BREM HOLDING BERHAD (66756-P)
Incorporated In Malaysia

Annual Report **2014**

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Contents 2014

BREM HOLDING BERHAD (66756-P)
Annual Report 2014

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Third Annual General Meeting of Brem Holding Berhad ("Brem" or "the Company") will be held at Crystal Ballroom, 1st Floor, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 30 September 2014, at 10.30 a.m. for the transaction of the following businesses:-

1. To receive the Audited Financial Statements for the year ended 31 March 2014 together with the Reports of the Directors and the Auditors thereon. (Refer Note 6(a))

2. To declare a final single tier dividend of 3% in respect of the year ended 31 March 2014. (Resolution 1)

3. To approve the payment of Directors' fees of RM70,000/- (2013: RM70,000/-) in respect of the year ended 31 March 2014. (Resolution 2)

4. To re-elect the following Directors who retire pursuant to the Company's Articles of Association and being eligible, offer themselves for re-election:-

   (a) Ms. Khoo Hui Keam (Article 80) (Resolution 3)
   (b) Ms. Khoo Hui Giok (Article 80) (Resolution 4)

5. To consider and, if thought fit, pass the following resolution pursuant to Section 129 of the Companies Act, 1965:-

   "That Dato' Hj. Abu Sujak bin Hj. Mahmud, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Resolution 5)

6. To appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company in place of the retiring Auditors, Messrs. STYL Associates, and to authorise the Directors to fix their remuneration. (Resolution 6)

   Notice of nomination from a shareholder pursuant to Section 172(11) of the Companies Act 1965, a copy of which is annexed in the 2014 Annual Report as "Appendix A", has been received by the Company for nomination of Messrs. Baker Tilly Monteiro Heng who have given their consent to act, for appointment as Auditors and of the intention to propose the following Ordinary Resolution:-

   "That Messrs. Baker Tilly Monteiro Heng be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. STYL Associates, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

7. As Special Business:-
   To consider and, if thought fit, to pass the following Ordinary/Special resolutions:-

   (a) Ordinary Resolution 1 (Resolution 7)
   Proposed Share Split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in BREM ("BREM Share(s)" or "Share(s)") into two (2) ordinary shares of RM0.50 each in BREM ("Split Share(s)") ("Proposed Share Split")

   "THAT, subject to the passing of the Special Resolution, and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board of Directors of the Company ("Board") to subdivide each of the existing ordinary shares of RM1.00 each in BREM, held by the shareholders of BREM whose names appear in the Record of Depositors of the Company as at the close of business on a date to be determined and announced later by the Board ("Entitlement Date"), into two (2) ordinary shares of RM0.50 each in BREM;

AND THAT the Split Shares shall, upon allotment and issuance, rank pari passu in all respects with each other;

AND THAT the Board be and is hereby authorised to give effect to the Proposed Share Split with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give full effect to the Proposed Share Split."

(b) Ordinary Resolution 2 (Resolution 8)
Authority To Allot Shares Pursuant To Section 132D Of The Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company from time to 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 to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant regulatory bodies obtained for such allotment and issue and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(c) Ordinary Resolution 3 (Resolution 9)
Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be and is hereby given to the Company and/or its subsidiary companies to renew the mandate from the shareholders of the Company for the Company and/or its subsidiary companies to enter into and give effect to Recurrent Related Party Transactions of a revenue or trading nature with specified class of the Related Parties as stated in Part B - Section 2.4(a) of the Circular to Shareholders dated 8 September 2014 ("Circular") subject to the following:-

(i) the transactions are necessary for the Group's day-to-day operations and they are carried out in the ordinary course of business made on an arm's length basis and on normal commercial terms; and

(ii) are on terms that are not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company;

AND THAT the authority conferred by this resolution shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier, and disclosure will be made in the annual report of the aggregate value on the transactions conducted during the financial year pursuant to the shareholders' mandate;

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

(d) Ordinary Resolution 4
Proposed Renewal of Authority for Share Buy-Back (Resolution 10)

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company, or in the case where the Proposed Share Split is approved, the amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

(a) the aggregate number of ordinary shares of RM1.00 each, or in the case where the Proposed Share Split is approved, ordinary shares of RM0.50 each in the Company which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements of Bursa Securities;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the Company's latest audited retained profits and/or share premium account;

(c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

    (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by an ordinary resolution passed at the AGM, the authority is renewed, either unconditionally or subject to conditions; or

    (ii) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

    (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

    whichever occurs first;

AND THAT the Directors of the Company be and are hereby authorised to cancel all the shares or any part thereof so purchased or to retain all the shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on Bursa Securities and/or subsequently cancelled), or to retain part of the shares so purchased as treasury shares and cancel the remainder, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."

(e) **Ordinary Resolution 5** (Resolution 11)
Continuing In Office As Independent Non-Executive Director

"THAT authority 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 years, to continue to act as an Independent Non-Executive Director of the Company."

(f) **Special Resolution** (Resolution 12)
Proposed Amendments to the Memorandum and Articles of Association of BREM ("Proposed Amendments")

"THAT, subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Board to alter, modify, vary and delete the Memorandum and Articles of Association of BREM in the following manner:-

Clause 5 of Memorandum of Association	The capital of the Company is RM250,000,000.00 Malaysian Currency divided into 250,000,000 shares of RM1.00 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.	The capital of the Company is RM250,000,000.00 Malaysian Currency divided into 500,000,000 shares of RM0.50 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise
Article 3 of Articles of Association	The authorised capital of the Company at the date of adoption of these Articles is Ringgit: Two Hundred and Fifty Million (RM250,000,000.00) divided into 250,000,000 ordinary shares of Ringgit: One (RM1.00) each.	The authorised capital of the Company at the date of adoption of these Articles is Ringgit: Two Hundred and Fifty Million (RM250,000,000.00) divided into 500,000,000 ordinary shares of Sen: Fifty (RM0.50) each.

AND THAT the Board be and is hereby authorised to give effect to the Proposed Amendments with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give full effect to the Proposed Amendments."

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that, that, subject to the approval of the shareholders at the Thirty-Third Annual General Meeting, the final single tier dividend of 3% in respect of the year ended 31 March 2014 will be payable on 18 November 2014 to depositors registered in the Record of Depositors on 3 November 2014.

A depositor shall qualify for entitlement to the final dividend only in respect of:-

(a) Shares transferred to the depositor's securities account before 4.00 p.m. on 3 November 2014 in respect of transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board,

CHOW CHOOI YOONG (MAICSA 0772574)
Company Secretary

Kuala Lumpur
8 September 2014

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two 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 is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, 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 Form of Proxy 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 not less than 48 hours before the time set for the meeting or any adjournment thereof.

5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 September 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and vote on his behalf.

6. **Explanatory Notes on Ordinary and Special Business:-**

(a) Audited Financial Statements for financial year ended 31 March 2014
The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 169(1) and (3) of the Companies Act, 1965. Hence, it will not be put for voting.

(b) Resolution in respect of the Proposed Share Split
Resolution No. 7 proposed under item 7(a), if passed, will enable the Company to undertake the Proposed Share Split involving the subdivision of every one (1) existing BREM Share into two (2) Split Shares. The Proposed Share Split is expected to enhance the marketability and liquidity of the ordinary shares of BREM on the Main Market of Bursa Securities. For further information, please refer to Part A of the Circular to Shareholders dated 8 September 2014 which is circulated together with this Annual Report.

(c) Resolution pursuant to Section 132D of the Companies Act, 1965
Resolution No. 8 proposed under item 7(b) is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.

As at the date of this notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the last AGM held on 26 September 2013.

The proposed Resolution No. 8, 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 10% of the issued share capital of the Company without convening a general meeting. This authority unless revoked or varied at a general meeting will expire at the next AGM.

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.

(d) Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and Trading Nature
Resolution No. 9 proposed under item 7(c), 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 B of the Circular to Shareholders dated 8 September 2014, which is circulated together with this Annual Report.

(e) Resolution No. 10 pursuant to Proposed Share Buy-Back
Resolution No. 10 proposed under item 7(d), if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share capital 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 C of the Circular to Shareholders dated 8 September 2014, which is circulated together with this Annual Report.

(f) Resolution No. 11

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed the independence of Mr. Wong Miow Song, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and upon its recommendation, the Board of Directors has recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

(i) Mr. Wong Miow Song has fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities, and hence, he would be able to provide an element of objectivity, independent judgment and balance to the Board.

