxation	31,145	81,712	20,491	41,519	77,055
Taxation	(11,712)	(13,431)	(7,597)	(13,900)	(15,419)
Profit After Taxation	19,433	68,281	12,894	27,619	61,636
Non-Controlling Interests	(4,844)	(30,057)	(8,140)	(10,428)	(19,789)
Profit Attributable To Shareholders	14,589	38,224	4,754	17,191	41,847

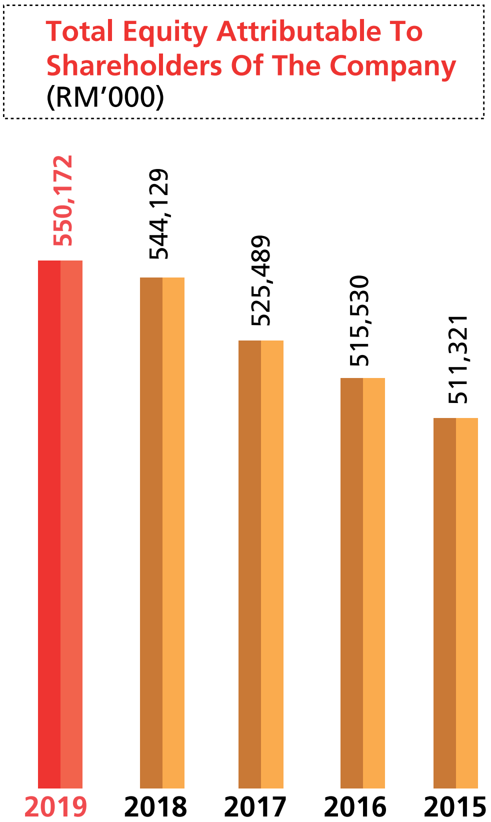
Statements Of Financial Position *(As At 31 March)*	2019 RM '000	2018 RM '000 (Restated)#	2017 RM '000 (Restated)#	2016 RM '000 (Restated)#	2015 RM '000 (Restated)#
ASSETS					
Non-Current Assets	513,922	503,622	545,822	562,767	567,931
Current Assets	375,758	420,741	289,217	239,187	237,883
Total Assets	889,680	924,363	835,039	801,954	805,814
EQUITIES AND LIABILITIES					
Equity Attributable To Shareholders Of The Company					
Share Capital	172,736	172,736	172,736	172,736	172,736
Reserves	380,792	372,258	353,586	353,912	348,735
Treasury Shares	(3,356)	(865)	(833)	(11,118)	(10,150)
Total Equity Attributable To Shareholders Of The Company	550,172	544,129	525,489	515,530	511,321
Non-Controlling Interests	163,081	158,175	140,428	130,933	147,738
Total Equity	713,253	702,304	665,917	646,463	659,059
Liabilities					
Non-Current Liabilities	75,587	82,966	65,869	81,409	94,317
Current Liabilities	100,840	139,093	103,253	74,082	52,438
Total Liabilities	176,427	222,059	169,122	155,491	146,755
Total Equity And Liabilities	889,680	924,363	835,039	801,954	805,814
Net Assets Per Share (RM)	1.61	1.58	1.53	1.56	1.54
Earnings Per Share (Sen)	4.24 *	11.10 *	1.41 *	5.18 *	12.48 *
Gross Dividend Per Share (Sen)	4.02	3.00	-	3.12 +@	3.00 @
Gearing Ratio (Times)	0.21	0.24	0.19	0.20	0.20

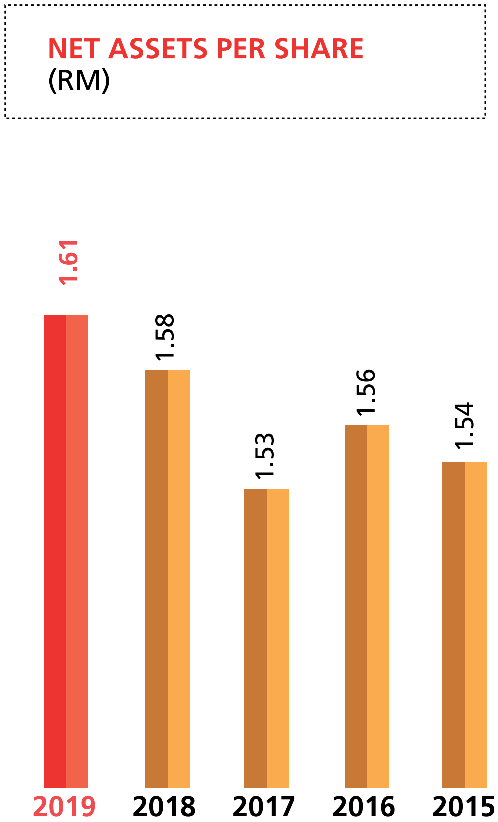
* *Based on the weighted average number of ordinary shares.*
\+ *Share dividend on the basis of 1 treasury share for every 25 existing ordinary shares.*
@ *Adjusted for presentation on sen per share instead of percentage per share.*
\# *Restated based on the audited financial statements for financial year ended 31 March 2016, 31 March 2017 and 31 March 2019.*

Group Financial Highlights









SUSTAINABILITY STATEMENT

INTRODUCTION

Sustainability has always been part of the Group's strategies to achieve our corporate responsibility of continuous growth and profits in a safe and sustainable environment.

The Group understands the important of responsible corporate behavior not only seek respected returns to investors but to contribute to stakeholders like employees, customers, suppliers, regulators and local communities. It involves not only our business strategies but also our operational activities that impact the economic, environment and social in the location we present.

In line with the requirements of Bursa Malaysia Berhad's Sustainability Reporting Guide, the Groups are to ensure that Group's governance framework are in place to facilitate sustainability reporting to stakeholders so that users can assess and decide based our report of our contribution to economic, environment and social aspects of sustainability. This is our Group's first sustainability statement that summarised our perspective of material sustainability matters and what we have done before we can identify further initiatives towards addressing sustainability risk and opportunities in our Group.

SUSTAINABILITY GOVERNANCE

The responsibility to encourage the adoption of sustainability in business strategies, oversee and review the identification and management of sustainability matters in the Group lies with the Board of Directors ("Board"). The Board has delegated the management of sustainability matters to Risk Management & Sustainability Committee (RMSC), chaired by the Managing Director. RMSC shall report material sustainability matters to the Board along with material risk and opportunities issues. Sustainability is embedded in the governance structure approved by Board. It is driven from the top with RMSC being the main driver.

The Group has incorporated sustainable behavior policies in Code of Ethics and Conduct to regulate ethical and sustainable behavior among employees on safety & health, human rights, protection of employees and compliance to law and regulations. In order to ensure that the policies set by the Group are observed, the Group has established Whistle Blowing Policy to encourage and protect employees to escalate any concerns of non-observance to the group without any fear of discrimination or reprisal.

Governance Structure of the Group

Board of Directors

- Oversight Corporate sustainability strategy and performance

Risk Management & Sustainability Committee ("RMSC")

- Responsible for monitoring and implementation of sustainability strategy and its performance
- Report to Board of directors on sustainability matters

Managing Director ("MD")

- Reviews sustainability matters with Sustainability Management Committee with the support of Accountant
- Reports to the RMSC on sustainability matters

Accountant

- Supports the MD in sustainability matters

Management Committee ("MC")

- Management team responsible for identification, material assessment, monitoring and execution of initiatives and reporting.
- Report to MD on sustainability matters.

Sustainability Statement

SCOPE & BASIS OF SCOPE

The scope of materiality applies to subsidiaries within our group in Malaysia which are mainly providing construction, property development and investment holding services but excludes any associate and joint venture companies which are not within our control. We have also excluded one of our subsidiaries at Papua New Guinea engaging in Water concession business as the concession has ended in June 2019.

STAKEHOLDER ENGAGEMENT

We understand the importance of stakeholder engagement in identifying, understanding and responding to their concerns. The Group is committed and will continuously engage our stakeholders in a timely, effective and transparent manner.

Members of the Management Committee have conducted an exercise to identify key stakeholders for the Group by evaluating the level of influence and dependence, whether direct or indirect and their influence towards the Group. We have identified customers, employees, investors, suppliers & contractors, regulatory bodies and local communities as our key stakeholders. Upon this process of identification, we have conducted a stakeholder prioritisation through the materiality assessment exercise.

Our approach to stakeholders can be summarised below:

Stakeholder Group	Type of engagement	Sustainability Topics
Customers	• Customer Satisfaction Survey • Customer Complaint • Ad hoc meetings	• Customers Satisfaction • Efficient complaint resolution • Product quality & safety • Timely delivery
Employees	• Management meetings • Occupational Safety & Health meeting • Internal training	• Social care and workers' welfare • Occupational Safety & Health • Training & Development
Shareholders	• Annual General Meetings • Annual Report • Quarterly financial results	• Business activities • Financial Performance • Shareholders value • Continuous growth and expansion
Suppliers and contractors	• Contract negotiation • Supplier & contractor evaluation	• Payment Timeliness • Fair selection practices
Regulatory bodies	• Inspection by local authority • Participation in programs organise by government bodies	• Regulatory compliance • Support country's economic and growth
Local Communities	• Engagement and participation in communities events • Volunteering programs	• Financial & non-financial contribution to local communities • Good corporate citizenship

Based on our evaluation of the Stakeholder Engagement Program, peer comparison, industry business, environmental and social trends, we have identified and classified the sustainability matters relevant to the Group into the following aspects:

Economic	Environment	Workplace	Communities
• Commitment to quality • Customer satisfaction	• Land Remediation, contamination or degradation • Compliance (environmental)	• Human rights • Employee development & retention • Safe working environment	• Supporting communities

STAKEHOLDER ENGAGEMENT (CONTINUED)

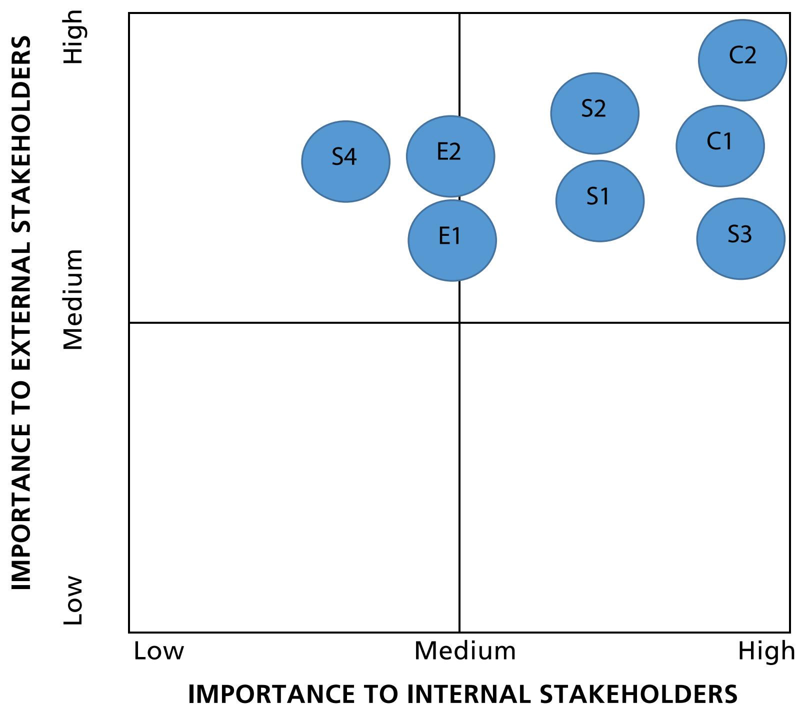
Below are the steps in determining our material sustainability matters:

1 Stakeholder engagement	2 Determine Sustainability Issues	3 Categorisation & Priortisation	4 Process Review
• Customer • Employees • Shareholders • Suppliers & contractors • Government & Regulators • Local Communities	• Determine sustainability concerns for each stakeholder • Assess its influence and dependents towards the Group.	• Categories and prioritise key sustainability issues. • Plan possible actions and report the issues	• Evaluate the materiality assessment process against desire outcomes • Reassess the process to achieve the desired outcome when necessary.

MATERIAL SUSTAINABILITY MATTERS

We assessed the significance of each sustainability matter on its level of impact and influence to the Group based on rating methodology through our internal discussion by Management Committee. The results of the assessment were illustrated on the materiality matrix below.

Area	Item	Material Sustainability Matters
Economic	C1	Commitment to Quality
	C2	Customer Satisfaction
Environment	E1	Land Remediation, contamination or degradation
	E2	Compliance (Environment)
Social	S1	Human Rights
	S2	Employee development & retention
	S3	Safe working environment
	S4	Supporting communities



Sustainability Statement

ECONOMIC TOPICS

Commitment to Quality

The group recognises the sustainability of organization is very much dependent upon our ability to deliver quality and reliable products to our customers. We are ISO 9001: 2015 certified and always guided by our core policies and procedures to deliver quality products efficiently. The certification is yearly reviewed by external consultant to ensure that we comply with ISO procedures.

We also ensure that after sales services and complaints from customers are properly taken care of. Customer satisfaction survey and Customer Complaint feedbacks are treated with utmost important to ensure that any feedbacks/complaints are handled in an objective and attentive manner with urgency.

The following are some of the processes that indicate actions and plans for the interaction of all parties involved in the overall process:

- Contractors are required to rectify any defects lodged by purchasers promptly.
- Pre-vacant inspections are carried out jointly by the project team and the contractors.
- Close monitoring during the construction stage to ensure that the workmanship is in accordance with the expected quality and as per the specifications.
- Regular meetings and discussion are held with consultants, architects, contractors, etc. to review the project progress and resolve issues faced from the project planning stage until the project completion.

Customer Satisfaction

Our quality policy emphasises on continual improvement to achieve customer satisfaction. We believe it is important to ensure that we have systems in place to ensure customers' interests are handled diligently not only to provide good quality products but any complaints on defects will be looked into promptly so that our image and reputation are upheld. This would help repetitive purchase from our existing customers.

Our efforts on pre-delivery inspection with consultant (before hand over keys to owners) are able to minimise complaints from customers. Upon hand over of keys to customers, should there be further defects identified, they will be recorded, closely monitored and follow-up until the defects are rectified.

ENVIRONMENTAL TOPICS

Land Remediation, Contamination or Degradation

The Group being involves in construction and property development has directly or indirectly involved in the land extraction, movement and protection and preservations during the process of construction. Therefore, the group is committed to protect and improve the environment within the ambit of our operations. Our planner and Environment Consultant play important roles during the planning stage in identifying environmental risks and surrounding risks to reduce any impact to the environment. We adhere to Department of Environment (DOE) guidelines in the planning and development stage of our projects.

Environmental Impact Assessment (EIA) is undertaken during the planning stage of any development project to identify environment threats and opportunities upfront, covering soil erosion, water quality, air quality, noise as well as other sustainable resources. Significant findings of the Environmental Impact Assessment (EIA) and their cost implications, if any, are presented to the Management and top management for their deliberation and decisions.

During the project implementation, our project team monitors the development works to ensure that they are done within the parameters of Environmental Impact Assessment (EIA) as recommended by Consultant. We also ensure that our contractors adhere to the requirements.

ENVIRONMENTAL TOPICS (CONTINUED)

Environmental Compliance

In the normal operations, we continue to conform to local environment laws and regulations, Environmental Quality Act 1974 (Act 127).

Our tender process with contractors clearly states the need for compliance to Malaysia's environmental protection, safety at work and other required legislations. In day-to-day operations, we organise regular review sessions with contractors and consultants to monitor environmental related risks at construction sites. All employees of the Group, contractors and consultants are encouraged to bring out any environmental issues for discussion with the intention of finding resolutions.

During the reporting period, there were no incidents of non-compliance and penalties pertaining to environmental related issues. To maintain the highest standard of environmental compliance and to prevent future occurrence of incidence, we will continue to review and improve current environmental management system and practices.

WORKPLACE

Human Rights

We abide by local laws and regulations on the protection of the rights of our employees. We treat all employees equally and provide equal career development opportunity to all employees. We uphold our employment policies which promote recruitment to be lawful, fair and without discrimination of gender, race, religion and age.

	FY2019	FY2018
Male	64.0%	66.1%
Female	36.0%	33.9%
Total	100.0%	100.0%

Employee Development and Retention

The group recognises the important of human capital. The performance of the group is directly or indirectly due from their contribution, commitment and loyalty to their jobs, not only on their input to business strategies, achieving the group's objectives but also their efforts towards the long term success and sustainability of the Group. In this aspect, the Group encourages the advancement of skills and knowledge in order to attract and retain talents. For the enhancement of personal and career development, we provide all employees to develop their skills and gain more knowledge and update their technical knowledge through various internal & external trainings programs. The average training hours per employee per year are stated below:

	FY2019	FY2018
Average hours of training per employee per year	8.3	7.2

Safe working environment

We have in place an Occupational Safety and Health Management ("OSHM") unit to govern and report issues related to the Group's health, safety and environment.

Given the nature of work, health and safety risks are high during the construction phase of projects. We are in complying with the Occupational Safety and Health Act 1994 (Act 514), Factories and Machinery Act 1967 (Act 139), Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (Act 520) and to ensure safety procedures are adhered to throughout our supply chain. We have a safety clause in our contract with contractors.

The contractors are each responsible for the safety aspects of their operations and accountable to the Department of Occupational Safety and Health for reporting safety statistics on a monthly basis.

Occupational Safety and Health awareness and training is offered to Group's employees on a regular basis in order to build safety awareness and competencies in all relevant business units. Training includes in-house and external courses covering on-job training, incident management, combustible dust hazard management and emergency preparedness and response.

During the reporting period, there was no injury or death reported. The Group strives to maintain its health & safety standards and continue to improve in our OSH performance.

Sustainability Statement

COMMUNITIES

Supporting Communities

We recognize the social responsibilities as a corporate citizen in Malaysia by sharing our resources and expertise to help our communities in meeting their needs. Our emphasis is to address social concerns and generate positive outcomes in wellbeing of the communities which we are an integral part.

Activities conducted throughout FY2019 take the form of outreach programs, corporate sponsorships, in-kind donations and so forth. Sponsoring sport events, providing infrastructure and amenities to support the wellbeing of local communities and organising healthy activities are outlined below:

1. Sponsoring Sport Activities

   The Group undertakes the initiative to sponsor and encourage youth to participate in healthy activities. For the last few years, we have been supporting one of the local badminton teams in funding their badminton tournament event "Brem Cup". The initiative was treated as one of the means for the Group to engage with local residents especially school children at the surrounding schools. These activities intended for cultivating and sustaining proactive relationship with the local communities.

2. Provision of Infrastructure and Amenities

   The Group has completed a development project for the local communities in Klang few years ago. The management of the property had been handed over to the Joint Management Body (JMB). However, the Group has donated two units of shops, some car park lots to the JMB and contributed funds for annual meeting expenses. The effort taken was in line with our continuous consideration of the local communities needs by providing the communities with convenient facility infrastructure.

COMMUNITIES (CONTINUED)

Supporting Communities (Continued)

3. Organise Healthy Community Activities

   During the year, The Group has organised various activities such as singing and Chinese calligraphy competitions for various age groups (children, youth, adult & senior citizen) to promote good neighbourhood relationship.

   The Group has also organised blood donation campaign to promote the awareness of the important of blood donation and to encourage existing and potential donors to donate blood at regular intervals. Blood is the most precious gift that anyone can give to another person. It can simply define as a gift of life.

CONCLUSION

Following this maiden report on sustainability, we recognise the gap in meeting the broader scope of sustainability. We have to embed sustainability culture into our business by rebalancing good economic performance with responsible environmental and social considerations. We will be looking forward to further enhance the opportunities and mitigate foreseeable risks in delivering true and sustainable value for our stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Brem Holding Berhad ("Board") is committed to ensure high standards of Corporate Governance are practised throughout Brem Holding Berhad ("Brem" or "the Company") and its subsidiaries to safeguard shareholders' investments and protect the interests of all stakeholders.

The Board is fully dedicated to continuously evaluate the Group's Corporate Governance practices and procedures with a view to ensure the principles and recommendations in Corporate Governance as stipulated by the Malaysian Code on Corporate Governance 2017 ("MCCG") are applied and adhered to.

This statement is prepared in compliance with Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and it is to be read together with the CG Report 2019 ("CG Report") which is available at the corporate website at www.bremholding.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

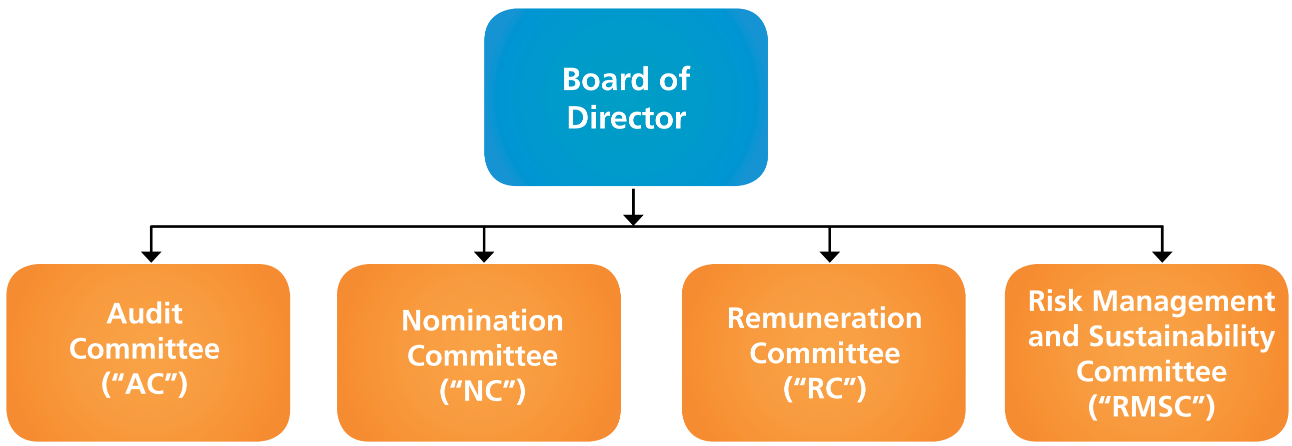
BOARD ROLES AND RESPONSIBILITIES

The Company and its subsidiaries ("the Group") continues to be led and managed by an effective, active and experienced Board which ensures that the interests of the shareholders and stakeholders are protected by setting out the Group's values and standards.

The Board plays a pivotal role in the stewardship of the Group's direction and operations, including enhancing long-term shareholder value. In order to fulfil this role, the Board is explicitly responsible for reviewing and adopting the Group's strategic plans, overseeing the conduct of the business operations of the Group, reviewing adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan, developing and implementing a shareholders communications policy, reviewing management information and internal control system of the Group and promote good Corporate Governance culture within the Group which reinforces ethical, prudent and professional behaviour.

The Management is accountable to the Board and is to fulfill their responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

In order to ensure orderly and effectively discharge of the above functions and responsibilities, the Board has also delegated certain responsibilities to the following Board Committees:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

BOARD ROLES AND RESPONSIBILITIES (Continued)

The delegation of authority for Board Committees are stipulated in their respective Terms of Reference ("TOR"). The TOR are reviewed periodically to ensure effective and efficient decision making in the Group.

The Board Committees also act as a reviewing committee, evaluating and recommending matters under their purview for the Board to consider and approve. The Board receives reports at its meetings from the Chairman of each Committee on current activities and it is the general policy of the Company that all major decisions shall be considered by the Board as a whole.

THE CHAIRMAN

Dato' Hj. Abu Sujak Bin Hj. Mahmud was appointed as the Independent Non-Executive Chairman of Brem Holding Berhad. The Chairman has been acting as facilitator at meetings of directors and ensure smooth functioning of the Board in the interest of good Corporate Governance practice. The Chairman is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

CHAIRMAN AND MANAGING DIRECTOR

The role of the Independent Non-Executive Chairman and the Managing Director ("MD"), Tan Sri Dato' Khoo Chai Kaa is distinct and separate to ensure that there is a balance of power and authority. The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board, while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decision. The MD is responsible to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company.

QUALIFIED AND COMPETENT COMPANY SECRETARY

The Board had appointed a qualified secretary who is a member of the Malaysian Institute of Accountants and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act, 2016.

The Company Secretary is responsible, amongst other, ensure proper preparation of notices of all Board Meetings and Board Committees Meetings, attending all Board and Board Committees Meetings and to ensure that accurate and adequate records of the proceedings of meetings and decisions made are properly kept as well as preparation and submission of statutory returns and forms as and when required by the Companies Commission of Malaysia. The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

ACCESS TO INFORMATION AND ADVICE

The Board is provided with appropriate information and comprehensive Board papers 7 days prior to Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Committees meetings and to brief and provide explanations to the Board and Board Committees on the operations of the Group. Upon conclusion of the meeting, minutes are circulated in a timely manner.