(ii) His vast experience in the building construction and housing development industry would enable him to provide the Board with relevant expertise, knowledge and independent judgment to properly evaluate corporate performance and contribute to the effective decision making of the Board. Being the Chairman of the Audit Committee, he has demonstrated that he has the qualities and competencies to enable him to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board.

(iii) Mr. Wong Miow Song, having been with the Company for more than nine years, is familiar with the Group's business operations and has devoted sufficient time and attention to his professional obligations for informed and balanced decision making.

(iv) He has exercised due care during his tenure as Independent Non-Executive Directors of the Company and has carried out his professional duties in the interest of the Company and shareholders.

Resolution No. 11 proposed under item 7(e), if passed, will authorise Mr. Wong Miow Song to continue in office as an Independent Non-Executive Director of the Company.

(g) Special Resolution in respect of the Proposed Amendments

Resolution No. 12 proposed under item 7(f), if passed, will facilitate the implementation of the Proposed Share Split proposed under item 7(a). For further information, please refer to Part A of the Circular to Shareholders dated 8 September 2014 which is circulated together with this Annual Report.

Corporate Information

DIRECTORS

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

Khoo Chai Kaa
(Managing Director)

Khoo Chai Thiam
(Executive Director)

Low Yew Hwa
(Non-Independent Non-Executive Director)

Wong Miow Song
(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)*
Khoo Chai Kaa
Wong Miow Song

AUDITORS

STYL Associates
Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
Alliance Bank Malaysia Berhad

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

COMPANY SECRETARY

Chow Chooi Yoong, MAICSA 0772574

SOLICITORS

Kamarudin & Partners
HK Ang & Partners

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

Corporate Structure

As at 31 March 2014

BREM HOLDING BERHAD (66756-P)

- 100% Global Water Sdn Bhd
  - 51% PNG Water Limited
- 50.25% Brem Maju Sdn Bhd
  - 99.99% Brem Maju (PNG) Limited
- 100% Brem Construction Sdn Bhd
- 100% Brem Aluminium & Glass Sdn Bhd
- 70% Brem Oversea Investment Pte Ltd
- 100% Naga Istimewa Sdn Bhd
- 75% Harmony Property Sdn Bhd
- 100% Cosmo-One Realty Sdn Bhd
- 100% Intan Kemuncak Sdn Bhd
- 50.53% Titi Kaya Sdn Bhd
  - 51% NPO Builder Sdn Bhd
  - 100% Eng Ann Realty Co (Klang) Sdn Bhd
  - 60% Wonderful Perfection Sdn Bhd
- 32.89% Bertam Alliance Bhd
- 49% Topaz Teguh Sdn Bhd

Subsidiary

Associated

Particulars of Each Director of Brem Holding Berhad

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

Dato' Hj. Abu Sujak Bin Hj. Mahmud, aged 74, 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. He 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 and Nomination Committee of Brem Holding Berhad. He also sits on the Board of Resintech Berhad as an Independent Non-Executive Chairman.

KHOO CHAI KAA
(Managing Director)

Khoo Chai Kaa, aged 63, 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. Mr. Khoo holds a Bachelor of Science degree in Civil Engineering and Building from the United Kingdom. He has over 36 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. He is a member of the Remuneration Committee of Brem Holding Berhad.

KHOO CHAI THIAM
(Executive Director)

Khoo Chai Thiam, aged 52, Malaysian, was appointed to the Board of the Company on 12 October 1982 and has over 32 years of experience in the construction sector. He is also the Project Manager of Brem Maju Sdn. Bhd. being responsible for project coordination and is in charge of the overall work progress and staffing. He also sits on the Board of some of the subsidiary companies of Brem Holding Berhad and several other private limited companies.

LOW YEW HWA
(Non-Independent Non-Executive Director)

Low Yew Hwa, aged 58, 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. He also sits on the Board of Bertam Alliance Berhad as a Non-Independent Executive Director.

Particulars of Each Director
of Brem Holding Berhad (Cont'd)

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

Khoo Hui Keam, aged 38, Malaysian, was appointed to the Board of the Company on 26 November 2007 as a Non-Independent Non-Executive Director. She holds a Bachelor of Business degree majoring in banking from Nanyang Technological University Singapore. She has been in the banking industry for years before joining the Group as an Operating Manager of the subsidiary.

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

Khoo Hui Giok, aged 36, 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 12 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 also sits on the Board of Bertam Alliance Berhad as a Non-Independent Non-Executive Director.

WONG MIOW SONG
(Independent Non-Executive Director)

Wong Miow Song, aged 63, 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 32 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 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 of Brem Holding Berhad.

Additional Information

Other directorship of public companies

Save for the following directors, none of the directors of the Company has any directorship in other public companies.

(i) Mr. Low Yew Hwa sits on the Board of Bertam Alliance Berhad,
(ii) Dato' Hj. Abu Sujak Bin Hj. Mahmud sits on the Board of Resintech Berhad,
(iii) Ms. Khoo Hui Giok sits on the Board of Bertam Alliance Berhad.

Family relationship of directors and/or Major Shareholders

There is no family relationship among the directors and/or major shareholders except that:-

(a) Mr. 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; and,
(c) Mr. Khoo Chai Kaa and Mr. Khoo Chai Thiam are brothers.

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 directors has conflict of interest with the company.

List of convictions for offences

None of the directors has been convicted of any offences within the past 10 years other than traffic offences.

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.

Revaluation Policy

The Group does not adopt a policy on regular revaluation of its landed properties.

Non-Audit Fees

No non-audit fees were paid to external auditors for the financial year.

Recurrent Related Party Transactionof a Revenue or Trading Nature

On 26 September 2013, the Company obtained approval from the shareholders for 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	Perniagaan Sinn Huat	Brem Holding Berhad	Lee Lei Choo Lee Kok Ting	2,342,780
Construction Contracts	Idio Construction Works	Brem Holding Berhad	Khoo Chai Kaa Khoo Chai Thiam Koo Chai Bok	2,313,388

Relationship of Related Parties with Brem Holding Berhad ("Brem") as at the financial year ended 31 March 2014:

Names of Related Party	Relationship
Idio Construction Works	No relationship except for the managing partner of this company is related to two directors and a major shareholder of Brem
Perniagaan Sinn Huat	No relationship except for the sole-proprietor of this company is related to a major shareholder of Brem

Share Buy-backs

There were no cancellations or re-sale of treasury shares during the financial year ended 31 March 2014.

From 1 April 2013 to 11 August 2014, the Company had purchased a total of 875,800 of its own shares and the details of purchases made showing the monthly breakdown are as follows:

Month of Purchase	No. of BREM Shares Purchased	Purchase Price Per Share (RM)		Average Price Per BREM Share	Total Consideration paid
		Lowest	Highest		
April 2013	180,000	1.08	1.10	1.09	193,022.95
May 2013	66,300	1.03	1.06	1.05	69,746.47
June 2013	230,000	1.13	1.17	1.16	265,706.92
July 2013	20,000	1.18	1.18	1.19	23,730.20
August 2013	176,100	1.13	1.18	1.17	205,445.14
September 2013	88,400	1.16	1.20	1.18	103,882.76
October 2013	0	0	0	0	0
November 2013	32,300	1.21	1.21	1.21	39,298.88
December 2013	82,700	1.21	1.22	1.22	100,671.80
January 2014	0	0	0	0	0
February 2014	0	0	0	0	0
March 2014	0	0	0	0	0
April 2014	0	0	0	0	0
May 2014	0	0	0	0	0
June 2014	0	0	0	0	0
July 2014	0	0	0	0	0
11 August 2014	0	0	0	0	0

Statement on Risk Management and Internal Control

The Board of Directors ("the Board') is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 March 2014. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the latest "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of Bursa Securities.

BOARD AND MANAGEMENT RESPONSIBILITIES IN RISK MANAGEMENT AND INTERNAL CONTROL

The Board understands the principal risks of the business that the Group involves and accepts 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 the management team members. The Executive Directors and senior management regularly organise informal meetings and discussions to identify and manage the business risk of the Group and ensure that businesses are under control and corporate targets and objectives are achieved.

The operational risk management functions are led by the management committee comprising the executive directors and heads of department. The management committee assists the Board in considering and deliberating these principal risks before formally presenting them to the Board for approval.