BOARD CHARTER

The Board has approved its Board Charter on 24 July 2013 and was reviewed on 24 May 2019. The Board Charter sets out the composition, operation, processes, role and a list of specific functions that are reserved for the Board. It is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. Key matters reserved for the Board's approval includes managing conflict of interest issues, approval of material acquisitions and disposition of assets, corporate plans, annual budgets, new ventures, authority level, dividend policy and significant treasury policies.

The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new rules and regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is accessible to the public through the corporate website at www.bremholding.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

CODE OF ETHICS & CONDUCT

The Group has established a Code of Ethics and Conduct ("Code") on 24 July 2013.

This Code of Ethics and Conduct (the "Code") sets out the principles and standards of business ethics and conduct of the Group.The Code covers managing conflicts of interest, maintaining confidential information, insider information and securities trading, protection of assets and funds, maintaining reliable business records and control, compliance with law, personal gifting, health and safety, sexual harassment, outside interest, fair and courteous behaviour and misconduct.

The Board will periodically review and update the Code in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate. A summary of the Code is available at the corporate website at www.bremholding.com.

WHISTLE BLOWING POLICY

The Group established a Whistle Blowing Policy ("WBP") on 24 July 2013.

The WBP was established to provide an avenue to encourage employees and stakeholders to raise genuine concerns about unethical behaviours, illegal activities, malpractices and/or failure in compliance with legal or regularity requirements at workplace.

The Board will periodically review and update the WBP in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate. A summary of the WBP is available at the corporate website at www.bremholding.com.

SECTION II: BOARD COMPOSITION

COMPOSITION OF THE BOARD

As at the financial year ended 31 March 2019, the Board has six (6) members comprising an Independent Non-Executive Chairman, a Managing Director, three (3) Non-Independent Non-Executive Directors and one (1) Independent Non-Executive Director.

The composition of the Board complies with the MMLR of Bursa Securities that requires at least 2 directors or 1/3 of the total number of directors, whichever is higher, must be independent.

The Group practices a division of responsibility between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, to oversee operations and to coordinate the development and implementation of business and corporate strategies.

The presence of the Independent Non-Executive Directors assures an element of balance to the Board as they provide an independent view, advice and judgment to ensure that the interests of minority shareholders and the general public are given due consideration in the decision-making progress.

TENURE OF INDEPENDENT DIRECTOR

Dato' Hj. Abu Sujak Bin Hj. Mahmud ("Dato' Hj. Abu Sujak") was appointed to the Board on 4 January 2006 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than thirteen (13) years. The Board of Directors had, vide the NC has assessed the independence of Dato' Hj. Abu Sujak, and had recommended him to continue to act as an Independent Non-Executive Director of the Company.

Mr. Wong Miow Song ("Mr. Wong") was appointed to the Board on 24 May 2001 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than eighteen (18) years. The Board of Directors had, vide the NC has assessed the independence of Mr. Wong, and had recommended him to continue to act as an Independent Non-Executive Director of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

SECTION II: BOARD COMPOSITION (Continued)

TENURE OF INDEPENDENT DIRECTOR (Continued)

Based on the assessment done vide the NC, Dato' Hj. Abu Sujak and Mr. Wong have fulfilled the criteria under the definition of Independent Director as stated in MMLR of Bursa Securities. Notwithstanding the recommendation of the MCCG, the Board is presently of the view that, there is no necessity to fix a maximum tenure for Directors as there are significant advantage to be gained from long service Directors who possess in depth insights to the Group's business and affairs. The ability of a Director to serve effectively as an Independent Director is very much dependent on their integrity and objectivity and had no direct connection to their tenure as an Independent Director.

Mr. Wong, being the Chairman of the Audit Committee and Dato' Hj. Abu Sujak, being the member of the Audit Committee, have demonstrated that they have the qualities and competencies to enable them to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board. They have also proven their commitment, experience and competency for informed and balance decision making. As such, the Board would be seeking shareholders' approval at the forthcoming AGM for them to continue in office as Independent Directors.

DIVERSE BOARD AND SENIOR MANAGEMENT TEAM

Members of the Board comprise professionals from diverse gender, ethnicity, age, bringing with them in-depth and diversity of expertise, a wide range of experience and perspective in discharging their responsibilities and duties and in managing the business of the Group. The profile of each Director is presented on pages 9 to 10 of this Annual Report.

The appointment of Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on Page 11 of this Annual Report.

GENDER DIVERSITY POLICY

The Board is supportive of the gender diversity policy and currently has 2 female Directors in the Board. In its selection for Board appointment, the Board provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

NOMINATION COMMITTEE

The Nomination Committee ("NC") was established on 27 February 2002. The members of the NC, comprising exclusively of Non-Executive Directors, a majority of whom are independent, and are as follows:-

Chairman	
Wong Miow Song	*(Independent Non-Executive Director)*
Members	
Dato' Hj. Abu Sujak Bin Hj. Mahmud	*(Independent Non-Executive Chairman)*
Khoo Hui Giok	*(Non-Independent Non-Executive Director)*

The Terms of Reference of the NC was last reviewed and updated on 27 February 2018 and is available at the corporate website at www.bremholding.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

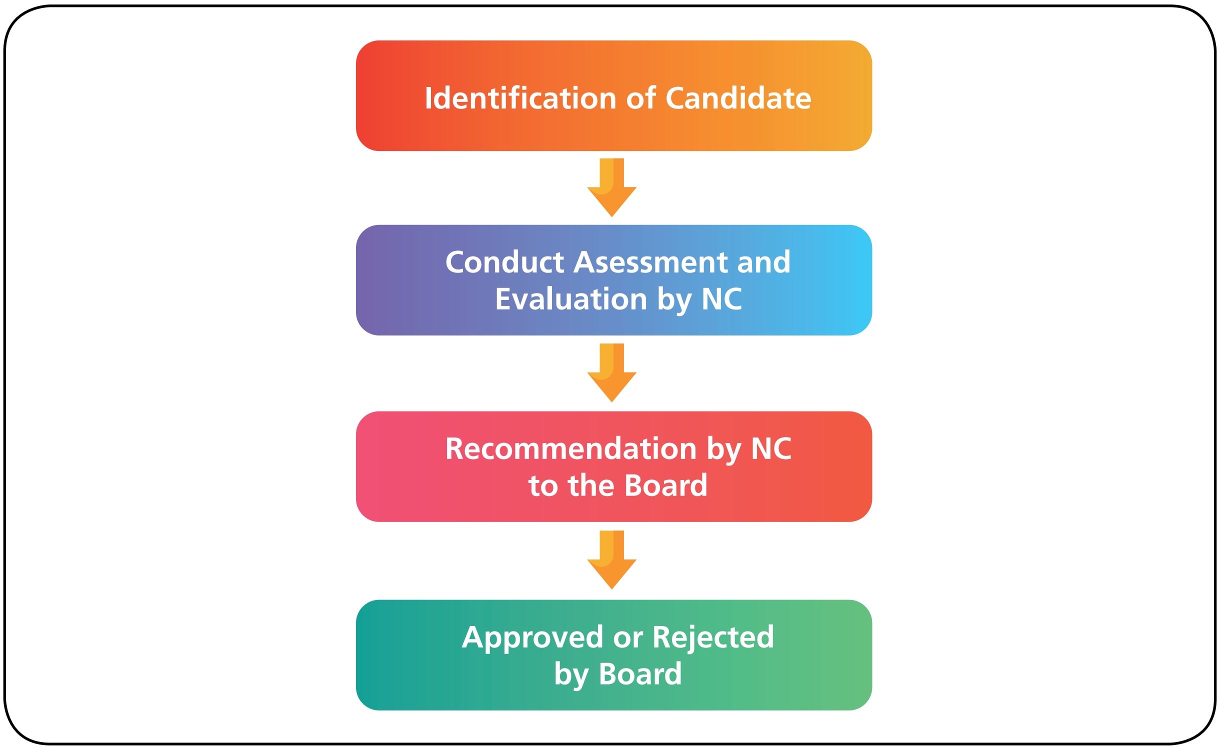
SECTION II: BOARD COMPOSITION (Continued)

NOMINATION COMMITTEE (Continued)

The NC's key responsibilities are: -

(a) Appointment of New Director

The chart below shows the procedures on appointment of new Director



The current process with regards to the appointment of new Directors to the Board are based on the recommendations of the NC based on Directors' network and referrals from major shareholders.

The NC, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regard to:

(i) Size, composition, diversity (including gender diversity) and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group;

(ii) The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence criteria as set out in Paragraph 1.01 of the MMLR; and

(iii) The appropriate number of Independent Non-Executive Directors to fulfil the requirements under MMLR which requires at least 2 or 1/3 of the membership of the Board whichever is higher must be Independent Directors.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the NC.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

SECTION II: BOARD COMPOSITION (Continued)

NOMINATION COMMITTEE (Continued)

(b) Board Evaluation

The evaluation of the effectiveness of the Board, Board Committees as well as individual Directors including Independent Director was conducted in-house under the purview of the NC and facilitated by the Company Secretary.

The evaluation criteria for the Board, Board Committees and individual Directors are primarily anchored on regulatory enumerations and emerging best practices of MCCG as the method of evaluation.

The NC assesses the effectiveness of the Board and the Board Committees, as well as performance of individual Directors on an annual basis. In furtherance to these annual assessments, the NC is able to identify gaps in the Board composition and the needs to identify and select new members to the Board.

(c) Re-election and Re-appointment of Directors

The NC is responsible for making recommendation to the Board for the re-election and re-appointment of Directors who retire by rotation. This recommendation is based on formal reviews on the performance of Directors, taking into consideration the Board competency matrix and the Directors' contribution to the Board through their knowledge and commitments, experiences, level of independence and ability to act in the best interest of the Group in decision making.

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, Article 80 of the Articles of Association of the Company ("Company's Articles") provides that all Directors shall retire by rotation once in every 3 years or at least 1/3 of the Directors shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting.

Any Director appointed during the year is required under the Company's Articles to retire and seek re-election by shareholders at the following Annual General Meeting immediately after his appointment.

DIRECTORS TRAINING

The training programmes attended by the Directors during the financial year ended 31 March 2019 are as follows:

Name of Directors	Development and Training Programmes
Dato' Hj. Abu Sujak Bin Hj. Mahmud	1) ISO9001:2015 Internal QMS Implementation Briefing
Tan Sri Dato' Khoo Chai Kaa	1) ISO9001:2015 Internal QMS Implementation Briefing
Low Yew Hwa	1) Getting Your Answer on Extension of Time (EoT) and latest Strata Cases and its impact 2) MIA-Reducing Tax Liability through Investment and Other Incentives
Wong Miow Song	1) Technical Talk on Geotechnical Engineering Analysis and Design 2) Talk in "Ultra-High Performance Fiber Reinforced Concrete: Technology For The Present And Future" 3) Talk on "Entrepreneurship & Leadership"
Khoo Hui Keam	1) Performance Management Through Key Performance Indicators (KPI) - Balance Score Card 2) Managing Misconducts & Domestic Inquiry
Khoo Hui Giok	1) Global Leaders Insights 2019 2) Your sustainable firm 3) Performance Management Through Key Performance Indicators (KPI) - Balance Score Card 4) Managing Misconducts & Domestic Inquiry

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

SECTION II: BOARD COMPOSITION (Continued)

NC'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 MARCH 2019

Below is a summary of the activities undertaken by the NC for the financial year ended 31 March 2019: -

(i) Reviewed and assessed the mix of skills, experience, competency and size of the Board;
(ii) Reviewed and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking for election at the upcoming AGM;
(iii) Reviewed the succession plan for the Board members;
(iv) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
(v) Reviewed and assessed the independence of Independent Directors and their tenure of service;
(vi) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
(vii) Reviewed and assessed the term of office and performance of the Audit Committee ("AC") and each of its member.

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board and Board Committee Meetings held during the financial year ended 31 March 2019, as reflected below: -

	Attendance at Meetings of/ No. of Meetings Held during Office				
	Board	**AC**	**NC**	**RC**	**RMSC**
Dato' Hj. Abu Sujak Bin Hj. Mahmud	6/*6	5/*5	2/*2	1/*1	2/*2
Tan Sri Dato' Khoo Chai Kaa	6/*6	N/A	N/A	1/*1	2/*2
Low Yew Hwa	5/*6	N/A	N/A	N/A	N/A
Wong Miow Song	6/*6	5/*5	2/*2	1/*1	2/*2
Khoo Hui Keam	6/*6	N/A	N/A	N/A	N/A
Khoo Hui Giok	6/*6	5/*5	2/*2	N/A	N/A
Sr. Alias Bin Marjoh**	1/*1	N/A	N/A	N/A	N/A

* *Reflects the number of meetings held during the time the member held office.*
N/A: Not Applicable
** *Sr Alias Bin Marjoh was appointed to the Board on 15 June 2019*

The Board is satisfied with the time commitment given by the Directors. All of the directors do not hold more than 5 directorships as required under Paragraph 15.06 of the MMLR.

SECTION III: REMUNERATION

REMUNERATION POLICY

The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The Remuneration Committee ("RC") shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

SECTION III: REMUNERATION (Continued)

REMUNERATION COMMITTEE

The Remuneration Committee ("RC") was established on 27 February 2002. The members of the RC, comprising a majority of Non-Executive Directors, are as follows:-

Chairman
Dato' Hj. Abu Sujak Bin Hj. Mahmud *(Independent Non-Executive Chairman)*

Members
Wong Miow Song *(Independent Non-Executive Director)*
Tan Sri Dato' Khoo Chai Kaa *(Managing Director)*

The RC's duty is to make recommendations to the Board on the remuneration framework for all Executive Directors. The policy practised on Directors' remuneration is to provide the remuneration necessary to attract, retain and motivate Executive Directors of the quality required to manage the businesses of the Company.

Annually, the RC reviews the remuneration of the Executive Directors to ensure that it commensurate with the market expectation, the Directors' experience and competency and the performance of the Group. Directors do not participate in decisions regarding their own remuneration. Meetings of the RC are held as and when necessary, and at least once a year. The RC had held 1 meeting during the financial year ended 31 March 2019 and was attended by all the members.

DETAILS OF DIRECTOR'S REMUNERATION

The details of the remuneration of Directors of the Company comprise the remuneration received from the Group and from the Company during the financial year ended 31 March 2019 are as follows:

Directors	# Fees (RM)	Salaries & *Other emoluments (RM)	Benefits-in-kind (RM)	Total (RM)
The Company				
Executive Directors				
Tan Sri Dato' Khoo Chai Kaa	15,000	356,640	-	371,640
Khoo Chai Thiam @	7,500	1,500	-	9,000
Non-Executive Directors				
Dato' Hj. Abu Sujak Bin Hj. Mahmud	15,000	15,000	-	30,000
Low Yew Hwa	15,000	-	13,542	28,542
Wong Miow Song	15,000	9,000	6,125	30,125
Khoo Hui Keam	15,000	3,000	-	18,000
Khoo Hui Giok	15,000	3,000	-	18,000

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

SECTION III: REMUNERATION (Continued)

DETAILS OF DIRECTOR'S REMUNERATION (Continued)

Directors	# Fees (RM)	Salaries & *Other emoluments (RM)	Benefits-in-kind (RM)	Total (RM)
The Group				
Executive Directors				
Tan Sri Dato' Khoo Chai Kaa	-	81,584	-	81,584
Khoo Chai Thiam @	-	196,304	1,800	198,104
Non-Executive Directors				
Dato' Hj. Abu Sujak Bin Hj. Mahmud	-	-	-	-
Low Yew Hwa	-	427,784	-	427,784
Wong Miow Song	-	-	-	-
Khoo Hui Keam	-	-	-	-
Khoo Hui Giok	-	-	-	-

@ Mr.Khoo Chai Thiam retired at the 37th AGM on 20 September 2018.
# Subject to approval by shareholders at the AGM.
* Other emoluments include bonuses and the company's contributions to the Employees Provident Fund, Social Security and EIS contributions.

REMUNERATION OF TOP 3 SENIOR MANAGEMENT

The remuneration of the top 3 Senior Management Team of the Company is as follows:

Remuneration Bands	Senior Management
RM100,001-RM150,000	1
RM400,001-RM450,000	1
RM450,001-RM500,000	1

Details of the remuneration of each top three key senior management on a named basis are not disclosed in this report as the Board is of the view that the transparency and accountability aspects of the MCCG on disclosure of the remuneration of top three senior management are appropriately served by the above remuneration disclosures in bands of RM50,000.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

SECTION I: AUDIT COMMITTEE

EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE

The Audit Committee ("AC") was established on 25 July 1994. The AC comprises 3 Non- Executive Directors. The AC is chaired by an Independent NED, Mr. Wong Miow Song. The AC is comprised of members who are financially literate, possess the appropriate level of expertise and experience.

The Terms of Reference of the AC was last reviewed and updated on 27 February 2018 and is available at the corporate website at www.bremholding.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

SECTION I: AUDIT COMMITTEE

EXTERNAL AUDITORS

To maintain a transparent and formal relationship with the Company's External Auditors, the Audit Committee reviews the appointment, performance, independence and remuneration of the External Auditors.

The Audit Committee had met with the External Auditors once during the financial year under review without the presence of executive members of the Board. The Audit Committee Report covers the following areas :-

(a) the composition of the AC;
(b) the number of AC meetings held during the financial year and details of attendance of each AC member;
(c) a summary of the work of the AC; and
(d) a summary of the work of the internal audit function.

The AC, had on 24 May 2019, deliberated on the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as its External Auditors, which included amongst others, an assessment on the engagement teams' qualification, credentials and experience, its audit approach, the audit firm's professional standing and reputation as well as cost. The AC has reviewed the independence of the External Auditors, via amongst others, an annual review of the non-audit services rendered by the External Auditors and the related amount of fees. The AC had also obtained assurance from the External Auditors confirming their independence throughout the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

SECTION II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. Ongoing reviews are performed throughout the year on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team. Please refer to the Statement on Risk Management and Internal Control on pages 13 to 15 of this Annual Report for further information.

EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors reports directly to the AC on its activities based on approved annual Internal Audit plan.

The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditor reviews and assesses the Group's systems of internal control and report to the AC directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the AC for review and approval. This ensures that the audit direction is in line with the AC's expectations.

Further details of the activities of the internal audit function are set out in the Audit Committee Report on pages 39 to 40 of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

SECTION I: COMMUNICATION WITH STAKEHOLDERS

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at Bursa Securities and the corporate website at http://www.bursamalaysia.com and www.bremholding.com respectively and it is accessible by public.

The Board has also designated Mr. Wong Miow Song as the Independent Director to whom shareholders and investors can voice their view and concerns by email to him at wongms@bremholding.com .

The Board adheres strictly to Bursa Securities disclosure framework to provide investors and the public with accurate and complete information on a timely basis and not merely to meet the minimum regulatory requirements for disclosure. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.

SECTION II: CONDUCT OF GENERAL MEETING

The Board regards the Annual General Meeting ("AGM") and other General Meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue.

Notice of the AGM and Annual Report are sent to shareholders 28 days prior to the meeting. At each AGM, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the AGM. Each shareholder can vote in person or by appointing a proxy to attend and vote on his behalf. The Board has also ensured that an explanatory statement will accompany each item of Special Business included in the notice of meeting on the effects of the proposed resolution.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement ("CG Overview Statement"). The Board considered that the CG Overview Statement provides the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board shall remain committed in attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws and regulations.

The Board considers that the Company has complied with the provisions and applies the key principles of the MCCG throughout the financial period except for the following where the explanation for departure is stated in the CG Report :-

Practice 7.2 : Named basis for top 5 Senior Management
Practice 11.2 : Integrated Reporting
Practice 12.3 : Electronic Voting

STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 and the MMLR of Bursa Securities so as to give a true and fair view of the Group's state of affairs and of the profit and loss and cash flows as at the end of the accounting period.

In preparing the audited financial statements, the Directors are satisfied that the applicable approved accounting standards in Malaysia have been complied with and reasonable and prudent judgements and estimates have been made. The audited financial statements are also prepared on a going concern basis as the Board has a reasonable expectation, after having made enquiries that the Group has adequate resources to continue its operational existence for the foreseeable future.

This statement was made in accordance with a resolution of the Board dated 2 July 2019.

AUDIT COMMITTEE REPORT

ESTABLISHMENT AND COMPOSITION

The Audit Committee of Brem Holding Berhad ("Brem" or "the Company") was established on 25 July 1994. For the financial year ended 31 March 2019, the Audit Committee comprises the following three (3) directors:-

Chairman :	Mr. Wong Miow Song	*(Independent Non-Executive Director)*
Members :	Dato' Hj. Abu Sujak bin Hj. Mahmud	*(Independent Non-Executive Director)*
:	Ms. Khoo Hui Giok	*(Non- Independent Non-Executive Director)*

COMMITTEE MEETINGS

The Audit Committee members ("AC") met 5 times during the financial year ended 31 March 2019. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

Audit Committee Member	No. of Audit Committee Meetings	
	Held	Attended
Chairman Wong Miow Song *(Independent Non-Executive Director)*	5	5
Members Dato' Hj. Abu Sujak bin Hj. Mahmud *(Independent Non-Executive Chairman)*	5	5
Khoo Hui Giok *(Non-Independent Non-Executive Director)*	5	5

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2019

During the financial year ended 31 March 2019, the activities of the AC included the following: -

FINANCIAL REPORTING

(a) Reviewed the unaudited quarterly financial results before recommending to the Board of Directors ("Board") for approval to release to Bursa Malaysia Securities Berhad ("Bursa Securities") accordingly;

(b) Reviewed any related party transactions and conflict of interest situations that may arise within the Group;

(c) Reviewed the audited financial statements for the financial year ended 31 March 2019;

(d) Reviewed the AC Report, Corporate Governance Overview Statement, Corporate Governance Report 2019 and Statement on Risk Management and Internal Control to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and recommend to the Board for inclusion in the Annual Report 2019;

(e) Considered the impact of any unusual transactions including related party transactions;

(f) Reviewed the Circular to Shareholders on the Proposed Renewal of Authority for Share Buy-Back and recommended the same to the Board for approval;

(g) Reviewed the Circular to Shareholders on the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transaction ("RRPT") of a Revenue or Trading Nature and recommended the same to the Board for approval; and

(h) Reviewed the status of the Recurrent Related Party Transactions ("RRPT") as disclosed in note 2.7(d) of Part A of the Circular to Shareholders on 31 July 2018.

Audit Committee Report

EXTERNAL AUDIT

(a) During the financial year ended 31 March 2019, the AC reviewed and endorsed the External Auditor's, Baker Tilly Monteiro Heng PLT ("Baker Tilly") presentation which are as follows: -

(i) Audit Plan 2019 which outlined its engagement team, audit approach, audit timeline, the areas of audit emphasis, and their focus on Key Audit Matters with reference to the International Standard on Auditing 701; and

(ii) Audit Review Memorandum for the financial year ended 31 March 2019 which highlights the Key Audit Matters and Significant Audit Findings identified during the audit, matters for control improvements, significant outstanding matters.

(b) Scrutinised potential Key Audit Matters raised by the External Auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements.

The Key Audit Matters vetted by the AC were on:

(i) Goodwill on consolidation ; and
(ii) Revenue and cost of sales recognition for property development business and construction business.

(c) The AC had undertaken an annual assessment of the suitability and independence of the External Auditor and based on the results of the assessment, the AC was satisfied with the suitability of Baker Tilly to be reappointed as External Auditors of the Company and had made recommendation to the Board for the External Auditors re-appointment;

(d) Discussed with the External Auditors on updates in relation to new or proposed changes in accounting standards and regulatory requirements and considered the implications to the financial statements presentation and disclosure arising from the adoption of the new Financial Reporting Standards;

(e) Met with the External Auditors once during the financial year ended 31 March 2019 without the presence of Executive Directors and management to discuss audit findings, assistance given by the management to the External Auditors or any observations noted during the audit process; and

(f) Considered the audit fees payable to the External Auditors and recommended to the Board for approval.

INTERNAL AUDIT FUNCTION

For the financial year ended 31 March 2019, the Group has outsourced its internal audit function to an independent internal audit service company and the selected team is independent of the activities audited by them. The cost incurred for the internal audit function in respect of the financial year ended 31 March 2019 is RM60,000/-.

The principal responsibility of the internal audit department is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the internal auditor reviews and assesses the Group's systems of internal control and report to the AC directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the AC for review and approval. This ensures that the audit direction is in line with the AC's expectations.

Throughout the year, the AC reviewed the following Internal Audit reports for Internal Audit performed during the financial year :-

(a)	Internal Audit Report on Sales Administration and Marketing of Residensi Harmoni 2	27/08/2018
(b)	Internal Audit Report on Brem Mall Kepong	28/11/2018
(c)	Follow Up Internal Audit Report on Brem Maju Sdn. Bhd. and Naga Istimewa Sdn. Bhd.	21/02/2019
(d)	Internal Audit Plan for the period from the year 2019 to 2020	24/05/2019
(e)	Internal Audit Report on Circular on Recurrent Related Party Transactions	02/07/2019

At these meetings, the AC also held 1 private session with the Internal Auditor without the Executive Board members and Management present.

The final reports containing the audit findings and recommendations together with responses by Management were circulated to all members of the AC. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the AC and discussed at Committee Meetings and recommendations were duly acted upon by the management. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective action for improvements.

REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of general contractors, property development, property investments and investment holding. All other operational activities of the Group are undertaken by the respective subsidiaries and associates and are disclosed in Notes 9 and 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	19,433,315	15,987,070
Attributable to:		
Shareholders of the Company	14,588,874	15,987,070
Non-controlling interests	4,844,441	-
	19,433,315	15,987,070

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were a single-tier interim dividend of 2.0 sen per ordinary share amounting RM6,884,564 in respect of the financial year ended 31 March 2019, which was paid on 27 December 2018.

On 28 June 2019, the directors declared a second interim dividend of 2.0 sen per ordinary share amounting to RM6,814,952 in respect of the financial year ended 31 March 2019. The financial statements for the current financial year do not reflect the dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debt and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 34 to the financial statements; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

Directors' report

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 3,315,400 ordinary shares of its issued ordinary shares from the open market at an average price of RM0.75 per share. The total consideration paid for the repurchase including transaction costs was RM2,491,596.

As at 31 March 2019, the Company held 4,452,334 treasury shares out of its 345,472,344 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM3,356,284. Further details are disclosed in Note 23 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Hj. Abu Sujak Bin Hj. Mahmud
Tan Sri Dato' Khoo Chai Kaa *
Khoo Hui Keam
Khoo Hui Giok
Low Yew Hwa *
Wong Miow Song *
Sr. Alias Bin Marjoh (Appointed on 15 June 2019)
Khoo Chai Thiam * (Retired on 20 September 2018)

** Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Puan Sri Datin Lee Lei Choo
Tan Joo Keng
Teh Kim Teck
Teng Mee Yoong
Wong Keng Leong

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1.4.2018	**Bought**	**Sold**	**At 31.3.2019**
Direct Interest				
Tan Sri Dato' Khoo Chai Kaa	50,698,772	-	-	50,698,772
Low Yew Hwa	5,264,195	-	-	5,264,195
Indirect Interest				
Tan Sri Dato' Khoo Chai Kaa *	99,995,744	5,034,000	-	105,029,744

** Indirect interest through Brem Properties Sdn. Bhd.*

DIRECTORS' INTERESTS (Continued)

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Khoo Chai Kaa is deemed to have an interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Tan Sri Dato' Khoo Chai Kaa and Mr. Low Yew Hwa hold 1,779,080 and 598,010 ordinary shares respectively in Brem Maju Sdn. Bhd. which constitute 29.75% and 10% respectively of the paid up share capital therein.

Tan Sri Dato' Khoo Chai Kaa and Mr. Low Yew Hwa hold respectively 1 ordinary share of Kina 1.00 each in Brem Maju (PNG) Limited which constitutes 0.0004% of the paid up share capital therein.

Mr. Low Yew Hwa also holds 600,000 ordinary shares of HK$1.00 each in Brem Oversea Investments Pte Ltd which constitutes 5% paid up share capital therein.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Group and of the Company were RM2 million and RM13,500 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year are disclosed in Note 44 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 34 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

Directors' report

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

………………………………………...	…………………………………………..
TAN SRI DATO' KHOO CHAI KAA	**LOW YEW HWA**
Director	Director

Date: 25 July 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	2019 RM	2018 RM (Restated)	1.4.2017 RM (Restated)
ASSETS				
Non-current Assets				
Property, plant and equipment	5	3,463,395	4,621,915	4,407,843
Operating financial assets	6	-	4,209,434	32,210,740
Inventories	7	285,095,777	272,434,935	292,346,524
Investment properties	8	100,275,255	102,542,678	104,799,779
Investment in associates	10	62,685,343	58,340,541	49,836,496
Investment in joint ventures	11	28,970,668	28,960,522	28,923,435
Other investments	12	-	595,445	595,445
Deferred tax assets	13	15,985,978	12,880,822	9,504,693
Goodwill on consolidation	14	17,445,589	17,099,482	19,967,231
Trade receivables	15	-	1,936,000	3,230,000
		513,922,005	503,621,774	545,822,186
Current Assets				
Operating financial assets	6	4,273,814	23,286,348	23,698,804
Inventories	7	185,444,014	157,679,050	159,902,103
Other investments	12	20,769,280	51,267,395	-
Trade receivables	15	26,195,642	25,991,717	17,282,578
Other receivables, deposits and prepayments	16	8,606,880	4,601,935	10,633,277
Contract assets	17	10,631,164	34,266,925	4,679,190
Tax recoverable		8,422,143	9,628,124	8,472,075
Deposits with licensed financial institutions	19	13,411,232	70,126,366	43,196,575
Cash and bank balances	20	98,004,237	43,893,681	21,352,163
		375,758,406	420,741,541	289,216,765
TOTAL ASSETS		889,680,411	924,363,315	835,038,951
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	21	172,736,172	172,736,172	172,736,172
Reserves	22	380,791,874	372,257,897	353,585,574
Treasury shares	23	(3,356,284)	(864,688)	(832,533)
Total equity attributable to shareholders of the Company		550,171,762	544,129,381	525,489,213
Non-controlling interests		163,080,766	158,175,175	140,428,641
Total Equity		713,252,528	702,304,556	665,917,854

Consolidated Statement of Financial Position
as at 31 March 2019

	Note	2019 RM	2018 RM (Restated)	1.4.2017 RM (Restated)
LIABILITIES				
Non-current Liabilities				
Hire purchase payables	24	358,713	1,558,803	2,269,316
Borrowings	25	67,411,047	73,345,246	54,808,946
Deferred tax liabilities	13	7,817,953	8,061,247	8,790,466
		75,587,713	82,965,296	65,868,728
Current Liabilities				
Trade payables	26	25,904,149	31,760,182	17,981,827
Other payables, deposits and accruals	27	13,014,065	27,304,549	21,977,676
Contract liabilities	17	8,951,339	17,569,471	18,734,863
Amount due to directors	29	2,586,369	3,700,618	1,013,121
Hire purchase payables	24	1,378,493	2,030,810	2,113,517
Borrowings	25	48,639,473	55,907,879	41,220,915
Tax payable		366,282	819,954	210,450
		100,840,170	139,093,463	103,252,369
Total Liabilities		176,427,883	222,058,759	169,121,097
TOTAL EQUITY AND LIABILITIES		889,680,411	924,363,315	835,038,951

STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	2019 RM	2018 RM (Restated)	1.4.2017 RM (Restated)
ASSETS				
Non-current Assets				
Property, plant and equipment	5	1,810,742	1,843,623	1,874,757
Inventories	7	34,185,418	34,180,273	34,108,156
Investment in subsidiaries	9	114,283,645	114,279,646	114,271,645
Investment in associates	10	64,970,746	61,881,636	53,859,659
		215,250,551	212,185,178	204,114,217
Current Assets				
Inventories	7	25,336,950	27,614,263	27,759,734
Trade receivables	15	3,943,065	963,362	-
Other receivables, deposits and prepayments	16	2,573,670	2,577,263	4,717,232
Amount due from subsidiaries	18	200,654,717	259,949,323	204,267,615
Tax recoverable		1,856,565	2,286,810	2,211,373
Deposits with licensed financial institutions	19	1,862	1,807	1,754
Cash and bank balances		238,124	6,064,365	17,000
		234,604,953	299,457,193	238,974,708
TOTAL ASSETS		449,855,504	511,642,371	443,088,925
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	21	172,736,172	172,736,172	172,736,172
Reserves	22	226,146,959	217,044,453	218,445,320
Treasury shares	23	(3,356,284)	(864,688)	(832,533)
Total Equity		395,526,847	388,915,937	390,348,959
LIABILITIES				
Non-current Liabilities				
Hire purchase payables	24	288,116	1,109,805	2,052,747
Deferred tax liabilities	13	229,487	229,487	229,487
		517,603	1,339,292	2,282,234
Current Liabilities				
Trade payables	26	6,887,020	8,443,902	5,168,811
Other payables, deposits and accruals	27	5,664,754	10,144,750	773,818
Contract liabilities	17	21,862,576	54,419,705	10,630,994
Amount due to subsidiaries	28	4,030,608	32,389,795	20,444,374
Amount due to directors	29	2,487,500	2,558,750	41,250
Hire purchase payables	24	1,048,009	1,531,029	1,525,422
Borrowings	25	11,830,587	11,899,211	11,873,063
		53,811,054	121,387,142	50,457,732
Total Liabilities		54,328,657	122,726,434	52,739,966
TOTAL EQUITY AND LIABILITIES		449,855,504	511,642,371	443,088,925

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2019

		Group		Company	
	Note	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Revenue	30	121,730,550	291,961,187	64,813,507	58,024,221
Cost of sales	31	(75,879,029)	(237,564,897)	(49,029,213)	(48,245,957)
Gross profit		45,851,521	54,396,290	15,784,294	9,778,264
Other income	32	15,166,522	65,550,771	9,308,909	6,923,649
Administrative expenses		(27,241,386)	(35,547,077)	(3,601,570)	(4,162,502)
Net impairment losses of receivables		(330,957)	-	-	-
Operating profit		33,445,700	84,399,984	21,491,633	12,539,411
Finance costs	33	(3,530,887)	(3,131,891)	(913,003)	(915,135)
Share of results of associates		1,255,692	482,067	-	-
Share of results of joint ventures		(24,854)	(37,913)	-	-
Profit before taxation	34	31,145,651	81,712,247	20,578,630	11,624,276
Taxation	35	(11,712,336)	(13,431,104)	(4,591,560)	(2,695,093)
Profit for the financial year		19,433,315	68,281,143	15,987,070	8,929,183
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		1,699,601	(18,091,096)	-	-
Total comprehensive income for the financial year		21,132,916	50,190,047	15,987,070	8,929,183
Profit attributable to:					
Shareholders of the Company		14,588,874	38,224,444	15,987,070	8,929,183
Non-controlling interests		4,844,441	30,056,699	-	-
		19,433,315	68,281,143	15,987,070	8,929,183
Total comprehensive income attributable to:					
Shareholders of the Company		15,455,276	29,002,373	15,987,070	8,929,183
Non-controlling interests		5,677,640	21,187,674	-	-
		21,132,916	50,190,047	15,987,070	8,929,183
Earnings per ordinary share (sen):					
- basic	36	4.24	11.10		
- diluted	36	4.24	11.10		

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2019

	Note	Attributable to Owners of the Company: Share Capital RM	Exchange Fluctuation Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 April 2018								
As previously reported		172,736,172	(6,683,279)	(864,688)	380,409,865	545,598,070	159,305,179	704,903,249
Effect of transition to MFRSs:	2.2							
- MFRS 15		-	-	-	(1,757,700)	(1,757,700)	(585,901)	(2,343,601)
- MFRS 9		-	-	-	(36,735)	(36,735)	(36,369)	(73,104)
- MFRS 123		-	-	-	289,011	289,011	(544,104)	(255,093)
Restated balance at 1 April 2018		172,736,172	(6,683,279)	(864,688)	378,904,441	544,092,646	158,138,805	702,231,451
Total comprehensive income for the financial year								
Profit for the financial year		-	-	-	14,588,874	14,588,874	4,844,441	19,433,315
Other comprehensive income for the financial year		-	866,402	-	-	866,402	833,199	1,699,601
Total comprehensive income		-	866,402	-	14,588,874	15,455,276	5,677,640	21,132,916
Transactions with owners								
Share repurchased		-	-	(2,491,596)	-	(2,491,596)	-	(2,491,596)
Dividend paid to non-controlling interests		-	-	-	-	-	(497,500)	(497,500)
Acquisition of a new subsidiary		-	-	-	-	-	(238,179)	(238,179)
Dividends	37	-	-	-	(6,884,564)	(6,884,564)	-	(6,884,564)
Total transactions with owners		-	-	(2,491,596)	(6,884,564)	(9,376,160)	(735,679)	(10,111,839)
At 31 March 2019		172,736,172	(5,816,877)	(3,356,284)	386,608,751	550,171,762	163,080,766	713,252,528

Statements of Changes In Equity
for the financial year ended 31 March 2019

	Note	← Attributable to Owners of the Company				→		
		Share Capital RM	Exchange Fluctuation Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 April 2017								
As previously reported		172,736,172	2,538,792	(832,533)	351,534,712	525,977,143	140,591,284	666,568,427
Effect of transition to MFRSs:	2.2							
- MFRS 15		-	-	-	(487,930)	(487,930)	(162,643)	(650,573)
Restated balance at 1 April 2017		172,736,172	2,538,792	(832,533)	351,046,782	525,489,213	140,428,641	665,917,854
Total comprehensive income for the financial year								
Profit for the financial year		-	-	-	38,224,444	38,224,444	30,056,699	68,281,143
Other comprehensive income for the financial year		-	(9,222,071)	-	-	(9,222,071)	(8,869,025)	(18,091,096)
Total comprehensive income		-	(9,222,071)	-	38,224,444	29,002,373	21,187,674	50,190,047
Transactions with owners								
Share repurchased		-	-	(32,155)	-	(32,155)	-	(32,155)
Dividend paid to non-controlling interests		-	-	-	-	-	(2,487,500)	(2,487,500)
Disposal of subsidiary		-	-	-	-	-	(953,640)	(953,640)
Dividends	37	-	-	-	(10,330,050)	(10,330,050)	-	(10,330,050)
Total transactions with owners		-	-	(32,155)	(10,330,050)	(10,362,205)	(3,441,140)	(13,803,345)
At 31 March 2018		172,736,172	(6,683,279)	(864,688)	378,941,176	544,129,381	158,175,175	702,304,556

Statements of Changes In Equity
for the financial year ended 31 March 2019

	Note	Share Capital RM	Treasury Shares RM	Retained Earnings RM	Total Equity RM
Company					
At 1 April 2017		172,736,172	(832,533)	218,445,320	390,348,959
Total comprehensive income for the financial year		-	-	8,929,183	8,929,183
Transactions with owners					
Share repurchased		-	(32,155)	-	(32,155)
Dividends	37	-	-	(10,330,050)	(10,330,050)
At 31 March 2018		172,736,172	(864,688)	217,044,453	388,915,937
Total comprehensive income for the financial year		-	-	15,987,070	15,987,070
Transactions with owners					
Share repurchased		-	(2,491,596)	-	(2,491,596)
Dividends	37	-	-	(6,884,564)	(6,884,564)
At 31 March 2019		172,736,172	(3,356,284)	226,146,959	395,526,847

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2019

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	31,145,651	81,712,247	20,578,630	11,624,276
Adjustments for:				
Bad debts written off	584,914	283,933	-	-
Impairment loss on:				
- goodwill	-	2,857,868	-	-
- trade receivables	468,294	-	-	-
- other investments	15,923,115	20,313,496	-	-
Depreciation of:				
- property, plant and equipment	1,761,007	1,809,516	919,592	838,416
- investment properties	2,267,423	2,267,221	-	-
Dividend income from subsidiaries	-	-	(3,947,500)	(2,512,500)
Gain on disposal of:				
- property, plant and equipment	(39,190)	(146,222)	(84,999)	(51,885)
- a subsidiary	-	(45,630,390)	-	-
- an associate	-	(8,089,763)	-	-
- an investment	(5,362,500)	-	-	-
Interest expenses	3,530,887	3,131,891	913,003	915,135
Interest income	(7,775,186)	(9,847,383)	(6,941,980)	(6,665,619)
Inventory written off	399,000	-	-	-
Property, plant and equipment written off	5,270	16	-	13
Reversal of impairment loss on trade receivables	(137,337)	(414,974)	-	-
Share of results of associates	(1,255,692)	(482,067)	-	-
Share of results of joint ventures	24,854	37,913	-	-
Unrealised loss/(gain) on foreign exchange, net	25,546	(304,497)	(1,966)	-
Operating profit before changes in working capital	41,566,056	47,498,805	11,434,781	4,147,836
Contract assets	23,635,761	4,450,362	-	(401,134)
Contract liabilities	(8,618,132)	(13,425,463)	2,272,168	(72,117)
Operating financial assets	25,900,560	27,907,200	-	-
Inventories	(40,812,795)	546,605	-	546,605
Receivables	(3,241,846)	(35,680,203)	(2,974,144)	1,176,606
Payables	(21,907,065)	27,868,666	(6,108,128)	58,952,235
Subsidiaries	-	-	9,906,603	(52,222,707)
Cash generated from operations	16,522,539	59,165,972	14,531,279	12,127,324
Dividend received	-	-	3,947,500	2,512,500
Tax paid	(14,308,477)	(16,982,811)	(4,161,315)	(2,770,530)
Net cash from operating activities	2,214,062	42,183,161	14,317,464	11,869,294

Statements of Cash Flows
for the financial year ended 31 March 2019

	Group 2019 RM	Group 2018 RM (Restated)	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(696,576)	(311,282)	(636,712)	(87,297)
Advances to subsidiaries	-	-	-	(3,467,002)
Advances to joint ventures	(35,000)	(75,000)	-	-
(Advances to)/Repayment from associates	(3,089,110)	1,631,022	(3,089,110)	(8,021,977)
Additional cost in investment properties	-	(10,120)	-	-
Net investment in an subsidiary	11,028	-	-	-
Acquisition investment in associates	-	(9,803,000)	-	-
Proceeds from disposal of:				
- property, plant and equipment	376,231	135,125	85,000	51,887
- an associate	-	8,239,763	-	-
- other investments	20,532,945	-	-	-
Interest received	5,339,047	3,906,220	6,941,980	6,665,566
Net withdrawal/(placement) of deposit with licensed financial institutions	97,900	-	(55)	-
Net cash from/(used in) investing activities	22,536,465	3,712,728	3,301,103	(4,858,823)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of hire purchase payables	(2,102,407)	(2,563,220)	(1,554,709)	(1,657,335)
(Repayment to)/Advances from subsidiaries	-	-	(11,532,312)	11,945,421
Repayment of bank borrowings	(5,258,377)	(20,524,845)	-	-
Drawdown of bank borrowings	-	24,000,000	-	-
(Repayment)/Drawdown of short term loan	(5,481,813)	30,000,000	-	-
Dividend paid to:				
- non-controlling interest of a subsidiary	(497,500)	(2,487,500)	-	-
- shareholders of the Company	(6,884,564)	(10,330,050)	(6,884,564)	(10,330,050)
Repurchase of treasury shares	(2,491,596)	(32,155)	(2,491,596)	(32,155)
Interest paid	(3,530,887)	(3,131,891)	(913,003)	(915,135)
Net cash (used in)/from financing activities	(26,247,144)	14,930,339	(23,376,184)	(989,254)
Net (decrease)/increase in cash and cash equivalents	(1,496,617)	60,826,228	(5,757,617)	6,021,217
Cash and cash equivalents at the beginning of the financial year	96,964,955	47,252,465	(834,846)	(6,856,063)
Effects of exchange rate changes	1,452,354	(11,113,738)	-	-
Cash and cash equivalents at the end of the financial year	96,920,692	96,964,955	(6,592,463)	(834,846)
CASH AND CASH EQUIVALENTS COMPRISE:				
Deposits with licensed financial institutions	13,411,232	70,126,366	1,862	1,807
Cash and bank balances	98,004,237	43,893,681	238,124	6,064,365
Bank overdrafts	(13,391,532)	(15,853,947)	(6,830,587)	(6,899,211)
	98,023,937	98,166,100	(6,590,601)	(833,039)
Less: Deposits pledged to licensed financial institutions	(1,103,245)	(719,845)	(1,862)	(1,807)
Less: Deposits with maturity periods above 3 months	-	(481,300)	-	-
	96,920,692	96,964,955	(6,592,463)	(834,846)

Statements of Cash Flows
for the financial year ended 31 March 2019

(a) Reconciliation of liabilities arising from financing activities:

	1 April 2018 RM	Cash flows RM	Non-cash Addition RM	31 March 2019 RM
Group				
Term loans	78,399,178	(5,258,377)	-	73,140,801
Finance lease liabilities	3,589,613	(2,102,407)	250,000	1,737,206
Revolving credit	5,000,000	-	-	5,000,000
Short term loans	30,000,000	(5,481,813)	-	24,518,187
	116,988,791	(12,842,597)	250,000	104,396,194
Company				
Finance lease liabilities	2,640,834	(1,554,709)	250,000	1,336,125
Revolving credit	5,000,000	-	-	5,000,000
	7,640,834	(1,554,709)	250,000	6,336,125

	1 April 2017 RM	Cash flows RM	Non-cash Addition RM	31 March 2018 RM
Group				
Term loans	74,924,023	3,475,155	-	78,399,178
Finance lease liabilities	4,382,833	(2,563,220)	1,770,000	3,589,613
Revolving credit	5,000,000	-	-	5,000,000
Short term loans	-	30,000,000	-	30,000,000
	84,306,856	30,911,935	1,770,000	116,988,791
Company				
Finance lease liabilities	3,578,169	(1,657,335)	720,000	2,640,834
Revolving credit	5,000,000	-	-	5,000,000
	8,578,169	(1,657,335)	720,000	7,640,834

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. CORPORATE INFORMATION

Brem Holding Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at 3rd Floor, Brem House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are those of general contractors, property development, property investments and investment holding. All other operational activities of the Group are undertaken by respective subsidiaries and associates and are disclosed in Notes 9 and 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 July 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Explanation of transition to MFRSs and change in accounting policy

(a) **Transition to MFRSs**

The financial statements of the Group and of the Company for the financial year ended 31 March 2019 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. For periods up to and including the financial year ended 31 March 2018, the Group and the Company prepared their financial statements in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

In preparing these financial statements, the Group's and the Company's opening MFRSs statements of financial position were prepared as at 1 April 2017 (the date of transition to MFRSs).

The Group and the Company have consistently applied the same accounting policies in the preparation of the financial statements of the Group and of the Company for the financial year ended 31 March 2019, the comparative financial statements for the financial year ended 31 March 2018, and the opening MFRSs statements of financial position as at 1 April 2017, other than those as discussed below.

Following the adoption of MFRSs framework, the Group and the Company also have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRSs</u>

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time Adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

<u>New IC Int</u>

IC Int 22	Foreign Currency Transactions and Advance Consideration

Notes to the Financial Statements
as at 31 March 2019

2. BASIS OF PREPARATION (Continued)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) **Transition to MFRSs (Continued)**

The transition to the MFRSs framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

(i) **Exemption for Business Combinations**

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

For the acquisition before date of transition i.e. 1 April 2017, the Group has elected to apply MFRS 3 prospectively from the date of transition. In addition, the Group has also applied the exemption for MFRS 10 *Consolidated Financial Statements*.

(ii) ***MFRS 9 Financial Instruments***

MFRS 9 replaced the guidance of MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

The Group and the Company have opted to adopt the short-term exemption from the requirement to restate the comparative information for MFRS 9 where the comparative information in the Group's and the Company's first MFRS financial statements need not comply with MFRS 7 Financial Instruments: Disclosures or the completed version of MFRS 9, to the extent that the disclosures required by MFRS 7 relate to items within the scope of MFRS 9. The date of transition to MFRS 7 and MFRS 9 is the beginning of the first MFRS reporting period (1 April 2018).

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

2. **BASIS OF PREPARATION (Continued)**

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) **Transition to MFRSs (Continued)**

(ii) ***MFRS 9 Financial Instruments (Continued)***

Key requirements of MFRS 9: (Continued)

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The retrospective application of MFRS 9 does not require restatement of 2017 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 April 2018.

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(a) **Classification and measurement**

The following are the changes in the classification of the Group's and the Company's financial assets:

Reclassification from available-for-sale financial assets to financial asset at fair value through profit or loss (FVPL)

Investments in quoted equity instruments previously classified as available-for-sale financial assets under FRS 139 as at 31 March 2018 are classified and measured as financial assets at FVPL on 1 April 2018. The investments do not meet the criteria to be classified as amortised cost in accordance with MFRS 9 because their cash flows do not represent solely payments of principal and interest. In the 2019 financial year, fair value losses related to these investments amounting to RM15,923,115 were recognised in profit or loss.

Notes to the Financial Statements
as at 31 March 2019

2. BASIS OF PREPARATION (Continued)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) **Transition to MFRSs (Continued)**

(ii) ***MFRS 9 Financial Instruments (Continued)***

(a) **Classification and measurement (Continued)**

Held-to-maturity financial assets classified to amortised cost

Unquoted equity securities previously been classified as held-to maturity financial assets as at 31 March 2018 are now classified at amortised cost. The Group and the Company intend to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. The fair value as at 1 April 2018 was equivalent to the amortised cost for these assets. There was no impact on retained earnings at 1 April 2018. There were no impairment losses recognised in profit or loss for these investments in prior periods.