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 of the state of internal control and risk management of the Group:

- Periodic review of financial information covering financial performance and quarterly financial results;
- Operational information and updates provided by management during the board meetings;
- Audit Committee's review and consultation with management on the integrity of the financial results, annual report and audited financial statements;
- Audit findings and reports on the review of systems of internal control from the Internal Auditors;
- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects; and
- Director representations on the boards of the companies in which the Group has investment.

At the management level, the key systems of internal control and its review mechanisms are as follows:

i. Clearly defined job description, authority and responsibility for each functional division and process and procedure for core business activities;

ii. Management information systems generating timely financial data and information for reporting, review and monitoring purposes; and

iii. Project planning, monitoring and reporting systems ensuring timely completion of projects and achievement of business targets. Post mortem review is carried out on completed project to identify areas of improvement.

Statement on Risk Management and Internal Control (Cont'd)

MANAGEMENT ACCOUNTABILITY AND ASSURANCE

Management is accountable to the Board for identifying risks relevant to the business, implementing and maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and risks that could significantly affect the Group's performance. In making this Statement, Managing Director and Executive Director have represented to the Board that, to the best of their knowledge the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of systems of internal control and risk management 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 Annual Report. The Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Chairman's Statement

On behalf of the Board of Directors of Brem Holding Berhad ("Brem" or "the Group"), it is my great pleasure to present to you the Annual Report and Audited Financial Statements of the Company and of the Group for the financial year ended 31 March 2014.

FINANCIAL PERFORMANCE

For the financial year under review, the Group has registered higher revenue of RM144.10 million as compared to RM134.61 million recorded in the previous financial year. The higher revenue was mainly due to contribution from the property development sector. The profit before taxation for the Group increased from RM47.98 million in 2013 to RM62.72 million in 2014. The improvement in the bottom line was mainly due to contribution from the property development division and complemented by the reversal of impairment loss on investment in an associated company amounting to RM6.8 million.

REVIEW OF OPERATION

During the financial year, the property development division of the Group recorded higher revenue which was attributed to significant contribution from the ongoing project namely Pelangi Heights Phase 2 in Klang. Despite the higher revenue for the current financial year, the division recorded a lower profit before taxation as compared to the preceding year. This was attributed to the recent completed project namely Villa Orkid and lower contribution from an associated company.

The construction division will continue to grow the order book by undertaking more projects and continue to provide support to the property development division of the Group.

The property investment and investment holding division registered a slight increase in revenue for the year under review as compared to the preceding year. This was attributed to better performance of Kepong Brem Mall. The improved operating revenues also brought a higher profit before taxation as compared to the preceding year.

The revenue contribution as well as the profit before taxation for the year from the water concession business in Papua New Guinea has decreased compared to the preceding year. This is due to fluctuation of exchange rate.

DIVIDEND

The Board of Directors has recommended a final single tier dividend of 3.0 sen per ordinary share in respect of the year ended 31 March 2014 for shareholders' approval at the forthcoming 33rd Annual General Meeting of the Company to be convened.

INDUSTRY TRENDS AND DEVELOPMENT

The Malaysian economy is expected to grow at a steady rate in year 2014 despite numerous external negative factors from the global business environment. The growth in the construction industry remains resilient, supported by the various projects under the Economic Transformation Program under the Malaysian Plan (2011-2015), implementation of affordable housing scheme and activities in infrastructure and public transport network such as Mass Rapid Transit, Light Rail Transit and Komuter trains lines.

The outlook for the property market industry remained competitive. The price and demand of the properties still remained high, especially for the prime locations such as Klang Valley and Iskandar Development Region despite some cooling measures imposed by the Malaysian Government i.e Real Property Gains Tax and stringent bank loan lending guidelines by Bank Negara Malaysia which have resulted in a cautious market to the overall property market.

PROSPECTS

The Group is optimistic that, with our expertise and strong track records, our construction and property development divisions will add strong positive contributions to the Group's financial standings with the launching of a new development scheme following by the recent completed project in Segambut. The Directors are also of the view that, with the Group's land bank of over 500 acres in prime locations, our construction and property development divisions will sustain at a comfortable level for the coming year.

The water supply and services divisions are continuously contributing consistent revenue and profit to the Group.

The contribution from rental receivable remains encouraging and contributing positively to the earnings of the Group.

CORPORATE SOCIAL RESPONSIBILITIES

The Group has been trying to make every endeavor to comply with the Malaysia's Green Building Index to acknowledge our commitment to apply green and environmental friendly technologies for undergoing our projects. We will continue our commitment to the preservation of the environment surrounding our projects, charitable contributions to the welfare of the needy and the less fortunate.

APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere appreciation and gratitude to our shareholders, business associates, contractors, consultants, suppliers, financial institutions and regulatory authorities for their continued support, guidance and assistance extended to the Group.

Our sincere appreciation also goes to our management team and employees for their dedication and contributions to the Group.

DATO' HJ. ABU SUJAK BIN HJ. MAHMUD
Chairman

Group Financial Highlights

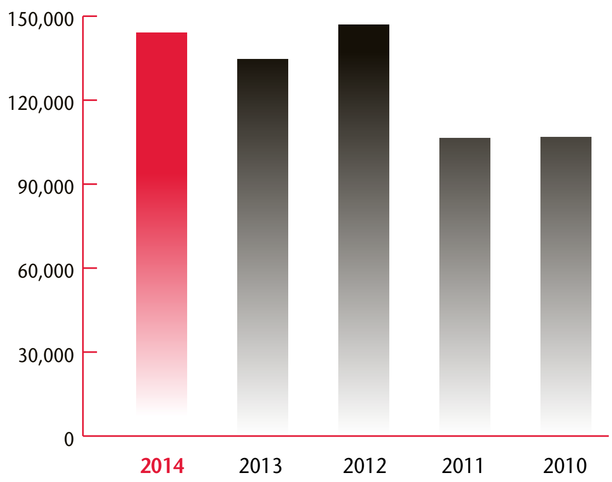
Statements Of Comprehensive Income *(Financial Year Ended 31 March)*	2014 RM '000	2013 RM '000	2012 RM '000	2011 RM '000 (Restated)	2010 RM '000
Revenue	144,101	134,605	146,901	106,429	106,837
Profit Before Taxation	62,717	47,979	55,452	61,676	22,094
Taxation	(16,053)	(14,331)	(11,381)	(9,718)	(4,815)
Profit After Taxation	46,664	33,648	44,071	51,958	17,279
Non-Controlling Interests	(10,846)	(11,241)	(10,488)	(8,657)	(5,534)
Profit Attributable To Shareholders	35,818	22,407	33,583	43,301	11,745

Statements Of Financial Position *(As At 31 March)*	2014 RM '000	2013 RM '000	2012 RM '000	2011 RM '000 (Restated)	2010 RM '000 (Restated)
ASSETS					
Non-Current Assets	557,797	581,092	578,476	421,780	385,607
Current Assets	204,534	191,004	213,151	212,665	222,990
Total Assets	762,331	772,096	791,627	634,445	608,597
EQUITIES AND LIABILITIES					
Equity Attributable To Shareholders Of The Company					
Share Capital	172,736	172,736	172,736	139,616	139,616
Reserves	306,730	294,480	289,486	283,804	247,485
Treasury Shares	(5,461)	(4,460)	(2,648)	(8,040)	(3,659)
Total Equity Attributable To Shareholders Of The Company	474,005	462,756	459,574	415,380	383,442
Non-Controlling Interests	129,830	142,767	133,714	108,465	105,230
Total Equity	603,835	605,523	593,288	523,845	488,672
Liabilities					
Non-Current Liabilities	98,222	125,186	87,068	46,764	67,609
Current Liabilities	60,274	41,387	111,271	63,836	52,316
Total Liabilities	158,496	166,573	198,339	110,600	119,925
Total Equity And Liabilities	762,331	772,096	791,627	634,445	608,597
Net Assets Per Share (RM)	2.82	2.74	2.69	3.12	2.81
Earnings Per Share (Sen)	21.27*	13.21*	20.26*#	20.58*#	9.23*
Gross Dividend Per Share (%)	6.00	6.00	6.00	10.00	5.00
Gearing Ratio (Times)	0.24	0.26	0.23	0.16	0.20

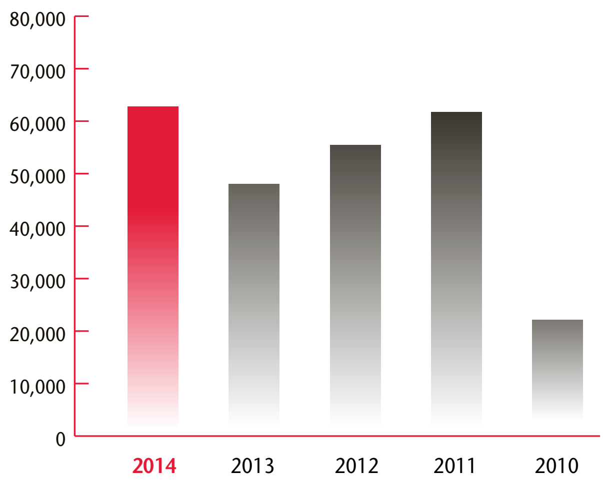
* Based on the weighted average number of ordinary shares
\# Adjusted for bonus issue in 2011.