Loans and receivables classified as amortised cost

Trade and other receivables, and cash and short-term deposits previously classified as Loans and Receivables under FRS 139 as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 April 2018.

In summary, the Group and the Company had the following required reclassifications as at 1 April 2018:

		MFRS 9 measurement category	
FRS 139 measurement category	**RM**	**Amortised cost RM**	**Fair value through profit or loss RM**
Financial assets			
Group			
Loans and receivables			
Operating financial asset	27,495,782	27,495,782	-
Trade receivables	27,927,717	27,927,717	-
Other receivables and deposits ^	2,591,424	2,591,424	-
Deposits with licensed financial institutions	70,126,366	70,126,366	-
Cash and bank balances	43,893,681	43,893,681	-
Available-for-sale			
Other investments	51,267,395	-	51,267,395
Held-to-maturity			
Other investments	595,445	595,445	-
	223,897,810	172,630,415	51,267,395

2. BASIS OF PREPARATION (Continued)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(ii) ***MFRS 9 Financial Instruments (Continued)***

(a) **Classification and measurement (Continued)**

Loans and receivables classified as amortised cost (Continued)

FRS 139 measurement category	MFRS 9 measurement category RM	Amortised cost RM
Financial assets		
Company		
Loans and receivables		
Trade receivables, other receivables and deposits ^	1,811,717	1,811,717
Amount due from subsidiaries	259,949,323	259,949,323
Deposits with licensed financial institutions	1,807	1,807
Cash and bank balances	6,064,365	6,064,365
	267,827,212	267,827,212

^ Advances to sub-contractors and GST refundable were excluded from other receivables.

(b) **Impairment**

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis.

Accordingly, the Group recognised additional impairment losses on its trade receivables of RM73,104 arising from application of simplified approach to record the lifetime expected credit losses.

The effect of adopting MFRS 9 as at 1 April 2018 is as follows:

	Adjustments	Group At 1 April 2018 RM
Assets		
Trade receivables	(b)	(73,104)
Total assets		(73,104)
Total adjustment on equity		
Retained earnings	(b)	(36,735)
Non-controlling interests	(b)	(36,369)
		(73,104)

Notes to the Financial Statements
as at 31 March 2019

2. BASIS OF PREPARATION (Continued)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) **Transition to MFRSs (Continued)**

(iii) ***MFRS 15 Revenue from Contracts with Customers***

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

The Group and the Company have applied MFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as permitted under the standard. The Group has elected the practical expedients as follows:

- to apply the standard only to contracts that are not completed as at 1 April 2017 and those contracts begin and end within the same annual reporting period;
- not to restate contracts that are modified as at 1 April 2017; and
- not disclosing the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the comparative period.

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(a) **Capitalisation of costs of obtaining contracts**

The Group incurred incremental commission fees paid to intermediaries in connection with obtaining property sales contracts. When the Group expects that these incremental costs will be recovered, they capitalise these costs and amortise them over the period during which the property is transferred to the customer. These amounts were previously expensed as incurred.

(b) **Timing of recognition for sales of properties**

The Group's existing accounting policy is to recognise revenue from the sale of properties under development by reference to the stage of completion when the final outcome of the development activities can be reliably estimated.

Under MFRS 15, revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset may transfer over time or at a point in time.

2. BASIS OF PREPARATION (Continued)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(iii) *MFRS 15 Revenue from Contracts with Customers (Continued)*

(b) Timing of recognition for sales of properties (Continued)

Under MFRS 15, the Group is recognising revenue from property development over time if the Group's performance does not create an asset with alternative use to the Group and it has an enforceable right to payment for performance completed to date. The measure of the progress towards complete satisfaction of the performance obligation is based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the development costs incurred to date to the estimated total development costs) when it is probable that the Group will collect the consideration of the sale of the property to which it is entitled.

(c) Determining the transaction price

Upon adoption of MFRS 15, in determining the transaction price, the Group assesses the estimated transaction price after considering the effects of variable consideration such as discounts and consideration payable to customers.

(d) Other adjustments

The above changes also resulted in adjustments on other items such as deferred taxes and retained earnings.

(e) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

(i) Contract assets recognised in relation to property development contracts which were previously presented as accrued billings under other current assets.
(ii) Contract liabilities recognised in relation to property development contracts which were previously presented as progress billings under other current liabilities.
(iii) Contract liabilities/assets recognised in relation to construction contracts which were previously presented as part of amount due to/from contract customers.

(f) Presentation of land held for property development and property development costs

The Group has reclassified the land held for property development and property development costs to inventories with separate disclosure of these balances made in the notes to the financial statements.

Notes to the Financial Statements
as at 31 March 2019

2. BASIS OF PREPARATION (Continued)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(iv) Borrowing costs

In the previous financial years, under FRSs framework, borrowing costs incurred on property under development were capitalised in property development costs. In March 2019, the IFRS Interpretations Committee ("IFRIC") has issued an agenda decision concluding that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets in relation to the construction of a residential multi-unit real estate development (building). Accordingly, an entity does not capitalise borrowing costs on those assets in accordance to the principle and requirements of IAS 23 Borrowing Costs.

Upon adoption of MFRSs framework, the Group changed its accounting policy of not capitalising borrowing costs incurred on property under development when the properties are ready for their intended sale in their current condition. The change in accounting policy was applied retrospectively from the date of transition as permitted in MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. The Group elected to apply the optional exemption to not restate the borrowing costs that were capitalised under FRSs framework and that were included in the carrying amount of the assets at the date of transition and shall account for borrowing costs, incurred on or after that date in accordance with MFRS 123 Borrowing Costs, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

The effect of the change in accounting policy has been disclosed in Note 2.2(b).

(b) (i) Statements of financial position

	Note	As previously reported (under FRSs) RM	Effect of MFRSs adjustments RM	As restated (under MFRSs) RM
Group				
At 1 April 2017				
Land held for property development	2.2(a)	292,346,524	(292,346,524)	-
Property development costs	2.2(a)	140,754,069	(140,754,069)	-
Inventories:				
- Properties held for development	2.2(a)	-	292,346,524	292,346,524
- Properties under development	2.2(a)	-	141,603,813	141,603,813
Deferred tax assets	2.2(a)	9,299,249	205,444	9,504,693
Trade and other receivables (Current)	2.2(a)	34,300,806	(6,384,951)	27,915,855
Contract assets	2.2(a)	-	4,679,190	4,679,190
Trade payables	2.2(a)	36,716,690	(18,734,863)	17,981,827
Contract liabilities	2.2(a)	-	18,734,863	18,734,863
Retained earnings	2.2(a)	351,534,712	(487,930)	351,046,782
Total equity	2.2(a)	666,568,427	(650,573)	665,917,854

2. BASIS OF PREPARATION (Continued)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(b) (i) Statements of financial position (Continued)

	Note	As previously reported (under FRSs) RM	Effect of MFRSs adjustments RM	As restated (under MFRSs) RM
Group				
At 31 March 2018				
Land held for property development	2.2(a)	272,434,935	(272,434,935)	-
Property development costs	2.2(a)	138,786,469	(138,786,469)	-
Inventories:				
- Properties held for development	2.2(a)	-	272,434,935	272,434,935
- Properties under development	2.2(a)	-	139,927,365	139,927,365
Deferred tax assets	2.2(a)	12,140,737	740,085	12,880,822
Trade and other receivables (Current)	2.2(a)	30,593,652	-	30,593,652
Contract assets	2.2(a)	-	34,266,925	34,266,925
Trade payables	2.2(a)	49,329,653	(17,569,471)	31,760,182
Contract liabilities	2.2(a)	-	17,569,471	17,569,471
Retained earnings	2.2(a)	380,409,865	(1,505,424)	378,904,441
Total equity	2.2(a)	704,903,250	(2,598,694)	702,304,556
Company				
At 1 April 2017				
Land held for property development	2.2(a)	34,108,156	(34,108,156)	-
Property development costs	2.2(a)	12,568,841	(12,568,841)	-
Inventories:				
- Properties held for development	2.2(a)	-	34,108,156	34,108,156
- Properties under development	2.2(a)	-	12,568,841	12,568,841
Trade payables	2.2(a)	15,799,805	(10,630,994)	5,168,811
Contract liabilities	2.2(a)	-	10,630,994	10,630,994
At 31 March 2018				
Land held for property development	2.2(a)	34,180,273	(34,180,273)	-
Property development costs	2.2(a)	12,969,975	(12,969,975)	-
Inventories:				
- Properties held for development	2.2(a)	-	34,180,273	34,180,273
- Properties under development	2.2(a)	-	12,969,975	12,969,975
Trade payables	2.2(a)	62,863,607	(54,419,705)	8,443,902
Contract liabilities	2.2(a)	-	54,419,705	54,419,705

Notes to the Financial Statements
as at 31 March 2019

2. **BASIS OF PREPARATION (Continued)**

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(b) (ii) **Reconciliation of total comprehensive income**

	Note	2018 RM
Group		
Total comprehensive income as reported under FRSs		52,138,168
Add/(less):		
Effect of transition to MFRSs		
Inventories		
- Properties under development	2.2(a)	(2,482,762)
Deferred tax assets	2.2(a)	534,641
		(1,948,121)
Total comprehensive income as restated under MFRSs		50,190,047

(iii) **Reconciliation of statement of cash flows**

There is no difference between the restated statements of cash flows presented under the MFRSs and the statements of cash flows presented under the FRSs.

(iv) **Reconciliation of earnings per share**

	2018 sen per share
Group	
Basic/Diluted earnings per share as reported under FRSs	11.39
Add:	
Effect of transition to MFRSs	(0.29)
Basic/Diluted earnings per share as restated under MFRSs	11.10

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int"), amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contract with Customers	1 January 2021#

2. **BASIS OF PREPARATION (Continued)**

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int"), amendments to IC Int that have been issued, but yet to be effective (Continued)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statement of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Notes to the Financial Statements
as at 31 March 2019

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int"), amendments to IC Int that have been issued, but yet to be effective (Continued)

MFRS 16 Leases (Continued)

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 April 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 April 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

2. **BASIS OF PREPARATION (Continued)**

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int"), amendments to IC Int that have been issued, but yet to be effective (Continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information needs to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

(b) The Group is currently performing an analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

Notes to the Financial Statements
as at 31 March 2019

2. **BASIS OF PREPARATION (Continued)**

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) **Subsidiaries and business combination**

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following: (Continued)

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

Notes to the Financial Statements
as at 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(e) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.14(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold land and building	Over the term of leases of 50 to 97 years
Plant and machinery	20%
Motor vehicles	20%
Furniture, fittings, equipment and renovation	10% - 25%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment assessed for impairment when events or changes in circumstances indicate that is carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.14(b) on impairment of non-financial assets).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Property, plant and equipment and depreciation (Continued)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

3.4 Operating financial assets

The Group constructs or upgrade infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements include infrastructure used in public-to-private service concession arrangement for its entire concession period.

The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the interest income on that amount is calculated using the effective interest method.

Any asset carried under concession arrangement is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

3.5 Investment properties

Investment properties are properties which are held to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services.

The Group has adopted the cost method in measuring investment properties. Investment properties are measured initially at its cost, including transaction cost. Subsequent to initial recognition, all properties are stated at cost less accumulated depreciation and any impairment losses.

No depreciation is provided for freehold land. Freehold building is depreciated at the annual rate of 2%.

Long term leasehold land and building are depreciated evenly over the period ranging from 50 to 97 years.

On disposal of such properties, the difference between net disposal proceeds and their carrying amounts is recognised in the profit or loss.

3.6 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) **Lessee accounting**

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user’s benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) **Lessor accounting**

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.8 Goodwill on consolidation

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

Notes to the Financial Statements
as at 31 March 2019

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.11 Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.12 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- building materials and consumables: purchase costs on a first-in first-out basis.
- unsold completed development properties held for sale: specific identification.
- stationeries and housekeeping supplies: purchase costs on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

<u>Properties held for development</u>

Properties held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Properties held for development will be reclassified to properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

<u>Properties under development</u>

Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Inventories (Continued)

Completed properties

The cost of unsold completed development units comprises cost associated with the acquisition of land, construction costs and appropriate proportions of common development costs.

3.13 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Accounting policies applied from 1 April 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) **Subsequent measurement**

The Group and the Company categorise the financial instruments as follows:

(i) **Financial assets**

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Notes to the Financial Statements
as at 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

Accounting policies applied from 1 April 2018 (Continued)

(a) **Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(i) **Financial assets (Continued)**

Debt instruments (Continued)

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.14(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

(ii) **Financial liabilities**

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.13 Financial instruments (Continued)

Accounting policies applied from 1 April 2018 (Continued)

(a) **Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(ii) **Financial liabilities (Continued)**

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) **Derecognition**

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Notes to the Financial Statements
as at 31 March 2019

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.13 Financial instruments (Continued)

Accounting policies applied from 1 April 2018 (Continued)

(d) **Derecognition (Continued)**

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 31 March 2018

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) **Subsequent measurement**

The Group and the Company categorise the financial instruments as follows:

(i) **Financial assets**

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.13 Financial instruments (Continued)

Accounting policies applied until 31 March 2018 (Continued)

(a) **Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(i) **Financial assets (Continued)**

Financial assets at fair value through profit or loss (Continued)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is disclosed in Note 3.14(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a).

Notes to the Financial Statements
as at 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial instruments (Continued)

Accounting policies applied until 31 March 2018 (Continued)

(a) **Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(ii) **Financial liabilities**

Same accounting policies applied until 31 March 2018 and from 1 April 2018.

(b) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) **Regular way purchase or sale of financial assets**

Same accounting policies applied until 31 March 2018 and from 1 April 2018.

(d) **Derecognition**

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) **Offsetting of financial instruments**

Same accounting policies applied until 31 March 2018 and from 1 April 2018.

3.14 Impairment of assets

(a) **Impairment of financial assets and contract assets**

Accounting policies applied from 1 April 2018

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Impairment of assets (Continued)

(a) **Impairment of financial assets and contract assets (Continued)**

Accounting policies applied from 1 April 2018 (Continued)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

Notes to the Financial Statements
as at 31 March 2019

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.14 Impairment of assets (Continued)

(a) **Impairment of financial assets and contract assets (Continued)**

Accounting policies applied from 1 April 2018 (Continued)

At each reporting date, the Group assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 March 2018

At each reporting date, all financial assets (except for investment in joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that were individually assessed for impairment and for which an impairment loss continues to be recognised are not included in a collective assessment of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied until 31 March 2018 (Continued)

Loans and receivables (Continued)

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work or deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

Notes to the Financial Statements
as at 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Impairment of assets (Continued)

(b) Impairment of non-financial assets (Continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.15 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Provisions for liabilities

Provisions for liabilities are recognised when the Group have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial statements date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

3.17 Contract costs

(a) **Recognition and measurement**

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;

(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

(b) **Amortisation**

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimate and Errors.

(c) **Impairment**

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Notes to the Financial Statements
as at 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Contract costs (Continued)

(c) **Impairment (Continued)**

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 Impairment of Assets to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group has applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

3.18 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in note to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Revenue and other income (Continued)

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) **Property development**

The Group and the Company develop and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group and the Company recognise a contract liability for the difference.

Consistent with market practice, the Group and the Company collect deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group and the Company have obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Based on the Group's and the Company's customary business practice, the customers' legal fees are borned by the Group and the Company. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group and the Company use its experience in estimating the legal fees to be incurred The Group and the Company use the expected value method because it is the method that the Group and the Company expect to better predict the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any customers' legal fees which is constrained.

For residential properties, as part of the statutory requirements, the Group and the Company's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Revenue and other income (Continued)

(b) **Construction contracts**

The Group and the Company construct and sell commercial and industrial properties under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the commercial and industrial properties is transferred over time as the Group and the Company create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 to 120 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers for construction of commercial and industrial properties based on achieving a series of performance-related milestones.

The Group and the Company recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group and the Company recognise a contract liability for the difference.

(c) **Sale of goods**

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 14 to 105 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(d) **Rental income**

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(e) **Dividend income**

Dividend income is recognised when the right to receive payment is established.

(f) **Concession arrangements**

Revenue for construction services provided under the concession arrangement for water treatment plants is recognised over time, using an output method, based on time elapsed, to measure progress towards complete satisfaction of the service, because the customer receives and consumes the benefits simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.20 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) **Current tax**

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) **Deferred tax**

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Income tax (Continued)

(b) **Deferred tax (Continued)**

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.21 Foreign currency transaction and operations

(a) **Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(b) **Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Foreign currency transaction and operations (Continued)

(c) **Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the translations. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The closing rates used in the translation are:

	Group	
	2019	**2018**
	RM	**RM**
Papua New Guinea Kina	1.208	1.190

3.22 Employee benefits

(a) **Short term benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) **Defined contribution plans**

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) **Termination benefits**

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense which the Group has a detailed formal plan for the termination and is without realistic possible of withdrawal.

3.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their business segment and geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the managing director who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.25 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absences of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) **Impairment of goodwill (Note 14)**

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires the directors to make an estimate of the expected future cash flow from the CGU and also choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 14.

(b) **Property development (Note 7)**

Judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as recoverability of the property development costs. In making these judgements, the Group and the Company evaluate based on past experience, external economic factors, by relying on the work or opinion of specialists and continuous monitoring mechanism.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(b) **Property development (Note 7) (Continued)**

Adjustments based on the percentage-of-completion method are reflected in property development and contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development and contract revenue and costs, the Group and the Company recognise a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

(c) **Construction (Note 17)**

The Group recognises contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Judgement is required in determining the stage of completion, the extent of contract costs incurred, the estimated total costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Leasehold land and building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings, equipment and renovation RM	Total RM
Group						
2019						
Cost						
At 1 April 2018	12,011	390,798	14,880,498	5,380,112	3,411,640	24,075,059
Additions	-	-	-	667,112	279,464	946,576
Foreign exchange difference	-	5,096	3,208	-	5,540	13,844
Transfer to land held for property development	(12,011)	-	-	-	-	(12,011)
Acquisition of subsidiary	-	-	-	-	5,770	5,770
Disposals/Written off	-	-	(287,920)	(651,279)	(470,527)	(1,409,726)
At 31 March 2019	-	395,894	14,595,786	5,395,945	3,231,887	23,619,512
Accumulated depreciation						
At 1 April 2018	-	112,226	12,495,910	4,332,409	2,512,599	19,453,144
Charge for the year	-	3,649	928,567	506,704	322,087	1,761,007
Foreign exchange difference	-	863	3,208	-	4,979	9,050
Acquisition of subsidiary	-	-	-	-	331	331
Disposals/Written off	-	-	(287,920)	(559,873)	(219,622)	(1,067,415)
At 31 March 2019	-	116,738	13,139,765	4,279,240	2,620,374	20,156,117
Carrying amount						
At 31 March 2019	-	279,156	1,456,021	1,116,705	611,513	3,463,395

Notes to the Financial Statements
as at 31 March 2019

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Freehold land RM	Leasehold land and building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings, equipment and renovation RM	Total RM
Group						
2018						
Cost						
At 1 April 2017	12,011	447,918	13,836,455	5,158,663	3,388,052	22,843,099
Additions	-	-	1,245,000	721,924	114,358	2,081,282
Foreign exchange difference	-	(57,120)	(35,957)	-	(61,151)	(154,228)
Disposals/Written off	-	-	(165,000)	(500,475)	(29,619)	(695,094)
At 31 March 2018	12,011	390,798	14,880,498	5,380,112	3,411,640	24,075,059
Accumulated depreciation						
At 1 April 2017	-	117,348	11,830,381	4,263,766	2,223,761	18,435,256
Charge for the year	-	3,932	866,485	569,116	369,983	1,809,516
Foreign exchange difference	-	(9,054)	(35,957)	-	(52,453)	(97,464)
Disposals/Written off	-	-	(164,999)	(500,473)	(28,692)	(694,164)
At 31 March 2018	-	112,226	12,495,910	4,332,409	2,512,599	19,453,144
Carrying amount						
At 1 April 2017	12,011	330,570	2,006,074	894,897	1,164,291	4,407,843
At 31 March 2018	12,011	278,572	2,384,588	1,047,703	899,041	4,621,915

	Plant and machinery RM	Motor vehicles RM	Furniture, fittings, equipment and renovation RM	Total RM
Company				
2019				
Cost				
At 1 April 2018	6,972,175	2,407,428	1,044,661	10,424,264
Additions	-	662,512	224,200	886,712
Disposals	-	(398,088)	-	(398,088)
At 31 March 2019	6,972,175	2,671,852	1,268,861	10,912,888
Accumulated depreciation				
At 1 April 2018	5,646,324	2,093,690	840,627	8,580,641
Charge for the year	519,835	267,051	132,706	919,592
Disposals	-	(398,087)	-	(398,087)
At 31 March 2019	6,166,159	1,962,654	973,333	9,102,146
Carrying amount				
At 31 March 2019	806,016	709,198	295,528	1,810,742

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and machinery RM	Motor vehicles RM	Furniture, fittings, equipment and renovation RM	Total RM
Company				
2018				
Cost				
At 1 April 2017	6,252,175	2,840,903	1,039,739	10,132,817
Additions	720,000	67,000	20,297	807,297
Disposals	-	(500,475)	(15,375)	(515,850)
At 31 March 2018	6,972,175	2,407,428	1,044,661	10,424,264
Accumulated depreciation				
At 1 April 2017	5,192,239	2,324,843	740,978	8,258,060
Charge for the year	454,085	269,320	115,011	838,416
Disposals	-	(500,473)	(15,362)	(515,835)
At 31 March 2018	5,646,324	2,093,690	840,627	8,580,641
Carrying amount				
At 1 April 2017	1,059,936	516,060	298,761	1,874,757
At 31 March 2018	1,325,851	313,738	204,034	1,843,623

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM946,576 (2018: RM2,081,282) and RM886,712 (2018: RM807,297) of which RM250,000 (2018: RM1,770,000) and RM250,000 (2018: RM720,000) were acquired by means of hire purchase arrangements. Cash payments of RM696,576 (2018: RM311,282) and RM636,712 (2018: RM87,297) were used to acquire the property, plant and equipment.

(b) **Assets under finance leases**

The carrying amount of assets under finance lease arrangements are as follows:

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
Motor vehicles	640,289	762,881	915,114
Plant and machinery	988,000	1,814,400	1,472,409
	1,628,289	2,577,281	2,387,523
Company			
Motor vehicles	304,022	40,476	399,728
Plant and machinery	638,000	833,000	716,609
	942,022	873,476	1,116,337

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5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) The depreciation of property, plant and equipment charged for the financial year is as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Contract liabilities	679,042	607,217	679,042	607,217
Profit before taxation (Note 34)	1,081,965	1,202,299	240,550	231,199
	1,761,007	1,809,516	919,592	838,416

6. OPERATING FINANCIAL ASSETS

	Group	
	2019 RM	**2018 RM**
At 1 April 2018/2017	27,495,782	55,909,544
Interest income	2,436,139	5,941,163
Payment by grantor	(25,900,560)	(27,907,200)
Exchange difference	242,453	(6,447,725)
At 31 March	4,273,814	27,495,782

	Group		
	31.3.2019 RM	**31.3.2018 RM**	**1.4.2017 RM**
Net carrying amount			
Non-current	-	4,209,434	32,210,740
Current	4,273,814	23,286,348	23,698,804
	4,273,814	27,495,782	55,909,544

The Group has concession arrangements with a governing body of the government of Papua New Guinea (the "grantor") to operate water treatment plants. Under the concession agreements, the Group will construct and operate the plants and water distribution networks for a Concession Period of 22 years commencing year 1997 and transfer the plant to the grantor at the end of the Concession Period ending year 2019. Such concession arrangements fall within the scope of IC Interpretation 12, Service Concession Arrangements.

The amount, being the financial assets arising from the above concession agreement was initially recognised at the fair value of the consideration receivables for the construction service delivered during the stage of construction. It carries interest at a rate of 13% (2018: 13%) per annum and repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreement.

Under IC Interpretation 12, the revenue is recognised based on Note 3.18(f).

7. INVENTORIES

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
At cost			
Non-current			
Properties held for development			
- Freehold land	100,648,839	103,146,990	117,200,953
- Leasehold land	124,209,668	124,209,668	124,209,668
- Development expenditure	60,237,270	45,078,277	50,935,903
	285,095,777	272,434,935	292,346,524
Current			
Properties under development			
- Freehold land	36,724,155	39,280,202	42,937,023
- Development costs	131,787,279	100,647,163	98,666,790
Completed properties	16,892,247	17,291,247	17,525,872
Raw materials	40,333	460,438	772,418
	185,444,014	157,679,050	159,902,103
	470,539,791	430,113,985	452,248,627
Company			
At cost			
Non-current			
Properties held for development			
- Freehold land	32,305,486	32,305,486	32,305,486
- Development expenditure	1,879,932	1,874,787	1,802,670
	34,185,418	34,180,273	34,108,156
Current			
Properties under development			
- Freehold land	5,174,907	5,701,738	5,721,607
- Development costs	5,937,861	7,268,237	6,847,234
Completed properties	14,183,850	14,183,850	14,418,475
Raw materials	40,332	460,438	772,418
	25,336,950	27,614,263	27,759,734
	59,522,368	61,794,536	61,867,890

(a) The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM26,759,206 (2018: RM51,028,916) and RM3,481,070 (2018: RM602,825) respectively.

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7. INVENTORIES (Continued)

(b) Included in inventories are borrowing costs capitalised in the property held for development during the financial year as follows:

	Group 2019 RM	Group 2018 RM
Borrowing costs capitalised:		
Properties held for development	3,231,833	2,146,953

(c) The following inventories are pledged as security for a financing facility as disclosed in Note 25.

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
Properties held for development	92,572,062	92,572,062	142,884,173
Properties under development	7,057,506	1,019,734	1,019,734
Completed properties	138,720	138,720	138,720
	99,768,288	93,730,516	144,042,627
Company			
Properties under development	2,469,895	1,019,734	1,019,734
Completed properties	138,720	138,720	138,720
	2,608,615	1,158,454	1,158,454

8. INVESTMENT PROPERTIES

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Group				
2019				
Cost				
At 1 April 2018/31 March 2019	40,709	33,791,788	92,404,032	126,236,529
Accumulated depreciation				
At 1 April 2018	-	6,034,241	17,659,610	23,693,851
Charge for the year	-	422,317	1,845,106	2,267,423
At 31 March 2019	-	6,456,558	19,504,716	25,961,274
Carrying amount				
At 31 March 2019	40,709	27,335,230	72,899,316	100,275,255

8. INVESTMENT PROPERTIES (Continued)

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Group				
2018				
Cost				
At 1 April 2017	40,709	33,791,788	92,393,912	126,226,409
Additions	-	-	10,120	10,120
At 31 March 2018	40,709	33,791,788	92,404,032	126,236,529
Accumulated depreciation				
At 1 April 2017	-	5,611,924	15,814,706	21,426,630
Charge for the year	-	422,317	1,844,904	2,267,221
At 31 March 2018	-	6,034,241	17,659,610	23,693,851
Carrying amount				
At 1 April 2017	40,709	28,179,864	76,579,206	104,799,779
At 31 March 2018	40,709	27,757,547	74,744,422	102,542,678

(a) The Group's investment properties comprise commercial properties, factory building and apartment that are mainly leased to third parties.

The fair value of the commercial properties of approximately RM117,000,000 (31.3.2018: RM120,000,000; 1.4.2017: RM120,000,000) is determined by an external independent property valuers.

The fair value of factory building and apartment that are leased to third parties of approximately RM12,265,000 (31.3.2018: RM12,209,000; 1.4.2017: RM17,079,000) are determined by the directors based on the relevant information available through internal research and their best estimates.

The estimated fair values of investment properties were arrived at using the income approach or the comparable method of valuation by reference to similar properties in the locality and adjusting for location, terrain, size, present market trends and other differences, where applicable.

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8. INVESTMENT PROPERTIES (Continued)

(b) **Fair value information**

Fair value of investment properties is categorised as follows:

	Group RM
Land and buildings	
Level 3 fair value	
31.3.2019	129,265,000
31.3.2018	132,209,000
1.4.2017	137,079,000

The significant unobservable inputs used in the valuation are rental per square foot and capitalisation rate or price per square foot.

There are no Level 1 or Level 2 investment properties or transfers between Level 1 and Level 2 during the financial year ended 31 March 2019 or 31 March 2018.

(c) The following are recognised in profit or loss in respect of investment properties:

	Group	
	2019 RM	2018 RM
Rental income	13,232,189	13,935,401
Direct operating expenses:		
- income generating investment properties	(7,245,434)	(7,453,033)
- non-income generating investment properties	(2,536,702)	(2,403,022)
	3,450,053	4,079,346

(d) **Assets pledged as security**

The total carrying amount of a leasehold land and building of a subsidiary amounting to RM92,619,755 (31.3.2018: RM94,721,332; 1.4.2017: RM106,013,405) are pledged to financial institutions as collaterals for banking facilities as disclosed in Note 25.

9. INVESTMENT IN SUBSIDIARIES

	Company		
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Unquoted shares at cost	93,422,084	93,422,084	93,422,084
Less: Impairment loss	(2,800,000)	(2,800,000)	(2,800,000)
	90,622,084	90,622,084	90,622,084
Quasi loans	23,661,561	23,657,562	23,649,561
	114,283,645	114,279,646	114,271,645

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

The details of the subsidiaries are as follows:

Name of Company	Ownership interest 31.3.2019 %	Ownership interest 31.3.2018 %	Ownership interest 1.4.2017 %	Principal place of business/ Country of incorporation	Principal activities
Direct					
Brem Construction Sdn. Bhd. #	100.00	100.00	100.00	Malaysia	Civil engineering and general construction.
Brem Aluminium & Glass Sdn. Bhd. #	100.00	100.00	100.00	Malaysia	Dormant.
Brem Maju Sdn. Bhd.	50.25	50.25	50.25	Malaysia	Civil engineering and general construction.
Brem Oversea Investments Pte. Ltd. #	70.00	70.00	70.00	Hong Kong	Dormant.
Cosmo-One Realty Sdn. Bhd. #	100.00	100.00	100.00	Malaysia	Property investment.
Global Water Sdn. Bhd.	100.00	100.00	100.00	Malaysia	Investment holding.
Harmony Property Sdn. Bhd.	75.00	75.00	75.00	Malaysia	Property development.
Intan Kemuncak Sdn. Bhd. #	100.00	100.00	100.00	Malaysia	Property development.
Naga Istimewa Sdn. Bhd.	100.00	100.00	100.00	Malaysia	Property development, contractor and investment holding.
Titi Kaya Sdn. Bhd. *	48.33	48.33	48.33	Malaysia	Property development and investment holding.
Indirect through Titi Kaya Sdn. Bhd.					
Eng Ann Realty Co. (Klang) Sdn. Bhd.	48.33	48.33	48.33	Malaysia	Property development.
Wonderful Perfection Sdn. Bhd.	29.00	29.00	29.00	Malaysia	Property development.
NPO Builders Sdn. Bhd.	-	-	24.65	Malaysia	Property development.
Semangat Hijau Sdn. Bhd. #	26.58	-	-	Malaysia	Property development.
Indirect through Global Water Sdn. Bhd.					
PNG Water Limited #	51.00	51.00	51.00	Papua New Guinea	Water concession.
Indirect through Brem Maju Sdn. Bhd.					
Brem Maju (PNG) Limited #	50.25	50.25	50.25	Papua New Guinea	Civil engineering and general construction.

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9. **INVESTMENT IN SUBSIDIARIES (Continued)**

* *The directors have concluded that the Group controls Titikaya Sdn. Bhd., even though it holds less than half of the equity shares of this subsidiary. This is because the Group is the largest shareholder with a 48% equity interest, while the remaining shares are held by 3 investors and 2 of 4 directors of Titikaya Sdn. Bhd. are represented by the Company. Furthermore, a director of the Company has significant influence in the remaining shareholders of Titikaya Sdn. Bhd..*

\# *Audited by audit firms other than Baker Tilly Monteiro Heng PLT.*

(a) **Acquisition of Semangat Hijau Sdn. Bhd.**

During the year, the Group acquired 55,000 ordinary shares, representing 55% of the total issued and paid-up share capital of Semangat Hijau Sdn. Bhd.("Semangat Hijau") for a cash consideration of RM55,000. As a result, Semangat Hijau became a subsidiary company of the Group. Details are as disclosed in Note 44.

(i) Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Assets	
Property, plant and equipment	5,439
Other receivables	20,000
Cash and cash equivalents	66,028
Total assets	91,467
Liabilities	
Other payables	(617,932)
Amount owing to immediate holding company	(2,821)
Total liabilities	(620,753)
Total identifiable net assets acquired	(529,286)
Goodwill arising on acquisition	346,107
Non-controlling interest at fair value	238,179
Fair value of consideration transferred	55,000

(ii) Effects of acquisition on cash flows:

	RM
Total cost of the acquisition	55,000
Less: Cash and cash equivalents of a subsidiary company acquired	(66,028)
Net cash inflow on acquisition	(11,028)

(iii) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed loss net of tax amounting to RM70,693.

9. INVESTMENT IN SUBSIDIARIES (Continued)

(b) **Disposal of NPO Builders Sdn. Bhd.**

In previous financial year, the Group disposed of its equity interest in NPO Builders Sdn. Bhd. for sales consideration of approximately RM46.6 million which was settled by equity shares of purchaser.

(c) The Group's subsidiaries that have material non-controlling interests("NCI") are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest 31.3.2019 %	31.3.2018 %	1.4.2017 %
Brem Maju Sdn. Bhd.	Malaysia	49.75	49.75	49.75
Harmony Property Sdn. Bhd.	Malaysia	25.00	25.00	25.00
Titi Kaya Sdn. Bhd.	Malaysia	51.67	51.67	51.67
PNG Water Limited	Papua New Guinea	49.00	49.00	49.00

Carrying amount of material non-controlling interests:

Name of company	Ownership interest 31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Brem Maju Sdn. Bhd. and its subsidiaries ("Brem Maju Group")	17,272,464	14,803,837	6,033,118
Harmony Property Sdn. Bhd.	26,787,556	24,045,111	21,929,073
Titi Kaya Sdn. Bhd. and its subsidiaries ("Titi Kaya Group")	73,938,537	77,463,276	68,024,668
PNG Water Limited	54,820,019	51,560,864	56,862,284

Profit allocated to material non-controlling interests:

Name of company	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Brem Maju Group	2,940,118	11,604,849	3,136,614
Harmony Property Sdn. Bhd.	2,742,447	2,116,038	560,259
Titi Kaya Group	(3,286,562)	10,392,250	436,521
PNG Water Limited	3,259,156	3,290,125	3,895,622

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9. INVESTMENT IN SUBSIDIARIES (Continued)

(d) The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	Brem Maju Group RM	Harmony Property Sdn. Bhd. RM	Titi Kaya Group RM	PNG Water Limited RM
Summarised statements of financial position				
As at 31 March 2019				
Current assets	55,935,911	203,591,663	79,939,263	115,336,697
Non-current assets	1,992,237	225,543,798	80,460,623	17
Current liabilities	(23,015,596)	(272,590,108)	(25,711,142)	(3,459,122)
Non-current liabilities	(194,383)	(49,395,128)	-	-
Net assets	34,718,169	107,150,225	134,688,744	111,877,592
Summarised statements of comprehensive income				
For the financial year ended 31 March 2019				
Revenue	25,491,202	46,377,428	-	32,258,381
Profit/(loss) for the financial year	5,909,771	10,969,788	(6,699,952)	5,004,020
Other comprehensive income	52,282	-	-	-
Total comprehensive income/(loss)	5,962,053	10,969,788	(6,699,952)	5,004,020
Summarised cash flow information				
For the financial year ended 31 March 2019				
Cash flows (used in)/from operating activities	(4,884,459)	14,887,435	(38,929,507)	26,838,699
Cash flows from/(used in) investing activities	2,232,341	37,352	23,580,989	2,578,643
Cash flows (used in)/from financing activities	(1,115,714)	(15,319,906)	(5,481,980)	168,875
Net (decrease)/increase in cash and cash equivalents	(3,767,832)	(395,119)	(20,830,498)	29,586,217
Dividends paid to non-controlling interests	497,500	-	-	-
Summarised statements of financial position				
As at 31 March 2018				
Current assets	61,660,419	230,496,239	101,725,792	104,054,034
Non-current assets	3,672,581	208,241,958	79,937,269	4,209,451
Current liabilities	(35,028,762)	(285,468,333)	(40,036,186)	(3,037,232)
Non-current liabilities	(475,017)	(52,569,408)	-	-
Net assets	29,829,221	100,700,456	141,626,875	105,226,253

9. INVESTMENT IN SUBSIDIARIES (Continued)

(d) The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows: (Continued)

	Brem Maju Group RM	Harmony Property Sdn. Bhd. RM	Titi Kaya Group RM	PNG Water Limited RM
Summarised statements of comprehensive income				
Financial year ended 31 March 2018				
Revenue	175,156,738	72,256,837	-	32,408,058
Profit for the financial year	23,282,925	12,333,591	20,185,087	6,714,542
Other comprehensive income	(580,409)	-	-	(17,508,691)
Total comprehensive income	22,702,516	12,333,591	20,185,087	(10,794,149)
Summarised cash flow information				
Financial year ended 31 March 2018				
Cash flows from/(used in) operating activities	12,505,765	(66,181,318)	28,027,646	25,212,230
Cash flows (used in)/from investing activities	(2,768,161)	31,893	(5,666,628)	1,427,462
Cash flows (used in)/from financing activities	(8,872,770)	67,832,875	39,839	(489,482)
Net increase in cash and cash equivalents	864,834	1,683,450	22,400,857	26,150,210
Dividends paid to non-controlling interests	2,487,500	-	-	-

10. INVESTMENT IN ASSOCIATES

	Group 31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Unquoted shares at cost	6,247,000	6,247,000	6,247,000
Additional investments	9,653,000	9,653,000	-
	15,900,000	15,900,000	6,247,000
Share of post acquisition results	(3,485,403)	(4,741,095)	(5,223,163)
	12,414,597	11,158,905	1,023,837
Amount due from associates	50,270,746	47,181,636	48,812,659
	62,685,343	58,340,541	49,836,496

The investment in the associates of the Group is measured using the equity method.

	Company 31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Unquoted shares at cost	14,700,000	14,700,000	5,047,000
Amount due from associates	50,270,746	47,181,636	48,812,659
	64,970,746	61,881,636	53,859,659

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10. INVESTMENT IN ASSOCIATES (Continued)

The amount due from associates represents advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substances, a part of the Group's and the Company's net investment in the associates.

The details of the associates are as follows:

Name of Company	Ownership interest 31.3.2019 %	31.3.2018 %	1.4.2017 %	Principal place of business/ Country of incorporation	Principal activities
Topaz Teguh Sdn. Bhd. #	49.00	49.00	49.00	Malaysia	Operators of bowling and snooker centre.
GJH Ventures Sdn. Bhd. # ^	49.00	49.00	49.00	Malaysia	Investment holding.
GJH Prestige Sdn. Bhd. #	49.00	49.00	49.00	Malaysia	Investment holding.
Konsortium Amanie JV Sdn. Bhd. #	-	-	15.00	Malaysia	Water treatment plant.

Audited by audit firms other than Baker Tilly Monteiro Heng PLT.

^ *On 22 March 2018, the Group subscribe additional 9,653,000 ordinary shares RM1 of each of GJH Ventures Sdn. Bhd. for cash consideration of RM9,653,000.*

The following table illustrates the summarised financial information of the Group's material associates adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd. and its subsidiaries RM
Group		
31 March 2019		
Assets and liabilities:		
Current assets	46,813,457	15,014,374
Non-current assets	116,503,103	157,088,304
Current liabilities	(101,804,292)	(109,553,605)
Non-current liabilities	(37,584,797)	(60,785,453)
Net assets	23,927,471	1,763,620
Equity attributable to:		
Owners of the associated company	23,927,471	(500,211)
Non-controlling interests of the associated company	-	2,263,831
	23,927,471	1,763,620

10. INVESTMENT IN ASSOCIATES (Continued)

	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd. and its subsidiaries RM
Results:		
Revenue	74,066,563	-
Profit/(Loss) for the financial year	6,472,816	(4,798,638)
Other comprehensive income	-	-
Total comprehensive income/(loss)	6,472,816	(4,798,638)
Profit/(Loss) for the financial year attributable to:		
- owners of the associated company	6,472,816	(2,452,665)
- non-controlling interests of the associated company	-	(2,345,973)
	6,472,816	(4,798,638)

	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd and its subsidiaries RM	Other individually immaterial associates RM	Total RM
Group				
31 March 2019				
Reconciliation of net assets to carrying amount:				
Share of net (liabilities)/assets at acquisition date	(605,706)	4,717,466	711,745	4,823,505
Goodwill on acquisition	752,706	182,534	488,255	1,423,495
Additional investment	9,653,000	-	-	9,653,000
Cost of investment	9,800,000	4,900,000	1,200,000	15,900,000
Share of post-acquisition profits/(losses)	2,677,167	(4,962,570)	(1,200,000)	(3,485,403)
Amount due from associates	25,906,896	24,363,850	-	50,270,746
Carrying amount in the statement of financial position	38,384,063	24,301,280	-	62,685,343
Group's share of results:				
Group's share of profit/(loss)	3,453,155	(2,197,463)	-	1,255,692
Group's share of other comprehensive loss	-	-	-	-
Group's share of total comprehensive income/(loss)	3,453,155	(2,197,463)	-	1,255,692

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10. INVESTMENT IN ASSOCIATES (Continued)

	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd. and its subsidiaries RM
Group		
31 March 2018		
Assets and liabilities:		
Current assets	35,079,105	21,965,311
Non-current assets	110,187,953	157,984,950
Current liabilities	(77,245,384)	(109,501,994)
Non-current liabilities	(50,567,019)	(63,886,009)
Net assets	17,454,655	6,562,258
Equity attributable to:		
Owners of the associated company	17,454,655	1,952,454
Non-controlling interests of the associated company	-	4,609,805
	17,454,655	6,562,259
Results:		
Revenue	5,818,177	51,276,172
(Loss)/Profit for the financial year:	(640,238)	2,049,071
Other comprehensive income	-	-
Total comprehensive (loss)/profit	(640,238)	2,049,071
(Loss)/Profit for the financial year attributable to:		
- owners of the associated company	(640,238)	1,039,625
- non-controlling interests of the associated company	-	1,009,446
	(640,238)	2,049,071

	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd and its subsidiaries RM	Other individually immaterial associates RM	Total RM
Group				
31 March 2018				
Reconciliation of net assets to carrying amount:				
Share of net (liabilities)/assets at acquisition date	(605,706)	4,717,466	711,745	4,823,505
Goodwill on acquisition	752,706	182,534	488,255	1,423,495
Additional investment	9,653,000	-	-	9,653,000
Cost of investment	9,800,000	4,900,000	1,200,000	15,900,000
Share of post-acquisition losses	(775,987)	(2,765,108)	(1,200,000)	(4,741,095)
Amount due from associates	23,317,586	23,864,050	-	47,181,636
Share of post-acquisition other comprehensive income	-	-	-	-
Carrying amount in the statement of financial position	32,341,599	25,998,942	-	58,340,541

10. INVESTMENT IN ASSOCIATES (Continued)

	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd and its subsidiaries RM	Other individually immaterial associates RM	Total RM
Group's share of results:				
Group's share of (loss)/ profit	(310,417)	792,484	-	482,067
Group's share of other comprehensive loss	-	-	-	-
Group's share of total comprehensive (loss)/ income	(310,417)	792,484	-	482,067

The Group has not recognised losses relating to Topaz Teguh Sdn. Bhd. where the shares of losses exceeds the Group's interest in the associates. The Group's cumulative share of unrecognised losses at 31 March 2019 was RM408,993(31.3.2018: RM370,131; 1.4.2017: RM284,479). The share of the current year's unrecognised losses amounts to RM38,862(31.3.2018: RM85,652; 1.4.2017: RM83,493).

11. INVESTMENT IN JOINT VENTURES

		Group	
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Unquoted shares at cost	2	2	2
Share of post acquisition results	(135,064)	(110,210)	(72,297)
	(135,062)	(110,208)	(72,295)
Amount due from joint ventures	29,105,730	29,070,730	28,995,730
	28,970,668	28,960,522	28,923,435

The investment in the joint ventures of the Group is measured using the equity method.

The amount due from joint ventures represents advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substances, a part of the Group's net investment in the joint ventures.

Details of the joint ventures are as follows:

Name of Company	Ownership interest			Principal place of business/ Country of incorporation	Principal activities
	31.3.2019 %	31.3.2018 %	1.4.2017 %		
Held by Eng Ann Realty Co. (Klang) Sdn. Bhd.					
Jade Square Sdn. Bhd. ("JSSB") #	50.00	50.00	50.00	Malaysia	Dormant.
United Allied Master Sdn. Bhd. ("UAMSB") #	50.00	50.00	50.00	Malaysia	Dormant.

Audited by audit firms other than Baker Tilly Monteiro Heng PLT.

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11. INVESTMENT IN JOINT VENTURES (Continued)

The aggregate amounts of each of the current assets, non-current assets, current liabilities and non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entity are as follows:

	JSSB and UAMSB	
	2019 RM	2018 RM
Group		
Assets and liabilities:		
Current assets	40,652	28,548
Non-current assets	57,941,460	57,941,460
Current liabilities	(58,252,239)	(58,190,427)
Non-current liabilities	-	-
Net liabilities	(270,127)	(220,419)
Included in the assets and liabilities are:		
Cash and cash equivalents	40,652	28,548
Current financial liabilities (excluding trade and other payables and provisions)	2,120	15,228
Results:		
Revenue	-	-
Loss for the financial year	(49,708)	(75,826)
Other comprehensive income	-	-
Total comprehensive loss	(49,708)	(75,826)

12. OTHER INVESTMENTS

		Group	
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Non-current			
Held-to-maturity investments			
At cost			
- Unquoted equity securities	-	595,445	595,445
Current			
Financial assets at fair value through profit or loss ("FVPL")			
At fair value:			
- Quoted equity securities	20,769,280	-	-
Available-for-sale ("AFS") financial assets			
At fair value:			
- Quoted equity securities	-	51,267,395	-

(a) Quoted equity securities were obtained as settlement consideration for the disposal of a subsidiary in previous financial year. The Group has assessed and provided a fair value loss of RM15,923,115 (2018: RM20,313,496) based on market value of these quoted equity securities as at reporting date.

(b) The Group have intention to dispose the quoted equity securities and have disposed RM27.5 million quoted equity shares during the financial year. Details as disclosed in Note 44.

13. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

	Unrealised profit on intercompany transaction RM	Unabsorbed loss and capital allowance RM	Total RM
Group			
Deferred tax assets			
2019			
At 1 April 2018			
As previously reported under FRSs	11,745,288	395,449	12,140,737
Effect of transition to MFRSs	740,085	-	740,085
As restated under MFRSs	12,485,373	395,449	12,880,822
Recognised in profit or loss	3,114,377	(15,154)	3,099,223
Foreign exchange difference	-	5,933	5,933
At 31 March 2019	15,599,750	386,228	15,985,978

	Unrealised profit on intercompany transaction RM	Unabsorbed loss and capital allowance RM	Others RM	Total RM
Group				
Deferred tax assets				
2018				
At 1 April 2017				
As previously reported under FRSs	8,805,050	406,676	87,523	9,299,249
Effect of transition to MFRSs	205,444	-	-	205,444
As restated under MFRSs	9,010,494	406,676	87,523	9,504,693
Recognised in profit or loss	3,474,879	(14,968)	-	3,459,911
Reclass	-	87,523	(87,523)	-
Foreign exchange difference	-	(83,782)	-	(83,782)
At 31 March 2018	12,485,373	395,449	-	12,880,822

	Revaluation surplus RM	Accelerated capital allowances RM	Others RM	Total RM
Group				
Deferred tax liabilities				
2019				
At 1 April 2018				
As previously reported under FRSs	4,322,966	3,751,475	(13,194)	8,061,247
Effect of transition to MFRSs	-	-	-	-
As restated under MFRSs	4,322,966	3,751,475	(13,194)	8,061,247
Recognised in profit or loss	(81,358)	(161,936)	-	(243,294)
At 31 March 2019	4,241,608	3,589,539	(13,194)	7,817,953

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13. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

Deferred tax relates to the following: (Continued)

	Revaluation surplus RM	Accelerated capital allowances RM	Others RM	Total RM
Group				
Deferred tax liabilities				
2018				
At 1 April 2017				
As previously reported under FRSs	4,404,324	4,399,336	(13,194)	8,790,466
Effect of transition to MFRSs	-	-	-	-
As restated under MFRSs	4,404,324	4,399,336	(13,194)	8,790,466
Recognised in profit or loss	(81,358)	(647,861)	-	(729,219)
At 31 March 2018	4,322,966	3,751,475	(13,194)	8,061,247

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities of the Group.