Group Financial Highlights (Cont'd)

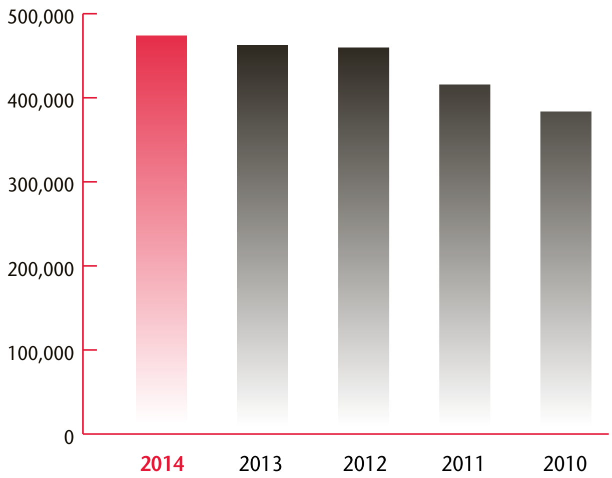
REVENUE
(RM'000)



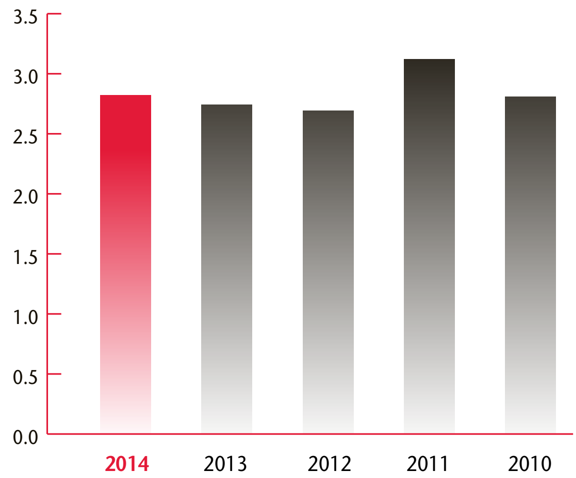
PROFIT BEFORE TAXATION
(RM'000)



TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY
(RM'000)



NET ASSETS PER SHARE
(RM)



Corporate Governance Statement

The Board of Directors of Brem Holding Berhad ("Board") recognizes the importance of practicing the high standards of corporate governance in the Malaysian Code on Corporate Governance ("2012 Code") and is committed to ensuring that the Group's business and operations are in line with the principles and best practices advocated in the Code.

The Board is pleased to disclose below a description of how the Group has applied the principles and recommendations laid down in the 2012 Code and the extent of its compliance during the financial year ended 31 March 2014:-

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Group is led and managed by an effective Board which assumes responsibility in corporate governance and the overall performance of the Group.

To ensure the effective discharge of its function and responsibilities, the Board has established and delegates certain responsibilities to specific Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee which operates within defined terms of reference and operating procedures. These Committees ensure greater attention, objectivity and independence are provided in the deliberation of specific board agenda. The Chairman of the respective Board Committee would report to the Board during the Board Meetings on significant matters deliberated in the Committees.

Additionally, during the financial year, the Board has approved its Board Charter which sets out a list of specific functions that are reserved for the Board. Key matters reserved for the Board's approval includes financial results, dividend policy, related party transactions, annual business plan and budgets, new ventures and investments, material acquisitions and disposal of assets not in the ordinary course of business and authority levels.

1.2 Clear Roles and Responsibilities

The Board assumes the primary responsibilities prescribed under the 2012 Code which include, amongst others, the review of 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 and developing a communications policy.

1.3 Formalised Ethical Standards through Code of Ethics

During the financial year, the Group has established a Whistle Blowing Policy and a Code of Ethics and Conduct ("Code") in line with good governance practices. The Whistle Blowing policy provides a framework for direction and procedure to deal with fraud and related matters and defines the rights of the informants and the protection accorded to them while the Code sets out the principles and standards of business ethics and conduct of the Group.

1.4 Strategies Promoting Sustainability

The Group is committed to sustainability development. The sustainability policy of the Group and information on sustainability activities, demonstrating the Company's commitment to its environmental, social and governance is available at the Company's website at www.bremholding.com.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.5 Access to Information and Advice

The Directors have full access to all information, management and the advice and services of the Company Secretary. The Directors are supplied with the relevant documents and information in advance of each meeting so that they have a comprehensive understanding of the matters to be deliberated upon to enable them to arrive at an informed decision. All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary. In addition, the Directors are also empowered to seek independent professional advice at the Company's expense, should they consider it necessary in their course of duties.

1.6 Company Secretary

The Company has appointed a qualified Company Secretary to play a supportive role to the Board. 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. The Company Secretary attends all board meetings and ensures that accurate and adequate records of the proceedings of board meetings and decisions made are properly kept.

1.7 Board Charter

The Company's Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board will periodically review and update its charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee ("NC")

The NC was established on 27 February 2002. The members of the NC, comprising exclusively of Non-Executive Directors, a majority of whom are independent, 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 NC is responsible for making recommendations on any nomination to the Board and Committees of the Board. In making these recommendations, due consideration is given to the required mix of skills and experience that the proposed directors should bring to the Board and to the respective Board Committees. The decision as to who shall be appointed shall be the responsibility of the full Board after considering the recommendations of the NC.

The NC will also assess annually, the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director including Independent Non-Executive Directors.

The NC had held one (1) meeting during the financial year ended 31 March 2014 which were attended by all members.

2. STRENGTHEN COMPOSITION (CONT'D)

2.2. Develop, Maintain And Review Criteria For Recruitment And Annual Assessment Of Directors

(a) Recruitment or New Appointment of Directors

The Board appoints its members through a formal and transparent selection process which involves (1) identification of candidates for directorships, (2) evaluation and deliberation of suitability of candidates by the NC and (3) recommendation to the Board.

In making these, due consideration is given to the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment, gender diversity and other qualities that the proposed directors should bring to the Board and to the respective Board Committees.

(b) Gender Diversity Policy

The Board is supportive of the gender diversity policy and 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. The appointment of Ms. Khoo Hui Keam and Ms. Khoo Hui Giok to the Board on 26 November 2007 and 26 May 2008 respectively is evidence that the Board does not consider gender to be a bar to Board membership.

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

The Articles of Association of the Company provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

Any Director appointed during the year is required under the Company's Articles to retire and seek re-election by shareholders at the following AGM immediately after his appointment. In addition, Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Information of each Director standing for re-election covering their personal profile, meeting attendance, directorships in other public companies and shareholdings in the Group is furnished in the Annual Report.

(d) Annual Assessment

The NC conducted its annual appraisal on the effectiveness of the Board, its Committees and the contribution of each director at the meeting held on 24 July 2013. The annual appraisal was conducted via questionnaires.

The Board's effectiveness was assessed in the areas of composition, board strategy, board meetings, corporate and financial reporting, risk management and investors relationship. The review criteria for assessing the Directors' individual performance was largely focus on their meeting attendance, competencies, experience, knowledge, contribution to interaction, quality of input and understanding of role as Director.

The NC, upon the review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Directors' Remuneration

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)*
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 practiced 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 two (2) meetings during the financial year ended 31 March 2014 and was attended by all the members.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors shall abstain from discussions pertaining to their own remuneration.

The details of the Directors' remuneration from the Group for the financial year ended 31 March 2014 are as follows:-

(a) An analysis of the aggregate remuneration received by the Directors of the Company from the Group, categorised into appropriate components is set out below:-

	Fees RM	Salaries & other emoluments RM	Benefit in Kind RM	Total RM
Executive Directors	20,000	583,480	-	603,480
Non-Executive Directors	50,000	51,325	25,750	127,075

(b) Analysis of Directors' remuneration categorized in successive band of RM50,000:-

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	5
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	-
RM450,001 - RM500,000	1	-

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board will assess the independence of its Independent Directors annually in accordance with the criteria prescribed by the Listing Requirements of Bursa Securities.