	Property, plant and equipment RM	Provision for annual leave RM	Total RM
Company			
Deferred tax liabilities			
2019			
At 1 April 2018			
As previously reported under FRSs	242,681	(13,194)	229,487
Effect of transition to MFRSs	-	-	-
As restated under MFRSs	242,681	(13,194)	229,487
Recognised in profit or loss	-	-	-
At 31 March 2019	242,681	(13,194)	229,487
2018			
At 1 April 2017			
As previously reported under FRSs	242,681	(13,194)	229,487
Effect of transition to MFRSs	-	-	-
As restated under MFRSs	242,681	(13,194)	229,487
Recognised in profit or loss	-	-	-
At 31 March 2018	242,681	(13,194)	229,487

Unrecognised deferred tax assets

The following deferred tax assets have not been recognised:

		Group	
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Deductible temporary difference in respect of expenses	8,363,187	4,540,196	-
Unabsorbed capital allowance	5,230	5,197	4,623
Unused tax losses	3,811,715	3,806,433	4,658,895
	12,180,132	8,351,826	4,663,518

14. GOODWILL ON CONSOLIDATION

(a) The carrying amount of the goodwill allocated to each cash generating unit ("CGU") are as follows:

		Group	
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Property development segment	11,353,692	11,007,585	11,017,466
Property investment segment	7,818,799	7,818,799	7,818,799
Other segments	1,676,117	1,676,117	1,676,117
	20,848,608	20,502,501	20,512,382
Less: Impairment loss	(3,403,019)	(3,403,019)	(545,151)
	17,445,589	17,099,482	19,967,231

(b) The recoverable amounts of the CGUs have been determined based on the estimated fair value less costs to sell approved by the directors or based on independent valuation report.

(c) The estimation of the fair value less costs to sell of the respective CGUs which are determined using the income approach are most sensitive to the rental income per square foot and capitalisation rate or price per square foot assumed in the computation.

The directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

(d) In previous financial year, goodwill amounting to RM2,857,868 (31.3.2018) and RM545,151 (1.4.2017) was impaired as the cash generating unit has been inactive and the Group does not expect any significant cash flows to be generated from it.

15. TRADE RECEIVABLES

		Group	
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Non-current assets			
Trade receivables	-	1,936,000	3,230,000
Current assets			
Trade receivables	23,883,711	22,498,278	15,812,536
Contract retention sum	3,105,188	3,882,635	2,274,212
	26,988,899	26,380,913	18,086,748
Less: Impairment loss for trade receivables	(793,257)	(389,196)	(804,170)
	26,195,642	25,991,717	17,282,578
Total trade receivables	26,195,642	27,927,717	20,512,578

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15. TRADE RECEIVABLES (Continued)

		Company	
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Current assets			
Trade receivables	3,943,065	963,362	-
Less: Impairment loss for trade receivables	-	-	-
Total trade receivables	3,943,065	963,362	-

The Group's and the Company's normal trade credit terms ranges from 14 to 105 (2018: 14 to 105) days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables is amount of RM393,000 (31.3.2018: RM1,936,000; 1.4.2017: RM4,230,000) due from non-controlling shareholder of a subsidiary.

The movement in allowance for impairment loss of trade receivables is as follows:

	Group	
	2019 RM	2018 RM
At 1 April 2018/2017	389,196	804,170
Effect of adoption of MFRS 9	73,104	-
	462,300	804,170
Charge for the financial year	468,294	-
Reversal of impairment losses	(137,337)	(414,974)
At 31 March	793,257	389,196

Loss allowance disclosed in comparative period is based on incurred loss model in accordance with FRS 139 *Financial Instruments: Recognition and Measurement.*

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The information about the credit exposures are disclosed in Note 41(b).

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
Other receivables	5,336,662	1,283,550	1,547,504
Advances to sub-contractors	1,487,882	1,456,908	5,875,480
GST refundable	473,163	276,536	209,966
Deposits	1,034,098	1,307,874	2,720,105
Prepayments	275,075	277,067	280,222
	8,606,880	4,601,935	10,633,277

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Company			
Other receivables	594,811	622,280	273,164
Advances to sub-contractors	1,487,882	1,456,906	3,906,920
Deposits	218,975	226,075	259,825
Prepayments	272,002	272,002	277,323
	2,573,670	2,577,263	4,717,232

The advances to sub-contractors are unsecured and interest free except for amounts of RM1,487,882 (31.3.2018: RM1,456,908; 1.4.2017: RM5,398,346) which bear interest 3% (31.3.2018: 8.85%; 1.4.2017: 1% to 8.85%) per annum. Included in advances to sub-contractors as at 1.4.2017 is an amount of RM1,491,426 being advances to a company in which its director and major shareholder is related to a director of the Company.

17. CONTRACT ASSETS/(LIABILITIES)

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
Contract assets relating to construction service contracts	2,167,217	2,327,063	2,166,881
Contract assets relating to property development contracts	8,463,947	31,939,862	2,512,309
Total contract assets	10,631,164	34,266,925	4,679,190
Contract liabilities relating to construction service contracts	6,771,832	16,744,152	17,909,544
Contract liabilities relating to property development contracts	2,179,507	825,319	825,319
Total contract liabilities	8,951,339	17,569,471	18,734,863
Company			
Contract liabilities relating to construction service contracts	19,683,069	53,594,386	9,805,675
Contract liabilities relating to property development contracts	2,179,507	825,319	825,319
Total contract liabilities	21,862,576	54,419,705	10,630,994

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17. CONTRACT ASSETS/(LIABILITIES) (Continued)

(a) Significant changes in contract balances

	31.3.2019		31.3.2018	
	Contract assets Increase/ (decrease) RM	Contract liabilities Increase/ (decrease) RM	Contract assets Increase/ (decrease) RM	Contract liabilities Increase/ (decrease) RM
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	-	(9,972,319)	-	(1,396,312)
Increases due to progress billings, or cash received excluding amounts recognised as revenue during the period	-	1,354,187	-	230,920
Increases due to revenue recognised during the period but no right to consideration	1,671,536	-	30,243,331	-
Transfer from contract assets recognised at the beginning of the period to receivables	(25,307,297)	-	(655,596)	-

	31.3.2019 Contract liabilities Increase/ (decrease) RM	31.3.2018 Contract liabilities Increase/ (decrease) RM
Company		
Revenue recognised that was included in contract liability at the beginning of the financial year	(33,911,317)	-
Increases due to progress billings, or cash received excluding amounts recognised as revenue during the period	1,354,188	43,788,711

18. AMOUNT DUE FROM SUBSIDIARIES

		Company	
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Trade	121,497,842	163,961,574	111,738,867
Non-trade	79,156,875	95,987,749	92,528,748
	200,654,717	259,949,323	204,267,615

The non-trade amount due from subsidiaries are unsecured, interest free and repayable upon demand in cash, except for amount of RM46,490,382 (31.3.2018: RM94,459,229; 1.4.2017: RM83,090,584) owing by certain subsidiaries which bears interest at the rate of 2% (31.3.2018: 2%; 1.4.2017: 2%) per annum above the bank base lending rate.

The trade credit term is as disclosed in Note 15.

19. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

(a) The interest rates of deposits and the maturities of deposits as at the end of the financial year were as follows:

	31.3.2019	31.3.2018	1.4.2017
Group			
Interest rates (%) per annum	2.75 - 4.00	2.50 - 3.75	1.25 - 3.48
Maturity months	1 - 12	1 - 12	1 - 12
Company			
Interest rates (%) per annum	3.25	3.00	3.00
Maturity months	12	12	12

(b) Deposits of RM1,103,245 (31.3.2018: RM1,201,145; 1.4.2017: RM1,190,435) of the Group is pledged to financial institutions as security for banking facilities as disclosed in Note 25.

20. CASH AND BANK BALANCES

Included in the bank balances of the Group is RM1,078,110 (31.3.2018: RM3,917,096; 1.4.2017: RM1,901,648) which is maintained pursuant to the Housing Development(Housing Development Account) Regulations 1991. This amount is restricted from use in other operations.

21. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
Ordinary shares				
At 1 April/31 March	345,472,344	172,736,172	345,472,344	172,736,172

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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22. RESERVES

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
Exchange fluctuation reserve	(5,816,877)	(6,683,279)	2,538,792
Retained earnings	386,608,751	378,941,176	351,046,782
	380,791,874	372,257,897	353,585,574
Company			
Retained earnings	226,146,959	217,044,453	218,445,320

Exchange fluctuation reserve

The exchange fluctuation reserve comprises foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

23. TREASURY SHARES

	Group and Company			
	2019		2018	
	Number of shares	RM	Number of shares	RM
At 1 April 2018/2017	1,136,934	864,688	1,101,934	832,533
Purchased during the financial year	3,315,400	2,491,596	35,000	32,155
At 31 March	4,452,334	3,356,284	1,136,934	864,688

During the financial year, the Company repurchased 3,315,400 (2018: 35,000) ordinary shares comprising 3,315,400 (2018: 35,000) ordinary shares, of its issued ordinary shares from open market at an average price of RM0.75 (2018: RM0.92) per share. The total consideration paid for the purchase including transaction costs was RM2,491,596 (2018: RM32,155) and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016 in Malaysia. Treasury shares have no rights to vote, not entitled to dividends and participation in other distribution.

As at 31 March 2019, the total issued shares amounts to 345,472,344 (31.3.2018: 345,472,344; 1.4.2017: 345,472,344) and the treasury shares held by the Company amounts to 4,452,334 (31.3.2018: 1,136,934; 1.4.2017: 1,101,934). The number of outstanding ordinary shares in issue after the set-off of the treasury shares is therefore 341,020,010 (31.3.2018: 344,335,410; 1.4.2017: 344,370,410) ordinary shares.

24. HIRE PURCHASE PAYABLES

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
Minimum hire purchase payments:			
Within 1 year	1,429,922	2,171,880	2,353,579
More than 1 year but less than 5 years	375,188	1,604,813	2,323,395
	1,805,110	3,776,693	4,676,974
Less: Future finance charges	(67,904)	(187,080)	(294,141)
Present value of hire purchase	1,737,206	3,589,613	4,382,833
Present value of hire purchase:			
Within 1 year	1,378,493	2,030,810	2,113,517
More than 1 year but less than 5 years	358,713	1,558,803	2,269,316
	1,737,206	3,589,613	4,382,833
Analysed as:			
Due within 1 year	1,378,493	2,030,810	2,113,517
Due after 1 year	358,713	1,558,803	2,269,316
	1,737,206	3,589,613	4,382,833
Company			
Minimum hire purchase payments:			
Within 1 year	1,086,399	1,639,384	1,683,357
More than 1 year but less than 5 years	303,423	1,139,062	2,148,656
	1,389,822	2,778,446	3,832,013
Less: Future finance charges	(53,697)	(137,612)	(253,844)
Present value of hire purchase	1,336,125	2,640,834	3,578,169
Present value of hire purchase:			
Within 1 year	1,048,009	1,531,029	1,525,422
More than 1 year but less than 5 years	288,116	1,109,805	2,052,747
	1,336,125	2,640,834	3,578,169
Analysed as:			
Due within 1 year	1,048,009	1,531,029	1,525,422
Due after 1 year	288,116	1,109,805	2,052,747
	1,336,125	2,640,834	3,578,169

The hire purchase liabilities bear effective interest at rates ranging from 3.60% to 7.03% (31.3.2018: 3.66% to 7.24%; 1.4.2017: 4.48% to 7.03%) per annum.

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25. BORROWINGS

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
Short Term Borrowings			
Secured:			
Term loans	5,729,754	5,053,932	20,115,077
Bank overdraft	13,391,532	15,853,947	16,105,838
Revolving credit	5,000,000	5,000,000	5,000,000
Unsecured:			
Short term loans	24,518,187	30,000,000	-
	48,639,473	55,907,879	41,220,915
Long Term Borrowings			
Secured:			
Term loans	67,411,047	73,345,246	54,808,946
Total Borrowings			
Term loans	73,140,801	78,399,178	74,924,023
Bank overdraft	13,391,532	15,853,947	16,105,838
Revolving credit	5,000,000	5,000,000	5,000,000
Short term loans	24,518,187	30,000,000	-
	116,050,520	129,253,125	96,029,861
Company			
Short Term Borrowings			
Secured:			
Bank overdraft	6,830,587	6,899,211	6,873,063
Revolving credit	5,000,000	5,000,000	5,000,000
	11,830,587	11,899,211	11,873,063

The maturity of the borrowings is disclosed in Note 41(a).

(a) **Term loans**

Term loan 1 of a subsidiary of RM7,444,285 (31.3.2018: RM9,392,013; 1.4.2017: RM11,213,590) bears interest at 7.47% (31.3.2018: 7.47%; 1.4.2017: 7.22%) per annum and is repayable by monthly instalments of RM215,220 over 6 years commencing from 13th month from full drawdown and is secured and supported as follows:

(i) Legal charge over a freehold vacant land; and
(ii) Corporate guarantee of the Company.

Term loan 2 of a subsidiary of RM43,000,000 (31.3.2018: RM43,000,000; 1.4.2017: RM43,000,000) bears interest at 5.35% (31.3.2018: 5.13%; 1.4.2017: 5.10%) per annum and is repayable by 5 instalments of RM7,500,000 and a last instalment of RM5,500,000 and is secured and supported as follows:

(i) Legal charge over a vacant residential land;
(ii) Debenture over fixed and floating charge; and
(iii) Corporate guarantee of the Company.

25. BORROWINGS (Continued)

(a) **Term loans (Continued)**

Term loan 3 of a subsidiary of RM1,916,448 (31.3.2018: RM2,467,098; 1.4.2017: RM2,939,385) bears interest at 8.21% - 8.31% (31.3.2018: 8.21%; 1.4.2017: 7.85%) per annum and is repayable by monthly instalments of RM60,615 over 5 years commencing one month after full drawdown and is secured and supported as follows:

(i) Legal charge over freehold agricultural land; and
(ii) Corporate guarantee of the Company.

Term loan 4 of a subsidiary of RM20,780,000 (31.3.2018: RM RM23,540,000; 1.4.2017: RM Nil) bears interest at 7.90 - 8.01% (31.3.2018: 8.01%; 1.4.2017: Nil) per annum and is repayable by monthly instalments of RM230,000 over 83 months and 1 final instalment of RM4.91 million commencing one month after full drawdown and is secured and supported as follows:

(i) Legal charge over a leasehold building;
(ii) Debenture incorporating a fixed and floating charges for all monies owing or payable under facility over all present and future assets of the subsidiary; and
(iii) Corporate guarantee of the Company.

(b) **Bank overdrafts**

The secured bank overdrafts of the Group and of the Company are obtained from local financial institutions and are secured as follows:

(i) Legal charges over the freehold land under development of the Group and of the Company;
(ii) Legal charges over the industrial lots of the Company; and
(iii) Facility agreement and corporate guarantee of the Company.

The bank overdrafts bear interest with rates ranging from 8.46% to 8.92% (31.3.2018: 8.10% to 8.92%; 1.4.2017: 8.60% to 8.67%) per annum.

(c) **Revolving credit**

The revolving credit of the Company bears interest of 6.07% (31.3.2018: 6.07%; 1.4.2017: 5.73%) per annum.

(d) **Short term loans**

The short term loans of the Company is unsecured, interest free and repayable on demand.

26. TRADE PAYABLES

	31.3.2019 RM	**31.3.2018 RM**	**1.4.2017 RM**
Group			
Trade payables	5,664,483	11,871,233	12,514,441
Trade accruals	7,019,221	10,841,754	-
Contract retention sum	13,220,445	9,047,195	5,467,386
	25,904,149	31,760,182	17,981,827

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26. TRADE PAYABLES (Continued)

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Company			
Trade payables	235,814	3,254,801	2,581,225
Trade accruals	1,472,714	2,893,398	-
Contract retention sum	5,178,492	2,295,703	2,587,586
	6,887,020	8,443,902	5,168,811

The normal trade credit term granted to the Group and to the Company ranges from 30 to 90 (31.3.2018: 30 to 90; 1.4.2017: 30 to 90) days.

Included in trade payables of the Group is an amount of RM Nil (31.3.2018: RM Nil; 1.4.2017: RM28,937) owing to a company in which its director and major shareholder is related to a director of the Company.

27. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Group			
Other payables	5,147,560	9,898,720	10,344,162
GST payable	2,326,146	1,960,398	1,077,913
Deposits	4,732,855	8,956,526	9,373,012
Accruals	807,504	1,323,880	1,182,589
Dividend payable	-	5,165,025	-
	13,014,065	27,304,549	21,977,676
Company			
Other payables	3,110,868	3,105,248	107,602
GST payable	2,326,146	1,656,559	315,305
Deposits	7,800	8,900	8,900
Accruals	219,940	209,018	342,011
Dividend payable	-	5,165,025	-
	5,664,754	10,144,750	773,818

Included in other payables is:

(a) an amount of RM313,298 (31.3.2018: RM724,041; 1.4.2017: RM850,000) being advances from a third party. This amount is unsecured, bears interest of 8% (31.3.2018: 8%; 1.4.2017: 8%) per annum and is repayable on demand; and

(b) an amount of RM1,000,000 in the previous financial year ended 31.3.2017 due to non-controlling shareholders of a subsidiary who are also the directors of the Company. This amount is non-trade in nature, non-interest bearing, repayable on demand and expected to be settled in cash.

(c) an amount of RM Nil (31.3.2018: RM5,000,000; 1.4.2017: RM Nil) being advances from a third party. This amount is non-trade in nature, non-interest bearing and repayable on demand.

Included in deposits of the Group is an amount of RM Nil (31.3.2018: RM4,518,187; 1.4.2017: RM4,518,187) being security deposit received for the sale of a subsidiary of the Company in previous financial year ended 31.3.2018.

28. AMOUNT DUE TO SUBSIDIARIES

		Company	
	31.3.2019	**31.3.2018**	**1.4.2017**
	RM	**RM**	**RM**
Trade	2,841,517	2,841,517	2,841,517
Non-trade	1,189,091	29,548,278	17,602,857
	4,030,608	32,389,795	20,444,374

The non-trade amount due to subsidiaries is unsecured, interest free and repayable upon demand in cash. The trade credit term is disclosed in Note 26.

29. AMOUNT DUE TO DIRECTORS

The amount due to directors is non-trade in nature, unsecured, interest-free and payable upon demand in cash.

30. REVENUE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM (Restated)**	**RM**	**RM**
Revenue from contract customers:				
Properties under development	50,751,078	70,450,354	4,373,650	1,009,440
Construction contracts	25,491,202	175,178,174	56,492,357	54,502,281
Water supply and services rendered	32,258,381	32,408,058	-	-
	108,500,661	278,036,586	60,866,007	55,511,721
Revenue from other sources:				
Dividend income from subsidiaries	-	-	3,947,500	2,512,500
Rental income	13,229,889	13,924,601	-	-
	13,229,889	13,924,601	3,947,500	2,512,500
	121,730,550	291,961,187	64,813,507	58,024,221

Included in revenue from properties under development are revenue recognised based on the stage of completion method in respect of the property units sold amounting to RM50,788,065 (31.3.2018: RM70,450,354; 1.4.2017: RM36,352,556).

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30. REVENUE (Continued)

(a) **Disaggregation of revenue**

The Group reports the following segments: property development and water supply and services in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Property development RM	Water supply and services RM	Total RM
Group - 2019			
Major goods or services:			
Properties under development	50,751,078	-	50,751,078
Construction services	25,491,202	-	25,491,202
Water supply and services rendered	-	32,258,381	32,258,381
	76,242,280	32,258,381	108,500,661
Timing of revenue recognition:			
Over time	76,242,280	32,258,381	108,500,661
Group - 2018			
Major goods or services:			
Properties under development	70,450,354	-	70,450,354
Construction services	175,178,174	-	175,178,174
Water supply and services rendered	-	32,408,058	32,408,058
	245,628,528	32,408,058	278,036,586
Timing of revenue recognition:			
Over time	245,628,528	32,408,058	278,036,586

	Property development RM	Total RM
Company - 2019		
Major goods or services:		
Properties under development	4,373,650	4,373,650
Construction services	56,492,357	56,492,357
	60,866,007	60,866,007
Timing of revenue recognition:		
Over time	60,866,007	60,866,007
Company - 2018		
Major goods or services:		
Properties under development	1,009,440	1,009,440
Construction services	54,502,281	54,502,281
	55,511,721	55,511,721
Timing of revenue recognition:		
Over time	55,511,721	55,511,721

30. REVENUE (Continued)

(b) Transaction price allocated to the remaining performance obligations

	2020 RM	2021 RM	2022 RM	Total RM
As at 31 March 2019				
Group				
Revenue expected to be recognised on:				
- Construction contracts	16,613,160	-	-	16,613,160
- Property development contracts	80,949,643	41,729,188	41,729,188	164,408,019
	97,562,803	41,729,188	41,729,188	181,021,179
Company				
Revenue expected to be recognised on:				
- Construction contracts	41,618,626	-	-	41,618,626

In accordance with the transitional provisions in paragraph MFRS 1, the Group and the Company have applied the practical expedient provided under MFRS 15 and, for all reporting periods presented before the beginning of the first MFRS reporting period, do not disclose the amount of the transaction price allocated to the remaining performance obligations.

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

31. COST OF SALES

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Contract cost	12,144,209	149,093,193	45,548,143	47,643,132
Property development cost	26,917,623	51,386,650	3,481,070	602,825
Operation and maintenance charges - water supply and services rendered	29,574,277	29,632,479	-	-
Direct operating expenses of investment properties	7,242,920	7,452,575	-	-
	75,879,029	237,564,897	49,029,213	48,245,957

Included in property development costs are cost of sales recognised based on the stage of completion method in respect of the property units sold amounting to RM23,460,990 (2018: RM50,783,825).

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32. OTHER INCOME

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Interest income	7,775,186	9,847,383	6,941,980	6,665,619
Gain on foreign exchange				
- realised	1,053	-	-	-
- unrealised	1,966	306,477	1,966	-
Gain on disposal of:				
- a subsidiary	-	45,630,390	-	-
- an associate	-	8,089,763	-	-
- an investment	5,362,500	-	-	-
- property, plant and equipment	39,190	146,222	84,999	51,885
Rental income	1,130,184	472,466	2,120,272	43,200
Miscellaneous	856,443	1,058,070	159,692	162,945
	15,166,522	65,550,771	9,308,909	6,923,649

33. FINANCE COSTS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Finance costs on:				
- Term loan	1,973,228	1,372,085	-	-
- Revolving credit	294,104	311,504	294,105	311,504
- Bank commitment	30,977	27,901	19,392	19,563
- Bank overdraft	1,193,718	1,350,861	594,051	580,840
- Hire purchase	38,860	69,540	5,455	3,228
	3,530,887	3,131,891	913,003	915,135

34. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at:

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
After charging:					
Auditors' remuneration					
- statutory audit		271,386	269,236	119,100	119,100
- under provision in prior year		-	31,084	-	8,500
- other services		5,500	5,500	5,500	5,500
Bad debts written off		584,914	283,933	-	-
Impairment loss on:					
- goodwill		-	2,857,868	-	-
- trade receivables		468,294	-	-	-
Fair value loss on other investment		15,923,115	20,313,496	-	-
Depreciation of:					
- property, plant and equipment		1,081,965	1,202,299	240,550	231,199
- investment properties		2,267,423	2,267,221	-	-
Interest expenses		3,530,887	3,131,891	913,003	915,135
Loss on foreign exchange					
- realised		-	94,485	-	82,328
- unrealised		27,512	1,980	-	-
Property, plant and equipment written off		5,270	16	-	13
Inventory written off		399,000	-	-	-
Rental of premises		381,245	389,943	138,600	137,400
Staff and labour costs	(a)	3,409,774	3,757,537	915,425	861,699
Directors' remuneration	(b)	1,404,211	1,455,790	485,640	594,640
And crediting:					
Gain on disposal:					
- property, plant and equipment		39,190	146,222	84,999	51,885
- a subsidiary		-	45,630,390	-	-
- an associate		-	8,089,763	-	-
- an investment		5,362,500	-	-	-
Realised gain on foreign exchange		1,053	-	-	-
Unrealised gain on foreign exchange		1,966	306,477	1,966	-
Interest income		7,775,186	9,847,383	6,941,980	6,665,619
Rental income		1,130,184	472,466	2,120,272	43,200
Reversal of impairment loss on trade receivables		137,337	414,974	-	-
Management and administration fee		48,000	48,000	-	-

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34. PROFIT BEFORE TAXATION (Continued)

(a) Staff and labour costs comprise:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries,wages and bonus	3,046,404	3,345,652	834,057	769,036
Social security costs	32,377	35,109	7,572	8,559
Decrease in short term accumulating compensated absences	(20,507)	(10,051)	(4,790)	(10,051)
Contribution to defined contribution plan	351,500	386,827	78,586	94,155
	3,409,774	3,757,537	915,425	861,699

(b) Directors' remuneration comprise:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors' fees	200,023	221,280	97,500	105,000
Salaries, bonus and other emoluments	1,140,500	1,169,280	388,140	489,640
Contribution to defined contribution plan	63,688	65,230	-	-
	1,404,211	1,455,790	485,640	594,640

35. TAXATION

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Current tax				
- current year				
- Malaysian income tax	13,486,706	12,585,043	4,438,732	2,595,214
- Foreign income tax	2,148,177	2,894,543	-	-
- Witholding tax	14,498	14,280	14,498	14,280
- prior years				
- Malaysian income tax	(120,219)	(104,540)	138,330	85,599
- foreign income tax	-	23,855	-	-
	15,529,162	15,413,181	4,591,560	2,695,093
Deferred tax (Note 13)				
- current year	(3,278,637)	(2,046,940)	-	-
- prior years	(63,880)	(2,142,190)	-	-
	(3,342,517)	(4,189,130)	-	-
Real property gain tax				
- current year	-	2,207,053	-	-
- prior years	(474,309)	-	-	-
	(474,309)	2,207,053	-	-
	11,712,336	13,431,104	4,591,560	2,695,093

35. TAXATION (Continued)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rates to tax expense at the effective income tax rates of the Group and of the Company is as follows:

	Group		Company	
	2019 RM	**2018 RM (Restated)**	**2019 RM**	**2018 RM**
Profit before taxation	31,145,651	81,712,247	20,578,630	11,624,276
Taxation at Malaysian statutory tax rate	7,474,956	19,610,939	4,938,871	2,789,826
Tax effects in respect of:				
Effect of reduced tax rate on incremental chargeable income	-	(1,159,495)	-	(123,419)
Effect of tax rates in foreign jurisdictions	432,162	578,521	-	-
Non-deductible expenses	3,249,917	2,594,327	465,099	531,807
Non-taxable income	(2,333,694)	(13,693,555)	(965,238)	(603,000)
Foreign witholding tax	14,498	14,280	14,498	14,280
Real property gain tax	(474,309)	2,207,053	-	-
Deferred tax assets not recognised during the financial year	3,828,306	3,688,308	-	-
(Under)/Over provision of income tax in prior financial years	(184,099)	(302,677)	138,330	85,599
Share of results of associates	(301,366)	(115,696)	-	-
Share of results of joint ventures	5,965	9,099	-	-
	11,712,336	13,431,104	4,591,560	2,695,093

36. BASIC AND DILUTED EARNINGS PER SHARE

	Group	
	2019	**2018 (Restated)**
Profit attributable to shareholders of the Company (RM)	14,588,874	38,224,444
Weighted average number of ordinary shares	343,741,652	344,340,766
Basic earnings per share (sen)	4.24	11.10

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue, net of treasury shares, during the financial year.