During the financial year, the Board conducted the annual appraisal on the independence of the Independent Directors using the peer evaluation questionnaire for assessing the performance of the Independent Directors and the Independent Director questionnaire. Based on results of the appraisal, it was concluded that the Independent Directors continues to remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nomination Committee and the Board.

3.2 Tenure of Independent Directors

In line with the 2012 Code, the Board has agreed that upon the completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director. However, the Board must justify and seek shareholders' approval in the event it retains an Independent Director, a person who has served in that capacity for more than nine (9) years.

As at the date of this statement, one of its existing Independent Directors namely Mr. Wong Miow Song has served on the Board for more than nine years. The Board, through the NC, has assessed, reviewed and determined that he has remained objective and independent. The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Board believes that the Group benefits from long serving Directors, who possess detailed knowledge of the Group's business and have proven commitment, experience and competence for informed and balance decision making. As such, the Board would be seeking shareholders' approval at the coming AGM for him to continue in office as Independent Director.

3.3. Separation of positions of the Chairman and Managing Director ("MD")

The roles and responsibilities of the Chairman and MD are separated to ensure balance of authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director has the overall responsibility for the day-to-day management of the Group's businesses and implementation of the Board's policies and decisions. All major matters and issues are referred to the Board for consideration and approval.

3. REINFORCE INDEPENDENCE (CONT'D)

3.4 Composition of the Board

As at the financial year ended 31 March 2014, the Board has seven (7) members comprising an Independent Non-Executive Chairman, a Managing Director, an Executive Director, three Non-Independent Non-Executive Directors and one Independent Non-Executive Director. The composition of the Board complies with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

The role of the Independent Non-Executive Directors is particularly important in providing 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 process.

The Board comprises a balanced mix of members with professional and business experience relevant to the Group's businesses. A brief profile of each Director is presented on pages 11 and 12 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time Commitment

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 2014, as reflected below:-

	Attendance at Meetings of/ No. of Meetings Held during Office			
	Board	Audit Committee	NC	RC
Dato' Hj. Abu Sujak Bin Hj. Mahmud	6/6	5/5	1/1	2/2
Khoo Chai Kaa	6/6	N/A	N/A	2/2
Khoo Chai Thiam	6/6	N/A	N/A	N/A
Low Yew Hwa	6/6	#5/5	N/A	N/A
Wong Miow Song	6/6	5/5	1/1	2/2
Khoo Hui Keam	6/6	N/A	N/A	N/A
Khoo Hui Giok	6/6	5/5	1/1	N/A

 # - Attended by invitation
N/A - Not Applicable

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training

All Board members have completed the Mandatory Accreditation Programme in accordance with the Listing Requirements. During the financial year ended 31 March 2014, all the Directors have attended development and training programmes, the details of which were as follows:

Name of Directors	Development and Training Programmes
Dato' Hj. Abu Sujak Bin Hj. Mahmud	a) Corporate Risk Management b) Risk Management & Internal Control : Workshops for Audit Committee Members
Khoo Chai Kaa	Corporate Risk Management
Khoo Chai Thiam	a) Corporate Risk Management b) Seminar Integriti & Kod Etika Kontraktor Bil 1/2014 c) QLASSIC Assessment for Building Projects d) Advocacy Sessions on Corporate Disclosure For Directors e) Goods and Services Tax (GST) in Malaysia
Low Yew Hwa	a) Corporate Risk Management b) 9th Tricor Tax & Corporate Seminar c) National Tax Conference 2013 d) QLASSIC Assessment for Building Projects e) Slope Management Seminar f) Goods and Services Tax (GST) in Malaysia
Wong Miow Song	a) Corporate Risk Management b) Advocacy Sessions on Corporate Disclosure For Directors c) Goods and Services Tax (GST) in Malaysia
Khoo Hui Keam	a) Corporate Risk Management b) Goods and Services Tax (GST) in Malaysia
Khoo Hui Giok	a) Corporate Risk Management b) 9th Tricor Tax & Corporate Seminar

The Board acknowledges the importance of continuous education and training to enable the Board to effectively discharge its duties and responsibilities. The Board shall evaluate and determine the training needs of its Directors on a continuous basis pursuant to the Listing Requirements of Bursa Securities.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance With Applicable Financial Reporting Standards

The Directors are responsible for the preparation and fair presentation of the financial statements for each financial year in accordance with applicable Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Quarterly financial results and annual financial statements are reviewed and deliberated upon by the Audit Committee to ensure the quality and adequacy of such information, prior to submission the Board for its approval. The Audit Committee also reviews the appropriateness of the Company's accounting policies and the changes to these policies.

The Statement of Directors' Responsibility in relation to the financial statements is presented on the appropriate section of this Annual Report.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

5.2 Assessment Of Suitability And Independence of 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 twice during the financial year under review without the presence of executive members of the Board. The Audit Committee Report covering its terms of reference, composition, activities and attendance of the members are reported separately on pages 31 to 34.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. Risk management is embedded in the Group's management systems. The Board with the assistance of the outsourced internal audit function has established processes for identifying, evaluating and managing the significant risks faced by the core business of the Group. The outcome of the process is reviewed by the Board and is guided by the Statement on Risk Management & Internal Control Guidelines for Directors of Public Listed Companies issued by Bursa Securities.

6.2 Internal Audit Function

The internal audit function is outsourced to an independent internal audit service company. The Audit Committee reviews and approves the internal audit plan, which is developed based on the key risk areas and major operating units of the Group. Audit reviews were carried out on quarterly basis and audit findings were reported to the Audit Committee. Further details of the activities of the internal audit function are set out in the Audit Committee Report on pages 31 to 34 of this Annual Report.

The Statement of Risk Management and Internal Control furnished on pages 16 to 17 of this Annual Report provide an overview on the state of internal controls within the Group.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. In that respect, the Company is guided by Bursa Securities' disclosure framework as outlined in its Corporate Disclosure Guide.

7.2 Leverage on Information Technology For Effective Dissemination of Information

The Board endeavours to leverage on information technology for broader and effective ways to communicate with both its shareholders and stakeholders. Information is disseminated through various disclosures and announcements made to the Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports. Shareholders and members of the public can obtain information on the Group through the Bursa Securities' website at www.bursamalaysia.com and the Company's website at www.bremholding.com.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation At General Meetings

The Board regards the 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 21 days prior to the meeting. At each AGM, the Board presents the performance and progress of the Company and provides shareholders with the opportunity to raise questions pertaining to the Company. The Chairman and the Board will respond to the questions raised by the shareholders during the AGM. The Board has 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.

8.2 Encourage Poll Voting

Recommendation 8.2 of the 2012 Code recommends that the Board should encourage poll voting for substantive resolutions. The Board is of the view that with the current level of shareholders' attendance at AGM, voting by way of a show of hands continues to be efficient.

8.3 Effective Communication And Proactive Engagement

Besides the key channels of communication through the Company's AGM, Annual Report, Quarterly Report and various announcements to the Bursa Securities, the Company's website at www.bremholding.com also provides corporate, financial and non-financial information. Through the website, shareholders are able to direct enquiries to the Company. Additionally, a press conference is held immediately after the AGM upon request.

The Board has also designated Mr. Wong Miow Song as the Senior Independent Director to whom shareholders and investors can voice their view and concerns by email at wongms@bremholding.com as an alternative channel of communication with shareholders.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARATION OF THE 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 applicable accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Securities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the year ended on that date.

- Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate system are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31 March 2014, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

This statement was made in accordance with a resolution of the Board dated 22 July 2014.

Audit Committee Report

ESTABISHMENT AND COMPOSITION

The Audit Committee of Brem Holding Berhad was established on 25 July 1994. For the financial year ended 31 March 2014, the Audit Committee comprises the following three 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)*

SUMMARY OF THE TERMS OF REFERENCE

(1) MEMBERSHIP

1.1) The Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, of whom the majority shall be independent.

1.2) The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfill such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities") or approved by Bursa Securities.

1.3) No alternate director shall be appointed as a member of the Committee.

1.4) The members of the Committee shall elect from among their number a chairman who is non-executive and independent, as defined above.