The diluted earnings per share is equal to the basic earnings per share for the financial year 2019 and 2018 as there is no dilutive potential ordinary shares in issue.

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37. DIVIDENDS

	Company 2019	2018
Recognised during the financial year:		
Dividends on ordinary shares:		
- single tier interim dividend for the financial year ended 31 March 2019: 2.0 sen per ordinary share, paid on 27 December 2018	6,884,564	-
- single tier interim dividend for the financial year ended 31 March 2018: 1.5 sen per ordinary share, paid on 30 August 2017	-	5,165,025
- single tier interim dividend for the financial year ended 31 March 2018: 1.5 sen per ordinary share, paid on 10 April 2018	-	5,165,025
	6,884,564	10,330,050

38. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Billings on contract work charged to subsidiaries	-	-	22,696,214	96,871,033
Hire of machinery charged to subsidiaries	-	-	2,076,273	-
Interest income received/ receivable from subsidiaries	-	-	6,903,444	6,593,645
Management fee received/ receivable from a subsidiary	-	-	144,984	162,946
Rental of premises paid/payable to related party in which certain directors have interest in	300,000	300,000	109,800	109,800
Construction cost paid/payable to a company in which its director and major shareholder is related to a director of the Company	6,961,444	15,456,887	4,679,688	2,084,319

The information regarding outstanding balances arising from related party transactions as at reporting date is disclosed in Notes 18, 27, 28 and 29.

38. SIGNIFICANT RELATED PARTIES TRANSACTIONS (Continued)

(c) **Key management personnel remuneration**

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity, directly and indirectly, including any director(whether executive or otherwise) of the Group as disclosed in Note 34(b).

39. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise associates, joint ventures and corporate assets.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Business Segments of the Group is organised into four major segments which are civil engineering and construction, property development, property investments and investment holding, and water supply and services.

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39. SEGMENTAL INFORMATION (Continued)

		Civil engineering and construction RM	Property development RM	Property investments and investment holding RM	Water supply and services RM	Elimination RM	Consolidated RM
2019							
Revenue							
External sales		25,491,202	50,751,078	13,229,889	32,258,381	-	121,730,550
Inter-segment sales	(a)	56,492,357	-	-	-	(56,492,357)	-
Total revenue		81,983,559	50,751,078	13,229,889	32,258,381	(56,492,357)	121,730,550
Results							
Segment results	(b)	29,155,148	24,361,036	(4,494,216)	7,152,198	(22,728,466)	33,445,700
Finance costs		(360,398)	(6,614,001)	(1,797,665)	-	5,241,177	(3,530,887)
Share of results of associates		-	-	1,255,692	-	-	1,255,692
Share of results of joint ventures		-	-	(24,854)	-	-	(24,854)
Taxation		(3,117,020)	(5,417,945)	(1,029,194)	(2,148,177)	-	(11,712,336)
Non-controlling interests							(4,844,441)
Profit attributable to owners of the Company							14,588,874
Interest income		174,800	2,583,540	2,064	5,014,782	-	7,775,186
Assets and Liabilities							
Segment assets	(c)	30,549,301	580,122,280	110,959,514	115,336,715	(56,388,999)	780,578,811
Associates and joint ventures							91,656,011
Unallocated corporate assets							17,445,589
Consolidated total assets							889,680,411
Segment liabilities	(d)	64,391,900	95,905,940	32,721,401	3,091,711	(19,683,069)	176,427,883
Consolidated total liabilities							176,427,883
Other information							
Capital expenditure		896,215	11,267	39,094	-	-	946,576
Depreciation		1,666,937	57,309	2,304,184	-	-	4,028,430
Impairment loss on trade receivables		468,294	-	-	-	-	468,294
Reversal of impairment loss on trade receivables		-	-	(137,337)	-	-	(137,337)
Non cash expenses other than depreciation		5,266	-	4	-	-	5,270

39. **SEGMENTAL INFORMATION (Continued)**

		Civil engineering and construction RM	Property development RM	Property investments and investment holding RM	Water supply and services RM	Elimination RM	Consolidated RM
2018							
Revenue							
External sales		175,178,174	70,450,354	13,924,601	32,408,058	-	291,961,187
Inter-segment sales	(a)	54,502,281	-	-	-	(54,502,281)	-
Total revenue		229,680,455	70,450,354	13,924,601	32,408,058	(54,502,281)	291,961,187
Results							
Segment results	(b)	32,293,748	19,587,837	33,213,595	9,594,971	(10,290,167)	84,399,984
Finance costs		(418,523)	(1,700,563)	(1,012,805)	-	-	(3,131,891)
Share of results of associates		-	-	482,067	-	-	482,067
Share of results of joint ventures		-	-	(37,913)	-	-	(37,913)
Taxation		(5,644,807)	(4,275,867)	(606,145)	(2,904,285)	-	(13,431,104)
Non-controlling interests							(30,056,699)
Profit attributable to owners of the Company							38,224,444
Interest income		170,874	2,307,884	-	7,368,625	-	9,847,383
Assets and Liabilities							
Segment assets	(c)	44,888,130	634,898,529	113,860,743	108,263,485	(81,948,117)	819,962,770
Associates and joint ventures							87,301,063
Unallocated corporate assets							17,099,482
Consolidated total assets							924,363,315
Segment liabilities	(d)	118,027,001	118,566,347	36,218,110	2,841,687	(53,594,386)	222,058,759
Consolidated total liabilities							222,058,759
Other information							
Capital expenditure		2,067,525	6,107	17,770	-	-	2,091,402
Depreciation		1,745,141	29,660	2,301,936	-	-	4,076,737
Impairment loss on goodwill		576,129	1,726,902	10,058	544,779	-	2,857,868
Reversal of impairment loss on trade receivables		-	-	(414,974)	-	-	(414,974)
Non cash expenses other than depreciation and amortisation		13	3	-	-	-	16

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39. SEGMENTAL INFORMATION (Continued)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities, and other material items are as follows:

(a) Inter-segment revenue

Inter segment revenues are eliminated on consolidation.

(b) Reconciliation of segment results

	2019 RM	2018 RM
Elimination of inter-segment finance costs	5,241,177	3,088,068
Elimination of inter-segment profits	17,487,289	7,202,099
	22,728,466	10,290,167

(c) Reconciliation of assets

	2019 RM	2018 RM
Inter-segment assets	56,388,999	81,948,117

(d) Reconciliation of liabilities

	2019 RM	2018 RM
Inter-segment liabilities	19,683,069	53,594,386

Geographical Segments

Revenue, property, plant and equipment and investment properties information based on the geographical location of customers and asset respectively are as follows:

	Revenue		Non-current assets *	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	89,472,169	259,553,129	497,630,506	485,616,377
Papua New Guinea	32,258,381	32,408,058	305,521	319,695
	121,730,550	291,961,187	497,936,027	485,936,072

* *Excluding other investments, deferred tax assets and operating financial assets.*

Revenue from one major customer amounting to RM32,258,381 (31.3.2018: RM32,408,058; 1.4.2017: RM31,566,155) relates to the sales from the water supply and services segment.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

<u>From 1 April 2018:</u>

(i) Fair value through profit or loss("FVPL")
(ii) Amortised cost

<u>On or before 31 March 2018:</u>

(i) Loan and receivables("L&R")
(ii) Available-for-sale financial assets("AFS")
(iii) Held-to-maturity investments("HTM")
(iv) Other financial liabilities("FL")

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 March 2019			
Financial assets			
Group			
Operating financial assets	4,273,814	4,273,814	-
Other investments	20,769,280	-	20,769,280
Trade receivables	26,195,642	26,195,642	-
Other receivables and deposits ^	6,370,760	6,370,760	-
Deposits with licensed financial institutions	13,411,232	13,411,232	-
Cash and bank balances	98,004,237	98,004,237	-
	169,024,965	148,255,685	20,769,280
Company			
Trade receivables, other receivables and deposits ^	4,756,851	4,756,851	-
Amount due from subsidiaries	200,654,717	200,654,717	-
Deposits with licensed financial institutions	1,862	1,862	-
Cash and bank balances	238,124	238,124	-
	205,651,554	205,651,554	-

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40. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 March 2019			
Financial liabilities			
Group			
Trade payables	25,904,149	25,904,149	-
Other payables, deposits and accruals *	10,687,919	10,687,919	-
Amount due to directors	2,586,369	2,586,369	-
Hire purchase payables	1,737,206	1,737,206	-
Borrowings	116,050,520	116,050,520	-
	156,966,163	156,966,163	-
Company			
Trade payables	6,887,020	6,887,020	-
Other payables, deposits and accruals *	3,338,608	3,338,608	-
Amount due to subsidiaries	4,030,608	4,030,608	-
Amount due to directors	2,487,500	2,487,500	-
Hire purchase payables	1,336,125	1,336,125	-
Borrowings	11,830,587	11,830,587	-
	29,910,448	29,910,448	-

	Carrying amount RM	Loans and receivables RM	Available for sale financial assets RM	Held to maturity RM	Other financial liabilities RM
At 31 March 2018					
Financial assets					
Group					
Operating financial assets	27,495,782	27,495,782	-	-	-
Other investments	51,862,840	-	51,267,395	595,445	-
Trade receivables	27,927,717	27,927,717	-	-	-
Other receivables and deposits ^	2,591,424	2,591,424	-	-	-
Deposits with licensed financial institutions	70,126,366	70,126,366	-	-	-
Cash and bank balances	43,893,681	43,893,681	-	-	-
	223,897,810	172,034,970	51,267,395	595,445	-
Company					
Trade receivables, other receivables and deposits ^	1,811,717	1,811,717	-	-	-
Amount due from subsidiaries	259,949,323	259,949,323	-	-	-
Deposits with licensed financial institutions	1,807	1,807	-	-	-
Cash and bank balances	6,064,365	6,064,365	-	-	-
	267,827,212	267,827,212	-	-	-

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40. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Loans and receivables RM	Available for sale financial assets RM	Held to maturity RM	Other financial liabilities RM
At 31 March 2018					
Financial liabilities					
Group					
Trade payables	31,760,182	-	-	-	31,760,182
Other payables, deposits and accruals *	25,344,151	-	-	-	25,344,151
Amount due to directors	3,700,618	-	-	-	3,700,618
Hire purchase payables	3,589,613	-	-	-	3,589,613
Borrowings	129,253,125	-	-	-	129,253,125
	193,647,689	-	-	-	193,647,689
Company					
Trade payables	8,443,902	-	-	-	8,443,902
Other payables, deposits and accruals *	8,488,191	-	-	-	8,488,191
Amount due to subsidiaries	32,389,795	-	-	-	32,389,795
Amount due to directors	2,558,750	-	-	-	2,558,750
Hire purchase payables	2,640,834	-	-	-	2,640,834
Borrowings	11,899,211	-	-	-	11,899,211
	66,420,683	-	-	-	66,420,683
At 1 April 2017					
Financial assets					
Group					
Operating financial assets	55,909,544	55,909,544	-	-	-
Other investments	595,445	-	-	595,445	-
Trade receivables	20,512,578	20,512,578	-	-	-
Other receivables and deposits ^	4,267,609	4,267,609	-	-	-
Deposits with licensed financial institutions	43,196,575	43,196,575	-	-	-
Cash and bank balances	21,352,163	21,352,163	-	-	-
	145,833,914	145,238,469	-	595,445	-
Company					
Other receivables and deposits ^	532,989	532,989	-	-	-
Amount due from subsidiaries	204,267,615	204,267,615	-	-	-
Deposits with licensed financial institutions	1,754	1,754	-	-	-
Cash and bank balances	17,000	17,000	-	-	-
	204,819,358	204,819,358	-	-	-

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40. FINANCIAL INSTRUMENTS (Continued)

(a) **Categories of financial instruments (Continued)**

	Carrying amount RM	Loans and receivables RM	Available for sale financial assets RM	Held to maturity RM	Other financial liabilities RM
At 1 April 2017					
Financial liabilities					
Group					
Trade payables	17,981,827	-	-	-	17,981,827
Other payables, deposits and accruals *	20,899,763	-	-	-	20,899,763
Amount due to directors	1,013,121	-	-	-	1,013,121
Hire purchase payables	4,382,833	-	-	-	4,382,833
Borrowings	96,029,861	-	-	-	96,029,861
	140,307,405	-	-	-	140,307,405
Company					
Trade payables	5,168,811	-	-	-	5,168,811
Other payables, deposits and accruals *	458,513	-	-	-	458,513
Amount due to subsidiaries	20,444,374	-	-	-	20,444,374
Amount due to directors	41,250	-	-	-	41,250
Hire purchase payables	3,578,169	-	-	-	3,578,169
Borrowings	11,873,063	-	-	-	11,873,063
	41,564,180	-	-	-	41,564,180

^ *Advances to sub-contractors and GST refundable were excluded from other receivables.*
* *GST payables were excluded from other payables.*

(b) **Fair value measurement**

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) *Cash and cash equivalents, trade and other receivables and payables*

The carrying amounts of cash and cash equivalents, trade and other receivables, current operating financial assets and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The fair value of non-current trade receivables and operating financial assets are estimated by discounting future cash flows using current lending/borrowing rates for similar types of arrangements.

40. FINANCIAL INSTRUMENTS (Continued)

(b) **Fair value measurement (Continued)**

(ii) *Borrowings*

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flow analysis, based on current lending rates for similar types of arrangements.

Policy on transfer between levels

The fair value of assets and liabilities to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There have been no transfers between Level 1 and Level 2 during the financial year (31.3.2018: no transfer in either directions; 1.4.2017: no transfer in either directions).

The carrying amounts of financial assets and liabilities recognised in the financial statements are reasonable approximation of their fair values except as follows:

	Group		Company	
	Carrying Amount RM	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
31 March 2019				
Financial assets				
Other investments	20,769,280	20,769,280	-	-
Operating financial assets	4,273,814	4,273,814	-	-
Financial liabilities				
Hire purchase payables	1,737,206	1,777,953	1,336,125	1,334,878
31 March 2018				
Financial assets				
Trade receivables (non-current)	1,936,000	1,936,000	-	-
Other investments	51,862,840	51,862,840	-	-
Operating financial assets	27,495,782	27,495,782	-	-
Financial liabilities				
Hire purchase payables	3,589,613	3,591,781	2,640,834	2,638,081
1 April 2017				
Financial assets				
Trade receivables (non-current)	3,230,000	2,767,432	-	-
Operating financial assets	55,909,544	55,909,544	-	-
Financial liabilities				
Hire purchase payables	4,382,833	4,373,326	3,578,169	3,511,092

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40. FINANCIAL INSTRUMENTS (Continued)

(c) **Fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, the lowest level input that is significant to the fair value measurement as whole:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

		Fair value of financial instruments not carried at fair value		
	Amount RM	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
31 March 2019				
Group				
Operating financial assets	4,273,814	-	-	4,273,814
Hire purchase payables	1,777,953	-	1,777,953	-
Company				
Hire purchase payables	1,334,878	-	1,334,878	-
31 March 2018				
Group				
Trade receivables (non-current)	1,936,000	-	-	1,936,000
Operating financial assets	27,495,782	-	-	27,495,782
Hire purchase payables	3,591,781	-	3,591,781	-
Company				
Hire purchase payables	2,638,081	-	2,638,081	-
1 April 2017				
Group				
Trade receivables (non-current)	2,767,432	-	-	2,767,432
Operating financial assets	55,909,544	-	-	55,909,544
Hire purchase payables	4,373,326	-	4,373,326	-
Company				
Hire purchase payables	3,511,092	-	3,511,092	-

40. FINANCIAL INSTRUMENTS (Continued)

(c) **Fair value hierarchy (Continued)**

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (Continued)

		Fair value of financial instruments not carried at fair value		
	Amount RM	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Group				
31 March 2019				
Other investments	20,769,280	20,769,280	-	-
31 March 2018				
Other investments	51,862,840	51,862,840	-	-

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, foreign currency risk and liquidity risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing these risks. The Group's risk management approach seeks to minimise the potential material adverse impact of those exposures.

The following section provides details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's interest rate risk arises primarily from interest-bearing financial assets and financial liabilities. The Group's and the Company's interest-bearing financial assets include fixed deposits that are short term in nature and are held to earn a better yield than cash at banks. The fixed deposits placed with licensed banks at fixed rate expose the Group and the Company to fair value interest rate risk. The Group's and the Company's interest-bearing financial liabilities include hire purchase payables, term loans, bank overdrafts and revolving credit.

Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk whilst finance lease payables at fixed rate expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Interest rate risk (Continued)

The following tables set out the carrying amounts, the contractual interest rates as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	Contractual Interest Rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
Group						
At 31 March 2019						
Fixed rate						
Financial asset						
Deposits with licensed financial institutions	19	2.75 - 4.00	13,411,232	-	-	13,411,232
Financial liability						
Hire purchase payables	24	1.88 - 3.72	1,378,493	358,713	-	1,737,206
Floating rate						
Financial liabilities						
Term loans	25	5.35 - 8.31	5,729,754	60,431,047	6,980,000	73,140,801
Bank overdraft	25	8.46 - 8.92	13,391,532	-	-	13,391,532
Revolving credit	25	6.07	5,000,000	-	-	5,000,000
			24,121,286	60,431,047	6,980,000	91,532,333
At 31 March 2018						
Fixed rate						
Financial asset						
Deposits with licensed financial institutions	19	2.50 - 3.75	70,126,366	-	-	70,126,366
Financial liability						
Hire purchase payables	24	3.66 - 7.24	2,030,810	1,558,803	-	3,589,613
Floating rate						
Financial liabilities						
Term loans	25	5.13 - 8.21	5,053,932	63,605,246	9,740,000	78,399,178
Bank overdrafts	25	8.10 - 8.92	15,853,947	-	-	15,853,947
Revolving credit	25	6.07	5,000,000	-	-	5,000,000
			25,907,879	63,605,246	9,740,000	99,253,125

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Interest rate risk (Continued)

	Note	Contractual Interest Rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
Group						
At 1 April 2017						
Fixed rate						
Financial asset						
Deposits with licensed financial institutions	19	1.25 - 3.48	43,196,575	-	-	43,196,575
Financial liability						
Hire purchase payables	24	4.48 - 7.03	2,113,517	2,269,316	-	4,382,833
Floating rate						
Financial liabilities						
Term loans	25	5.10 - 8.69	20,115,077	48,728,739	6,080,207	74,924,023
Bank overdrafts	25	8.60 - 8.67	16,105,838	-	-	16,105,838
Revolving credit	25	5.73	5,000,000	-	-	5,000,000
			41,220,915	48,728,739	6,080,207	96,029,861

	Note	Contractual Interest Rate %	Within 1 year RM	2 to 5 years RM	Total RM
Company					
At 31 March 2019					
Fixed rate					
Financial liability					
Hire purchase payables	24	5.03 - 5.87	1,048,009	288,116	1,336,125
Floating rate					
Financial asset					
Amount due from subsidiaries	18	8.90	46,490,382	-	46,490,382
Financial liabilities					
Bank overdraft	25	8.92	6,830,587	-	6,830,587
Revolving credit	25	6.07	5,000,000	-	5,000,000
			11,830,587	-	11,830,587

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Interest rate risk (Continued)

	Note	Contractual Interest Rate %	Within 1 year RM	2 to 5 years RM	Total RM
Company					
At 31 March 2018					
Fixed rate					
Financial liability					
Hire purchase payables	24	5.03 - 5.87	1,531,029	1,109,805	2,640,834
Floating rate					
Financial asset					
Amount due from subsidiaries	18	8.65 - 8.90	94,459,229	-	94,459,229
Financial liabilities					
Bank overdraft	25	8.92	6,899,211	-	6,899,211
Revolving credit	25	6.07	5,000,000	-	5,000,000
			11,899,211	-	11,899,211
At 1 April 2017					
Fixed rate					
Financial liability					
Hire purchase payables	24	4.48 - 7.03	1,525,422	2,052,747	3,578,169
Floating rate					
Financial asset					
Amount due from subsidiaries	18	8.85	83,090,584	-	83,090,584
Financial liabilities					
Bank overdraft	25	8.67	6,873,063	-	6,873,063
Revolving credit	25	5.73	5,000,000	-	5,000,000
			11,873,063	-	11,873,063

Sensitivity analysis for interest rate risk

An increase in market interest rate by 100 basis points on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the reporting date would decrease the Group's but increase the Company's profit before tax by RM915,323 and RM346,598 (31.3.2018: RM992,531 and RM825,600; 1.4.2017: RM960,299 and RM712,175) respectively. This analysis assumes that all other variables remain constant.

A decrease in market interest rates by 100 basis points on financial assets and liabilities of the Group and of the Company which have variable interest rates at the reporting date would have had the equal by opposite effect on the profit before tax on the amount show above, on the basis that all other variables remain constant.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) **Credit risk**

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk primarily arises from its trade receivables and contract assets whilst the Company's exposure to credit risk primarily arises from amount due from subsidiaries. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures for material contracts.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

In respect of trade receivables from sale of properties, the Group mitigates its credit risk by retaining legal title to all properties sold until the full contracted sales value is settled.

<u>Credit risk concentration profile</u>

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all trade receivables and contract assets. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

For construction contracts, as there are only a few customers, the Group assessed the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available. For property development contracts, the Group determines the ECL rate for the group of customers based on actual credit loss experience over the past three years.

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 31 March 2019 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 31 March 2019			
Trade receivables			
Current (not past due)	4,634,482	-	4,634,482
1 to 30 days past due	7,847,399	-	7,847,399
31 to 60 days past due	340,122	-	340,122
61 to 90 days past due	1,094,774	-	1,094,774
91 to 120 days past due	101,791	-	101,791
More than 120 days past due	12,177,074	-	12,177,074
Credit impaired:			
- Individually assessed	541,398	(541,398)	-
- Collectively assessed	251,859	(251,859)	-
Contract assets			
Current (not past due)	10,631,164	-	10,631,164
	37,620,063	(793,257)	36,826,806

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The significant changes in the gross carrying amounts of trade receivables and contract assets do not contribute to changes in the impairment loss allowance during the financial year.