1.5) If one or more members of the Committee resign, die or for any other reason cease to be a member with the result that the Listing Requirements of the Bursa Securities are breached, the Board shall, within three months of the event, appoint such number of new members as may be required to correct the breach.

1.6) The Board shall review the term of office of Committee members no less than once every three years.

(2) AUTHORITY

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

(a) investigate any activity within the Committee's terms of reference;
(b) have resources which are reasonably required to enable it to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company or the Group;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
(e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
(f) convene meetings with the external auditors, internal auditors or both, excluding the attendance of the executive members of the other directors and employees of the Company, whenever deemed necessary.

(3) FUNCTIONS AND RESPONSIBILITIES

3.1) The Audit Committee shall, amongst others, discharge the following functions:-

3.1.1) review the following and report the same to the Board:-

(a) with the external auditors, the scope of the audit and the audit plan;

(b) with the external auditors, their evaluation of the system of internal controls;

(c) with the external auditors, their management letter and the management's response;

(d) with the external auditors, their audit report;

(e) the assistance given by the employees to the external auditors;

(f) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

(g) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(h) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

(i) any changes in or implementation of major accounting policy changes;

(ii) significant adjustments arising from the audit;

(iii) significant and unusual events;

(iv) the going concern assumption; and

(v) compliance with accounting standards and other legal requirements;

(i) any related party transaction and conflict of interest situation that may arise within the Company or the group including any transaction, procedure or course of conduct that raises questions of management integrity;

(j) any letter of resignation from the external auditors; and

(k) whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;

3.1.2) recommend the nomination of a person or persons as external auditors; and

3.1.3) any other matters as directed by the Board.

3.2) The Committee shall establish an internal audit function which is independent of the activities it audits.

3.3) The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit.

3.4) The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

3.5) All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.

(4) QUORUM, ATTENDANCE AND FREQUENCY OF MEETINGS

4.1) The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

4.2) The Head of Finance, the Head of Internal Audit and a representative of the External Auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting only at the Audit Committee's invitation, specific to the relevant meeting. However, twice a year the Committee shall meet with the External Auditors without executive Board members present.

4.3) The Chairman shall call for meetings, to be held not less than four times a year. The External Auditors may request a meeting if they consider one necessary.

AUDIT COMMITTEE MEETINGS

The Audit Committee met five times during the financial year ended 31 March 2014. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2014

During the financial year ended 31 March 2014, the activities of the Audit Committee included the following:-

(a) reviewed the unaudited quarterly financial results and announcements for the financial quarters prior to submission to the Board of Directors for consideration and approval;
(b) reviewed the audited financial statements for the year ended 31 March 2013;
(c) reviewed the external auditors' report to the Committee in relation to the audit and accounting issues arising from the audit of the Group's financial statements and the management's response;
(d) considered the audit fee payable and the nomination of the external auditors for recommendation to the Board for appointment;
(e) reviewed the assistance given by the employees to the external auditors in respect of the audit for the year ended 31 March 2013;
(f) reviewed the external auditors' audit plans and the scope of audit for the financial year ended 31 March 2014;

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2014 (CONT'D)

(g) met with the external auditors twice during the financial year ended 31 March 2014 without the presence of any executive Board members;

(h) reviewed internal audit reports prepared by the Internal Auditor on the Company and its subsidiaries and management implementation of audit recommendations;

(i) reviewed the Group Risk Policy;

(j) reviewed the disclosure statements on Corporate Governance, Audit Committee Report and the Statement of Risk Management and Internal Control for the year ended 31 March 2013 and recommended their adoption to the Board; and

(k) reviewed the guidelines and procedures set out to monitor recurrent related party transactions.

INTERNAL AUDIT FUNCTION

For the financial year ended 31 March 2014, 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 2014 is RM56,047/-.

The principal responsibility of the internal audit function is to undertake regular and systematic review of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. The internal auditors undertake internal audit function based on the audit plan that was reviewed and approved by the Audit Committee.

During the financial year under review, the internal auditors have conducted audit on selected subsidiaries and key functions and reported their findings and recommendations to the Audit Committee. These internal audit reports together with responses by management were circulated to all members of the Audit Committee. All internal audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings and recommendations were duly acted upon by the management.

Financial Statements

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of general contractors, property development, property investments and investment holdings. All other operational activities of the Group are undertaken by respective subsidiaries and associates and are disclosed in Notes 8 and 9 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit before taxation	62,717,496	47,207,029
Income tax expenses	(16,053,097)	(3,643,154)
Net profit for the financial year	46,664,399	43,563,875
Attributable to:		
Shareholders of the Company	35,818,372	43,563,875
Non-controlling interests	10,846,027	-
	46,664,399	43,563,875

DIVIDENDS

A final dividend of 3% less 25% tax amounting to RM3,786,791 in respect of the financial year ended 31 March 2013 has been paid on 18 November 2013.

A first interim dividend of 3% less 25% tax amounting to RM3,784,203 in respect of the financial year ended 31 March 2014 has been paid on 30 December 2013.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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 debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the Directors are not aware of any circumstances that 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 methods of valuation of assets or liabilities of the Group and 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 and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

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

In the opinion of the Directors, no contingent liabilities or other liabilities of the Group and 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than as disclosed in Note 35 to the financial statements.

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 that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 did not issue any shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 875,800 ordinary shares of RM1 each of its issued ordinary shares from open market at an average price of RM1.16 per share. The total consideration paid for the repurchase including transaction costs was RM1,001,505. The shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

DIRECTORS

Directors who served on the Board of the Company since the date of the last report are as follows:

Dato' Hj. Abu Sujak Bin Hj. Mahmud
Khoo Chai Kaa
Low Yew Hwa
Khoo Chai Thiam
Wong Miow Song
Khoo Hui Keam
Khoo Hui Giok

In accordance with Article 80 of the Company's Article of Association, Khoo Hui Keam and Khoo Hui Giok retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(2) of the Companies Act, 1965 in Malaysia, Dato' Hj. Abu Sujak Bin Hj. Mahmud having attained age of 70, shall vacate the office of the Director of the Company. However, pursuant to Section 129(6), he may be re-appointed by resolution passed by a majority of not less than three-fourths of such number of shareholders of the Company entitled to vote at a general meeting of the Company. The appointment to hold office shall be until the next Annual General Meeting of the Company. A resolution to re-appoint him as Director of the Company will be proposed at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Company Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM 1.00 each			
	Balance at 01.04.2013	Bought	Sold	Balance at 31.03.2014
Direct Interest				
Khoo Chai Kaa	24,374,410	-	-	24,374,410
Low Yew Hwa	2,530,863	-	-	2,530,863
Khoo Chai Thiam	3,428,672	-	-	3,428,672
Indirect Interest				
Khoo Chai Kaa*	39,913,350	-	-	39,913,350

* Indirect interest through Brem Properties Sdn. Bhd.

By virtue of his interest in shares in the Company, Mr. Khoo Chai Kaa is also deemed to be interested in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors in office at the end of the financial year held any interest in shares or debentures of the Company or the subsidiaries.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director 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 Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 except as recorded and disclosed in the Notes 31 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company or its related companies was a party, whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Messrs. STYL Associates, have indicated their willingness to continue in office.

On behalf of the Board,

KHOO CHAI KAA	**KHOO CHAI THIAM**
Director	Director

Kuala Lumpur

Date: 22 July 2014

Statement By Directors

We, **KHOO CHAI KAA** and **KHOO CHAI THIAM**, being two of the Directors of BREM HOLDING BERHAD, state that, in the opinion of the Directors, the financial statements set out on pages 43 to 120 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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 2014 and of their financial performance and cash flows of the financial year then ended.

The supplementary information set out in page 121 have been prepared in accordance with the Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

KHOO CHAI KAA
Director

KHOO CHAI THIAM
Director

Kuala Lumpur

Date: 22 July 2014

Statutory Declaration

I, **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 financial statements set out on pages 43 to 120 and the supplementary information set out on page 121 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.

KHOO CHAI KAA
Director

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on.

Before me,

Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report
to the Members of Brem Holding Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Brem Holding Berhad, which comprise the statements of financial position as at 31 March 2014 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 a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 120.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

b) Other than the subsidiary without the auditor's report as indicated in Note 8 to the financial statements, we have considered the financial statements of all the subsidiaries and the auditor's reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) Other than the subsidiary without the auditor's report as indicated in Note 8 to the financial statements, the auditor's reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 121 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

STYL Associates
No. AF 1929
Chartered Accountants

Si Chay Beng
No. 1200/08/14 (J)
Chartered Accountant

Kuala Lumpur

Date: 22 July 2014

Consolidated Statements of Financial Position
As at 31 March 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,228,167	2,991,767
Operating financial assets	5	93,255,661	131,276,870
Land held for property development	6	250,930,897	240,847,674
Investment properties	7	110,576,818	112,935,939
Investment in associates	9	61,812,597	54,881,770
Other investments - unquoted		595,445	595,445
Deferred tax assets	10	3,506,432	3,671,612
Goodwill on consolidation	11	33,257,325	33,257,325
Trade receivables	12	633,442	633,442
Total non-current assets		557,796,784	581,091,844
Current assets			
Property development costs	13	88,661,707	69,496,459
Inventories	14	13,235,177	12,581,137
Trade receivables	12	39,745,783	70,421,796
Other receivables, deposits and prepayments	15	6,605,674	4,181,812
Deposits with licensed financial institutions	17	40,317,086	14,450,203
Tax recoverable		2,133,189	2,587,600
Cash and bank balances	18	13,835,320	17,285,132
Total current assets		204,533,936	191,004,139
TOTAL ASSETS		762,330,720	772,095,983

Consolidated Statements of Financial Position

As at 31 March 2014 (Cont'd)

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	19	172,736,172	172,736,172
Reserves	20	306,730,322	294,479,678
Treasury shares	21	(5,461,482)	(4,459,977)
Total equity attributable to shareholders of the Company		474,005,012	462,755,873
Non-controlling interests	22	129,829,560	142,767,240
Total equity		603,834,572	605,523,113
Non-current liabilities			
Hire purchase payables	23	1,090,157	675,986
Bank borrowings	24	83,770,492	110,522,573
Deferred tax liabilities	10	13,361,393	13,987,746
Total non-current liabilities		98,222,042	125,186,305
Current liabilities			
Trade payables	25	17,954,687	11,402,688
Other payables, deposits and accruals	26	12,572,294	15,904,487
Amount due to directors	28	254,423	169,625
Hire purchase payables	23	612,000	395,731
Bank borrowings	24	26,409,880	10,541,927
Provision for taxation		2,470,822	2,972,107
Total current liabilities		60,274,106	41,386,565
TOTAL LIABILITIES		158,496,148	166,572,870
TOTAL EQUITY AND LIABILITIES		762,330,720	772,095,983

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

Statements of Financial Position

As at 31 March 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,377,494	1,206,456
Land held for property development	6	33,802,922	33,779,639
Investment in subsidiaries	8	89,327,211	91,448,469
Investment in associates	9	50,320,000	43,520,000
Other investments - unquoted		-	-
Total non-current assets		174,827,627	169,954,564
Current assets			
Property development costs	13	13,228,643	12,964,625
Inventories	14	12,172,122	12,581,137
Trade receivables	12	12,358,881	16,709,103
Other receivables, deposits and prepayments	15	990,833	2,671,940
Amount due from subsidiaries	16	114,120,560	119,039,859
Deposits with licensed financial institutions	17	24,378,527	21,882
Cash and bank balances	18	17,000	4,392,589
Total current assets		177,266,566	168,381,135
TOTAL ASSETS		352,094,193	338,335,699

Statements of Financial Position

As at 31 March 2014 (Cont'd)

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	172,736,172	172,736,172
Reserves	20	162,479,279	126,486,398
Treasury shares	21	(5,461,482)	(4,459,977)
Total equity		329,753,969	294,762,593
Non-current liabilities			
Hire purchase payables	23	450,086	418,808
Deferred tax liabilities	10	67,100	67,100
Total non-current liabilities		517,186	485,908
Current liabilities			
Trade payables	25	9,786,750	9,549,147
Other payables, deposits and accruals	26	1,419,749	4,120,115
Amount due to subsidiaries	27	4,216,456	22,312,181
Amount due to directors	28	155,556	70,736
Hire purchase payables	23	259,453	237,313
Bank borrowings	24	5,291,140	5,141,896
Provision for taxation		693,934	1,655,810
Total current liabilities		21,823,038	43,087,198
Total liabilities		22,340,224	43,573,106
TOTAL EQUITY AND LIABILITIES		352,094,193	338,335,699

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

Consolidated Statements of Comprehensive Income

For the financial year ended 31 March 2014

	Note	2014 RM	2013 RM
Revenue	29	144,101,370	134,605,013
Cost of sales	30	(101,324,885)	(94,293,261)
Gross profit		42,776,485	40,311,752
Other operating income		31,062,017	29,159,945
Administrative expenses		(9,066,370)	(19,786,455)
Finance costs		(2,865,463)	(3,730,516)
Share of results of associates		810,827	2,023,877
Profit before taxation	31	62,717,496	47,978,603
Taxation	32	(16,053,097)	(14,330,684)
Profit after taxation		46,664,399	33,647,919
Other comprehensive (loss)/income, net of taxation			
Foreign currency translation		(30,754,731)	(7,168,852)
Total comprehensive income for the financial year		15,909,668	26,479,067
Profit after taxation attributable to:			
Shareholders of the Company		35,818,372	22,406,439
Non-controlling interests		10,846,027	11,241,480
		46,664,399	33,647,919
Total comprehensive income attributable to:			
Shareholders of the Company		19,821,638	16,431,054
Non-controlling interests		(3,911,970)	10,048,013
		15,909,668	26,479,067
Earnings per share (sen)			
- Basic (sen)	33	21.27	13.21
- Diluted (sen)	33	21.27	13.21

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

Statements of Comprehensive Income

For the financial year ended 31 March 2014

	Note	2014 RM	2013 RM
Revenue	29	73,807,118	67,130,840
Cost of sales	30	(33,904,910)	(43,722,287)
Gross profit		39,902,208	23,408,553
Other operating income		12,323,416	4,382,286
Administrative expenses		(4,702,819)	(15,669,000)
Finance costs		(315,776)	(399,408)
Profit before taxation	31	47,207,029	11,722,431
Taxation	32	(3,643,154)	(2,712,529)
Profit after taxation		43,563,875	9,009,902
Other comprehensive income, net of taxation		-	-
Total comprehensive income for the financial year		43,563,875	9,009,902

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

Consolidated Statements of Changes in Equity
For the financial year ended 31 March 2014

Group	Note	Share Capital RM	Share Premium RM	Capital Reserves RM	Exchange Fluctuation Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
		← Attributable to Owners of the Parent					→			
Balance at 1 April 2012		172,736,172	-	3,884,536	15,265,336	(2,648,237)	270,336,460	459,574,267	133,714,227	593,288,494
Share repurchased		-	-	-	-	(1,811,740)	-	(1,811,740)	-	(1,811,740)
Total comprehensive income for the year		-	-	-	(5,975,385)	-	22,406,439	16,431,054	10,048,013	26,479,067
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	(995,000)	(995,000)
Dividend paid	34	-	-	-	-	-	(11,437,708)	(11,437,708)	-	(11,437,708)
Balance at 31 March 2013		172,736,172	-	3,884,536	9,289,951	(4,459,977)	281,305,191	462,755,873	142,767,240	605,523,113
Share repurchased		-	-	-	-	(1,001,505)	-	(1,001,505)	-	(1,001,505)
Total comprehensive income for the year		-	-	-	(15,996,734)	-	35,818,372	19,821,638	(3,911,970)	15,909,668
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	(9,025,710)	(9,025,710)
Dividend paid	34	-	-	-	-	-	(7,570,994)	(7,570,994)	-	(7,570,994)
Balance at 31 March 2014		172,736,172	-	3,884,536	(6,706,783)	(5,461,482)	309,552,569	474,005,012	129,829,560	603,834,572

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

Statements of Changes in Equity

For the financial year ended 31 March 2014

Company	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Retained Earnings RM	Total Equity RM
Balance at 1 April 2012		172,736,172	-	(2,648,237)	128,914,204	299,002,139
Share repurchased		-	-	(1,811,740)	-	(1,811,740)
Total comprehensive income for the financial year		-	-	-	9,009,902	9,009,902
Dividend paid	34	-	-	-	(11,437,708)	(11,437,708)
Balance at 31 March 2013		172,736,172	0	(4,459,977)	126,486,398	294,762,593
Share repurchased		-	-	(1,001,505)	-	(1,001,505)
Total comprehensive income for the financial year		-	-	-	43,563,875	43,563,875
Dividend paid/payable	34	-	-	-	(7,570,994)	(7,570,994)
Balance at 31 March 2014		172,736,172	0	(5,461,482)	162,479,279	329,753,969