Comparative information under FRS 139 *Financial Instruments: Recognition and Measurement*

Ageing analysis of trade receivables

The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables (excluded accrued billings) are as follows:

	Group	
	31.3.2018 RM	**1.4.2017 RM**
Neither past due nor impaired	1,922,008	10,243,291
Past due but not impaired		
1 to 30 days	8,256,485	6,838,304
31 to 60 days	769,973	227,596
61 to 90 days	1,266,462	305,207
91 to 120 days	1,056,149	302,309
More than 120 days	14,656,640	2,595,871
	26,005,709	10,269,287
Impaired	389,196	804,170
	28,316,913	21,316,748

Receivables that are neither past due nor impaired

Trade receivables and contract retention that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

Amounts due from house buyers are mostly with end financing facilities from end financiers. In respect of house buyers with no end financing facilities, the Group retains the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) **Credit risk (Continued)**

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits, and amount due from subsidiaries), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary does not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets other than those as disclosed in Note 15.

Refer to Note 3.14(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries whilst the Group is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted by the Group and the Company to certain associates. The maximum exposure to credit risks to the Group and the Company amounts to RM19,600,000 (31.3.2018: RM19,600,000; 1.4.2017: RM4,899,468) and RM138,764,382 (31.3.2018: RM135,687,643; 1.4.2017: RM100,193,776) respectively representing the maximum amount the Group and the Company could pay if the guarantee is called on. Generally, the Group and the Company consider the financial guarantee to have a low credit risk. As at the reporting date, there was no loss allowance for impairment as determined by the Group and the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the associates' and subsidiaries' secured borrowings.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) **Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group's and the Company's policy is to hedge all material foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

(d) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual undiscounted cash flow RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM
Group					
At 31 March 2019					
Financial liabilities					
Trade payables	25,904,149	25,904,149	25,904,149	-	-
Other payables, deposits and accruals *	10,687,919	10,687,919	10,687,919	-	-
Amount due to directors	2,586,369	2,586,369	2,586,369	-	-
Hire purchase payables	1,737,206	1,805,110	1,429,922	375,188	-
Borrowings	116,050,520	126,740,709	51,280,209	68,480,500	6,980,000
Financial guarantee contracts	-	19,600,000	19,600,000	-	-
	156,966,163	187,324,256	111,488,568	68,855,688	6,980,000

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) **Liquidity risk (Continued)**

	Carrying amount RM	Contractual undiscounted cash flow RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM
Group					
At 31 March 2018					
Financial liabilities					
Trade payables	31,760,182	31,760,182	31,760,182	-	-
Other payables, deposits and accruals *	25,344,151	25,344,151	25,344,151	-	-
Amount due to directors	3,700,618	3,700,618	3,700,618	-	-
Hire purchase payables	3,589,613	3,776,693	2,171,880	1,604,813	-
Borrowings	129,253,125	147,092,664	62,738,044	73,568,247	10,786,373
Financial guarantee contracts	-	19,600,000	19,600,000	-	-
	193,647,689	231,274,308	145,314,875	75,173,060	10,786,373
At 1 April 2017					
Financial liabilities					
Trade payables	17,981,827	17,981,827	17,981,827	-	-
Other payables, deposits and accruals *	20,899,763	20,899,763	20,899,763	-	-
Amount due to directors	1,013,121	1,013,121	1,013,121	-	-
Hire purchase payables	4,382,833	4,676,974	2,353,579	2,323,395	-
Borrowings	96,029,861	115,066,249	47,494,226	66,926,364	645,659
Financial guarantee contracts	-	4,899,468	4,899,468	-	-
	140,307,405	164,537,402	94,641,984	69,249,759	645,659

	Carrying amount RM	Contractual undiscounted cash flow RM	Within 1 year RM	2 to 5 years RM
Company				
At 31 March 2019				
Financial liabilities				
Trade payables	6,887,020	6,887,020	6,887,020	-
Other payables, deposits and accruals *	3,338,608	3,338,608	3,338,608	-
Amount due to subsidiaries	4,030,608	4,030,608	4,030,608	-
Amount due to directors	2,487,500	2,487,500	2,487,500	-
Hire purchase payables	1,336,125	1,389,822	1,086,399	303,423
Borrowings	11,830,587	11,830,587	11,830,587	-
Financial guarantee contracts	-	138,764,382	138,764,382	-
	29,910,448	168,728,527	168,425,104	303,423

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) **Liquidity risk (Continued)**

	Carrying amount RM	Contractual undiscounted cash flow RM	Within 1 year RM	2 to 5 years RM
Company				
At 31 March 2018				
Financial liabilities				
Trade payables	8,443,902	8,443,902	8,443,902	-
Other payables, deposits and accruals *	8,488,191	8,488,191	8,488,191	-
Amount due to subsidiaries	32,389,795	32,389,795	32,389,795	-
Amount due to directors	2,558,750	2,558,750	2,558,750	-
Hire purchase payables	2,640,834	2,778,446	1,639,384	1,139,062
Borrowings	11,899,211	11,899,211	11,899,211	-
Financial guarantee contracts	-	135,687,643	135,687,643	-
	66,420,683	202,245,938	201,106,876	1,139,062
At 1 April 2017				
Financial liabilities				
Trade payables	5,168,811	5,168,811	5,168,811	-
Other payables, deposits and accruals *	458,513	458,513	458,513	-
Amount due to subsidiaries	20,444,374	20,444,374	20,444,374	-
Amount due to directors	41,250	41,250	41,250	-
Hire purchase payables	3,578,169	3,832,013	1,683,357	2,148,656
Borrowings	11,873,063	11,873,063	11,873,063	-
Financial guarantee contracts	-	100,193,776	100,193,776	-
	41,564,180	142,011,800	139,863,144	2,148,656

* *GST payables were excluded from other payables.*

42. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

42. CAPITAL MANAGEMENT (Continued)

The debt-to-equity ratios as at 31 March 2019, as at 31 March 2018 and as at 1 April 2017 were as follows:

	Note	Group 31.3.2019 RM	 31.3.2018 RM	 1.4.2017 RM
Group				
Trade payables	26	25,904,149	31,760,182	17,981,827
Other payables, deposits and accruals	27	13,014,065	27,304,549	21,977,676
Amount due to directors	29	2,586,369	3,700,618	1,013,121
Hire purchase payables	24	1,737,206	3,589,613	4,382,833
Borrowings	25	116,050,520	129,253,125	96,029,861
Less: Cash and cash equivalents		(111,415,469)	(114,020,047)	(64,548,738)
Net Debt		47,876,840	81,588,040	76,836,580
Equity attributable to the shareholders of the Company		550,171,762	544,129,381	525,489,213
Capital and net debt		598,048,602	625,717,421	602,325,793
Gearing Ratio		8%	13%	13%
Company				
Trade payables	26	6,887,020	8,443,902	5,168,811
Other payables, deposits and accruals	27	5,664,754	10,144,750	773,818
Amount due to subsidiaries	28	4,030,608	32,389,795	20,444,374
Amount due to directors	29	2,487,500	2,558,750	41,250
Hire purchase payables	24	1,336,125	2,640,834	3,578,169
Borrowings	25	11,830,587	11,899,211	11,873,063
Less: Cash and cash equivalents		(239,986)	(6,066,172)	(18,754)
Net Debt		31,996,608	62,011,070	41,860,731
Equity attributable to the shareholders of the Company		395,526,847	388,915,937	390,348,959
Capital and net debt		427,523,455	450,927,007	432,209,690
Gearing Ratio		7%	14%	10%

There were no changes in the Group's approach to capital management during the financial year.

The subsidiaries of the Company are required to maintain certain gearing ratio for its borrowings granted by financial institutions. The subsidiaries have complied with this capital requirement as at the financial year end.

43. NON-CANCELLABLE OPERATING LEASE RECEIVABLES

Operating lease commitments – as lessor

Future minimum rental receivable under the non-cancellable operating lease at the reporting date is as follows:

	Group 2019 RM	 2018 RM
- Not later than one year	7,095,166	8,397,857
- More than one year and not later than five years	4,937,845	9,822,954
	12,033,011	18,220,811

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44. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

(i) On 18 April 2018, Titi Kaya Sdn. Bhd. (“TK”), a subsidiary of the Company, had entered into a Share Sale Agreement with a third party for the disposal of 27,500,000 ordinary shares in Titijaya Land Berhad for a cash consideration of RM19,937,500.

(ii) On 8 October 2018, TK. acquired 55,000 ordinary shares, representing 55% of the total issued and paid-up share capital of Semangat Hijau Sdn. Bhd.(“Semangat Hijau”) for a cash consideration of RM55,000. As a result, Semangat Hijau became a subsidiary company of the Group.

45. MATERIAL LITIGATION

A purported claim of RM787,882 together with interest and cost has been made by Syarikat Bina Setia Jasa (“SBSJ”), a sub-contractor, against Brem Maju Sdn. Bhd. (“BMSB”), a subsidiary company of the Company in respect of claim on contract works performed. BMSB contested the claim and has taken up counsel on the matter with the solicitors. SBSJ’s application for summary judgement was dismissed with cost on 12 October 1995. An application to strike out the claim has been made by BMSB and on 9 February 2006, the Court had granted an order in terms of BMSB’s application with costs. SBSJ filed an appeal to Judge In Chambers and the appeal was dismissed with costs on 22 June 2006. On 21 July 2006, SBSJ has filed an appeal to the Court of Appeal. The Court has allowed costs of RM84,364 inclusive of interest of 8% per annum from 23 June 2009 till full date of full realisation and the Allocatur fee of RM6,755 to be paid by SBSJ to BMSB. The Order and the Allocatur has been filed on 26 July 2010 and the same is pending extraction from the Court. The decision of the Judgement Debtors’ application to set aside the bankcruptcy Notice was filed on 18 July 2012. The matter was fixed for hearing on 26 July 2012 and it was dismissed with costs to be paid by the Judgement Debtors to BMSB. On 3 August 2012, the Creditor’s Petition was filed and an Adjudication and Receiving Order was recorded against SBSJ for failure to satisfy the judgement sum and interest to BMSB. On 15 October 2012, the Proof Debt Form and General Proxy have been filed with the Official Assignee’s office. The creditor’s meeting was on 12 September 2013. There has been no development since 12 September 2013.

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **TAN SRI DATO' KHOO CHAI KAA** and **LOW YEW HWA**, being two of the directors of BREM HOLDING BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 47 to 154 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....	....
TAN SRI DATO' KHOO CHAI KAA	LOW YEW HWA
Director	Director

Date: 25 July 2019

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **TAN SRI DATO' KHOO CHAI KAA**, being the director primarily responsible for the financial management of BREM HOLDING BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 47 to 154 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....
TAN SRI DATO' KHOO CHAI KAA

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in the state of Selangor Darul Ehsan on 25 July 2019.

Before me,

LAWRENCE LOW (BC/L/501)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Brem Holding Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brem Holding Bhd., which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 154.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill on consolidation (Note 14 to the financial statements)

The Group's goodwill is allocated to property development and property investment segments. The goodwill is tested for impairment annually. This assessment requires the exercise of significant judgements by the Group on the rental income per square foot and capitalisation rate or price per square foot applied in the recoverable amount calculation and assumptions supporting the estimated fair value less costs to sell.

Our response:
Our audit procedures included, among others:

- comparing the Group's key assumptions to our understanding obtained during our audit in relation to the fair value less costs to sell;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

Key Audit Matters (Continued)

Revenue and cost of sales recognition for property development business and construction business (Notes 30 and 31 to the financial statements)

The amount of revenue and corresponding costs of the Group's and the Company's property development and construction activities are recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project. We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development and construction costs incurred, the estimated total property development and construction revenue and costs, as well as the recoverability of the development and construction projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:
Our audit procedures included, among others:

- reviewing the Group's and the Company's major assumptions by comparing to contractual terms, historical margin and our understanding gathered from the analysis of changes in assumptions from previous year;
- discussing the progress of the projects and expected outcome with the project managers;
- matching the computed stage of completion for identified projects against architect certificate or progress report; and
- checking the mathematical computation of the recognised revenue and corresponding cost of sales recognised during the financial year.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report
to the members of Brem Holding Berhad

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report
to the members of Brem Holding Berhad

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

1. As stated in Note 2 to the financial statements, Brem Holding Bhd. adopted the Malaysian Financial Reporting Standards on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2018 and 1 April 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 March 2018 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 March 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as at 31 March 2019 and the financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

....
Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

....
Andrew Choong Tuck Kuan
No. 03264/04/2021 J
Chartered Accountant

Kuala Lumpur

Date: 25 July 2019

ANALYSIS OF SHAREHOLDINGS
as at 28 June 2019

SHARE CAPITAL

Total Number of Issued Shares	:	345,472,344 (inclusive of 4,660,934 Treasury Shares)
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per Ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
1 to 99	233	6.31	9,726	0.00
100 to 1,000	214	5.79	68,492	0.02
1,001 to 10,000	1,919	51.95	9,064,123	2.66
10,001 to 100,000	1,150	31.13	30,328,334	8.90
100,001 to less than 5% of issued shares	175	4.74	119,927,199	35.19
5% and above of issued shares	3	0.08	181,413,536	53.23
TOTAL	**3,694**	**100.00**	**340,811,410**	**100.00**

LIST OF THIRTY LARGEST SHAREHOLDERS

NO.	NAME	SHAREHOLDINGS	%
1	BREM PROPERTIES SDN BHD	95,550,096	28.04
2	TAN SRI DATO' KHOO CHAI KAA	50,698,772	14.88
3	WAWASAN EKUITI SDN BHD	35,164,668	10.32
4	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BOND RESOURCES SDN. BERHAD	14,288,353	4.19
5	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BREM PROPERTIES SDN. BHD.	11,900,848	3.49
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CLASSICAL GLORY SDN. BHD.	8,740,824	2.56
7	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOW YEW HWA	5,264,195	1.54
8	TAN SRI DATO' YAP SUAN CHEE	5,256,388	1.54
9	CLASSICAL GLORY SDN BHD	4,936,478	1.45
10	KHOO CHAI THIAM	2,813,261	0.83
11	TAN JIN TUAN	2,727,720	0.80
12	CIMB GROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS)	2,645,600	0.78
13	KOPERASI JAYADIRI MALAYSIA BERHAD	2,580,000	0.76

Analysis of Shareholdings
as at 28 June 2019

LIST OF THIRTY LARGEST SHAREHOLDERS (CONTINUED)

NO.	NAME	SHAREHOLDINGS	%
14	TEO KWEE HOCK	2,509,704	0.74
15	TRADEMA HOLDINGS SDN.BHD.	2,261,608	0.66
16	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PEMBANGUNAN SUMBER MANUSIA BERHAD	1,958,000	0.57
17	KINGSLEY LIM FUNG WANG	1,855,000	0.54
18	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	1,830,956	0.54
19	GLOBAL ASSET TRUSTEE (M) BERHAD BENEFICIARY : RONFIELD LIMITED	1,830,000	0.54
20	LTK (MELAKA) SDN. BHD.	1,594,320	0.47
21	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH SWEE MOI (022)	1,500,000	0.44
22	TAN JIN TUAN	1,378,060	0.40
23	HLIB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TENG SIEW KEAN (MG0090-199)	1,275,861	0.37
24	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	1,061,985	0.31
25	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-RES)	1,044,000	0.31
26	KHOO PING KAW	1,000,000	0.29
27	LEONG KAM CHEE	1,000,000	0.29
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ER KA WEI (7003749)	902,100	0.26
29	LOW YIEW FOOK	840,914	0.25
30	NG KAR KHIM	839,841	0.25
		267,249,552	78.41

Analysis of Shareholdings
as at 28 June 2019

SUBSTANTIAL SHAREHOLDERS
(as shown in the register of substantial shareholders)

Name of Substantial Shareholders	No. of Ordinary Shares Direct	%	Indirect	%
1. Tan Sri Dato' Khoo Chai Kaa	50,698,772	14.88	109,280,544	32.06
2. Puan Sri Datin Lee Lei Choo	-	-	159,979,316	46.94
3. Wawasan Ekuiti Sdn. Bhd.	35,164,668	10.32	-	-
4. Classical Glory Sdn. Bhd.	13,677,302	4.01	35,164,668	10.32
5. Brem Properties Sdn. Bhd.	109,280,544	32.06	-	-
6. Norhayati Binti Ali Polah	-	-	35,164,668	10.32

STATEMENT OF DIRECTORS' SHAREHOLDINGS

Name of Substantial Shareholders	No. of Ordinary Shares Direct	%	Indirect	%
The Company				
Tan Sri Dato' Khoo Chai Kaa	50,698,772	14.88	109,280,544	32.06
Low Yew Hwa	5,264,195	1.54	-	-
Wong Miow Song	-	-	-	-
Dato' Hj. Abu Sujak Bin Hj. Mahmud	-	-	-	-
Sr. Alias Bin Marjoh	-	-	-	-
Khoo Hui Keam	-	-	-	-
Khoo Hui Giok	-	-	-	-

By virtue of his interest in the ordinary shares in the Company and pursuant to Section 8 of CA 2016, Tan Sri Dato' Khoo Chai Kaa is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Directors' Name	No. of Ordinary Shares of HK$1 each Direct	%	Indirect	%
Subsidiary Companies:-				
a) Brem Oversea Investments Pte. Limited				
Low Yew Hwa	600,000	5.00	-	-

	No. of Ordinary Shares Direct	%	Indirect	%
b) Brem Maju Sdn Bhd				
Tan Sri Dato' Khoo Chai Kaa	1,779,080	29.75	-	-
Low Yew Hwa	598,010	10.00	-	-

	No. of Ordinary Shares of K1 each Direct	%	Indirect	%
c) Brem Maju (PNG) Limited				
Tan Sri Dato' Khoo Chai Kaa	1	0.0004	-	-
Low Yew Hwa	1	0.0004	-	-

PROPERTIES HELD BY THE BREM GROUP OF COMPANIES

Location	Description/ Existing use	Date of acquisition	Area	Tenure/Age of building	Net book value as at 31 March 2019 RM '000
BREM HOLDING BERHAD					
PT 19658-19697, 19869-19870,19873 19927-20035, 23824 Mukim of Sungai Pasir, District of Kuala Muda, Kedah Darul Aman.	Development land - vacant	07/01/1994	23.84 acres	Freehold	34,185
PT 4657, 4658, 4663, 4667, 4669, 4672-4674, 4678-4684, 4688-4700, 4704-4706, 4724, Mukim of Pinang Tunggal, District of Kuala Muda, Kedah Darul Aman.	Development land - vacant	07/01/1994	80.07 acres	Freehold	11,261
COSMO-ONE REALTY SDN BHD					
Lot 7, Jalan 222, Petaling Jaya, Selangor Darul Ehsan.	Factory building for rental	04/09/1996	1.21 acres	Leasehold Expiring on 20/07/2065	7,587
NAGA ISTIMEWA SDN BHD					
PT 14218, 14221 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Investment property for rental - retail cum office complex	26/10/1995	2.74 acres	Leasehold Expiring on 01/08/2095 Age: 11 years	101,379
HARMONY PROPERTY SDN BHD					
Lot 80940 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Property under development	31/03/2005	7.22 acres	Freehold	263,842
Lot No. 2868-2870 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005	5.94 acres	Freehold	17,653
Lot No. 2520-2522 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005 17/11/1995	5.94 acres	Freehold	8,149
Lot No. 2494 - 2496, 2519 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005 10-10-1995	7.94 acres	Freehold	8,245

Properties Held By The Brem Group Of Companies

Location	Description/ Existing use	Date of acquisition	Area	Tenure/Age of building	Net book value as at 31 March 2019 RM '000
Lot 1919, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land -vacant	08/04/2011	3.0 acres	Freehold	33,662
Lot 2 & Lot 9, District of Petaling, Selangor Darul Ehsan	Development land -vacant	15/03/2011	7.59 acres	Leasehold Expiring on 16/05/2065	64,978
Lot 5114 & PT 1157, Mukim of Ulu Kelang, District of Kuala Lumpur, Wilayah Persekutuan.	Development land -vacant	19/11/2010	33.28 acres	Leasehold Expiring on 05/04/2083 & 9/11/2083	124,608
BREM MAJU SDN BHD					
Lot 4649, WC/S - 5, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. (WC 23, Antah Tower, Off Jalan Kuching, 51200 Kuala Lumpur)	Single bedroom apartment for rental	03/11/1986	58.71 sq m.	Freehold Age: 32½ years	68
BREM MAJU (PNG) LIMITED					
Allotment 2, Section 516, Waigani Drive, Hohola, NCD, Papua New Guinea.	3-storey residential house	15/03/2003	0.06 acre	Leasehold Expiring on 28/05/2095 Age: 16 years	279
TITI KAYA SDN BHD					
PT 27609-PT 27611, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	21/10/1995	12.43 acres	Freehold	2,847
PT 27612 & PT 41705 (Formerly as Grant 30380, Lot 84), Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	30/12/1996 09/05/1997	161.82 acres	Freehold	25,738
PT 15737 (Lot 54451) Mukim Batu Daerah Kuala Lumpur Wilayah Persekutuan	9 units 3S/Shops	17-09-1987	625 sq m	Leasehold Expiring on 16-09-2086	568

Properties Held By The Brem Group Of Companies

Location	Description/ Existing use	Date of acquisition	Area	Tenure/Age of building	Net book value as at 31 March 2019 RM '000
ENG ANN REALTY CO. (KLANG) SDN BHD					
Lot No. 3328-3330, 2900 & PT 252 (Formerly 3325), Mukim of Bukit Raja, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/06/1994	4.70 acres	Freehold	3
Lot 6469 & 1674, Mukim of Bukit Raja, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/01/1994	0.1 acre	Freehold	6
Lot 15377, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/01/1994	5.31 acres	Freehold	1,607
PT 27612 & PT 41705 (Formerly as Grant 30380, Lot 84), Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/06/1994	109.88 acres	Freehold	204
INTAN KEMUNCAK SDN BHD Lot 1918, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	24/07/2014	3.06 acres	Freehold	25,619

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BREM HOLDING BERHAD (66756-P)
Incorporated In Malaysia

Proxy Form

38th Annual General Meeting

I/We...
(FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

Company No……………..……/NRIC No. (new) ………………………………………(old) ……………………………..…….of

……
(FULL ADDRESS)

being a member(s) of BREM HOLDING BERHAD hereby appoint: ....

NRIC No. (new) …………………………..(old)…………………………..of...
(FULL ADDRESS)

................................or failing *him/her...NRIC No. (new) ....(old)...................

of………
(FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Thirty-Eighth ("38th") Annual General Meeting of the Company to be held at the Crown Hall 3, 4th Floor, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 29 August 2019, at 10.30 a.m. and at any adjournment thereof.

The proportions of *my/our shareholdings to be represented by *my/our proxy(ies) are as follows :-
Proxy 1 _______ %
Proxy 2 _______ %
_______ %

(Should you desire to direct your Proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1 - To approve the payment of Directors' fees		
2.	Ordinary Resolution 2 - To approve the payment of Directors' benefits		
3.	Ordinary Resolution 3 - Re-election of Tan Sri Dato' Khoo Chai Kaa as Director		
4.	Ordinary Resolution 4 - Re-election of Mr. Wong Miow Song as Director		
5.	Ordinary Resolution 5 - Re-election of Sr Alias Bin Marjoh as Director		
6.	Ordinary Resolution 6 - Re-appointment of Messrs. Baker Tilly Monteiro Heng PLT. as Auditors		
7.	Ordinary Resolution 7 - Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
8.	Ordinary Resolution 8 - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	Ordinary Resolution 9 - Proposed Renewal of Authority for Share Buy- Back		
10.	Ordinary Resolution 10 - Continuing in Office of Mr. Wong Miow Song as Independent Non-Executive Director		
11.	Ordinary Resolution 11 - Continuing in Office of Dato' Hj Abu Sujak bin Hj. Mahmud as Independent Non-Executive Director		
12.	Special Resolution – Proposed Adoption of the New Constitution of the Company		

*(*Strike out whichever is not desired)*

Dated this ___________ day of ______________________ 2019

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

____
Signature / Common Seal of Member(s)

Notes:
1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend, speak and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of the officer or attorney duly authorised.
4. The Proxy Form must be deposited at the Company's Registered Office at 3rd Floor, Brem House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.
6. **General Meeting Record of Depositors**
   For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 57(c) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities ("MMLR"), a Record of Depositors as at 22 August 2019 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

Fold this flap for sealing

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Affix stamp

The Company Secretary

BREM HOLDING BERHAD (66756-P)
3rd Floor, BREM House
Crystal Crown Hotel
No. 12, Lorong Utara A
Off Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan

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BREM HOLDING BERHAD (66756-P)

3rd Floor, BREM House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara,
46200 Petaling Jaya, Selangor Darul Ehsan