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

Consolidated Statements of Cash Flows

For the financial year ended 31 March 2014

	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	62,717,496	47,978,603
Adjustments for:		
Share of results of associates	(810,827)	(2,023,877)
Depreciation of property, plant and equipment	648,154	475,664
Depreciation of investment properties	2,478,644	2,478,646
Interest expenses	2,865,464	3,730,516
Property, plant and equipment written off	1,293	958
Interest income	(20,966,108)	(22,888,596)
Gain on disposal of property, plant and equipment	(565,140)	(105,045)
Gain on disposal of investment properties	-	(585)
Gain on disposal of a subsidiary company	(281,270)	-
(Reversal of) /Additional impairment loss on investment in an associate	(6,800,000)	12,580,000
Unrealised gain on foreign exchange, net	(426,853)	(313,661)
Operating cash flows before working capital changes	38,860,853	41,912,623
Property development cost	(19,225,732)	368,305
Land held for property development	(8,737,349)	(8,069,600)
Operating financial assets	27,440,844	32,193,377
Inventories	(654,040)	691,038
Receivables	27,279,784	(6,835,512)
Payables	4,135,325	(10,816,425)
Net cash generated from operations	69,099,685	49,443,806
Tax paid	(15,869,766)	(11,870,433)
Net Operating Cash Flows	53,229,919	37,573,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(559,901)	(659,425)
Acquisition and additional development cost in investment properties	(119,523)	(214,730)
Acquisition of land held for property development	(1,285,390)	-
Proceeds from disposal of other investment	-	5,000,000
Dividend received	680,000	1,360,000
Proceeds from disposal of property, plant and equipment	575,860	112,250
Proceeds from disposal of investment properties	-	5,010,000
Net proceeds from disposal of investment in subsidiary	644,602	-
Interest received	4,981,171	3,173,586
Net Investing Cash Flows	4,916,819	13,781,681

Consolidated Statements of Cash Flows

For the financial year ended 31 March 2014 (Cont'd)

	2014 RM	2013 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(466,560)	(200,230)
Redemption of debentures	-	(7,844,855)
Repayment of term loans	(11,189,433)	(7,280,513)
Dividend paid to non-controlling interest of a subsidiary	(9,025,710)	(995,000)
Repurchase of treasury shares	(1,001,505)	(1,811,740)
Dividend paid to shareholders of the Company	(7,570,994)	(7,633,800)
Interest paid	(2,865,464)	(3,730,516)
(Placement) / Withdrawal of deposit with licensed financial institutions	(448,119)	2,338,324
Net Financing Cash Flows	(32,567,785)	(27,158,330)
NET CHANGE IN CASH AND CASH EQUIVALENTS	25,578,953	24,196,724
EFFECT OF EXCHANGE DIFFERENCE ON TRANSLATION	(3,915,306)	(5,009,112)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	28,913,017	9,725,405
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	50,576,664	28,913,017
CASH AND CASH EQUIVALENTS COMPRISE:		
Deposits with licensed financial institutions	40,317,086	14,450,203
Cash and bank balances	13,835,320	17,285,132
Bank overdrafts	(2,847,232)	(2,541,927)
	51,305,174	29,193,408
Less: deposits pledged to licensed financial institutions	(728,510)	(280,391)
	50,576,664	28,913,017

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

Statements of Cash Flows
For the financial year ended 31 March 2014

	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	47,207,029	11,722,431
Adjustments for:		
Bad debts written off	1,502,900	-
Depreciation	369,707	320,621
Interest expenses	315,776	399,408
Property, plant and equipment written off	-	226
Interest income	(4,189,827)	(2,595,587)
Dividend income	(26,242,500)	(13,716,203)
Gain on disposal of property, plant and equipment	(366,986)	(34,197)
(Reversal)/Additional impairment loss on investment in an associate	(6,800,000)	12,580,000
Unrealised loss on foreign exchange	39,913	6,217
Operating cash flows before working capital changes	11,836,012	8,682,916
Property development cost	(287,301)	(125,691)
Inventories	409,015	602,018
Receivables	9,525,173	7,753,507
Payables	(20,513,581)	(3,806,394)
Subsidiaries	2,121,258	(14,370,794)
Net cash used in operations	3,090,576	(1,264,438)
Tax refund	-	-
Tax paid	(4,605,030)	(1,469,903)
Net Operating Cash Flows	(1,514,454)	(2,734,341)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(319,204)	(394,885)
Proceeds from disposal of investment	-	5,000,000
Dividend received	26,242,500	13,716,203
Proceeds from disposal of property, plant and equipment	367,000	37,200
Interest received	4,189,827	2,595,587
Net Investing Cash Flows	30,480,123	20,954,105

Statements of Cash Flows

For the financial year ended 31 March 2014 (Cont'd)

	2014 RM	2013 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(245,582)	(198,924)
Repurchase of treasury shares	(1,001,505)	(1,811,740)
Dividend paid to shareholders of the Company	(7,570,994)	(7,633,800)
Interest paid	(315,776)	(399,408)
Net Financing Cash Flows	(9,133,857)	(10,043,872)
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,831,812	8,175,892
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,272,575	(3,903,317)
CASH AND CASH EQUIVALENTS AT END OF YEAR	24,104,387	4,272,575
CASH AND CASH EQUIVALENTS COMPRISE:		
Deposits with licensed financial institutions	24,378,527	21,882
Cash and bank balances	17,000	4,392,589
Bank overdrafts	(291,140)	(141,896)
	24,104,387	4,272,575

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

Notes to the Financial Statements
For the financial year ended 31 March 2014

1. **GENERAL INFORMATION**

The principal activities of the Company are those of general contractors, property development, property investments and investment holdings. All other operational activities of the Group are undertaken by respective subsidiaries and associates and are disclosed in Notes 8 and 9 to the financial statements.

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

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 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 July 2014.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2.1 **Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

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

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment 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 are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")**

(a) **Adoption of Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int**

The Company had adopted the following revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:

<u>New FRSs</u>

FRS 10:	Consolidated Financial Statements
FRS 11:	Joint arrangements
FRS 12:	Disclosure of Interest in Other Entities
FRS 13:	Fair Value Measurement

<u>Revised FRSs</u>

FRS 119:	Employee Benefits
FRS 127:	Separate Financial Statements
FRS 128:	Investment in Associates and Joint Ventures

<u>Amendments/Improvements to FRSs</u>

FRS 1:	Government Loans
FRS 1:	First-time adoption of Financial Reporting Standards
FRS 7:	Disclosure-Offsetting Financial Assets and Financial Liabilities
FRS 10, FRS 11 and FRS 12:	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
FRS 101:	Presentation of Financial Statements
FRS 116:	Property, Plant and Equipment
FRS 132:	Financial Instruments: Presentation
FRS 134:	Interim Financial Reporting

<u>New IC Int</u>

IC Interpretation 20:	Stripping Costs in the Production Phase of a Surface Mine

<u>Amendments to IC Int</u>

IC Interpretation 2:	Members' Shares in Co-operative Entities and Similar Instruments

The adoption of the above new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)**

(a) **Adoption of Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Cont'd)**

FRS 10: Consolidated Financial Statements
FRS 10 replaces the portion of FRS127 Consolidated and Seperate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127. The definition of control in FRS 10 includes three elements: (a) power over an investee, (b) exposure or right, to variable returns from its investment with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Overall, the application of FRS 10 requires significant judgement on a number of aspects.

FRS 12: Disclosure of Interests in Other Entities
FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13: Fair Value Measurement
FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

FRS 127: Separate Financial Statements
As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)**

(a) **Adoption of Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Cont'd)**

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with FRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements.

(b) **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, not yet effective and have not been adopted early**

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2014:

Amendments/Improvements
- FRS 10, FRS 12 and FRS 127: Investment Entities
- FRS 132: Offsetting Financial Assets and Financial Liabilities
- FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

New IC Int
IC Interpretation 21: Levies

Effective for financial periods beginning on or after 1 July 2014:

- Annual Improvements to FRSs 2010-2012 Cycle
- Annual Improvements to FRSs 2011-2013 Cycle
- FRS 119: Employee Contributions

The revised FRSs, amendments to FRSs and Interpretations above do not have significant impact on the financial statements and the accounting policies of the Group and Company.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)**

(c) **MASB Approved Accounting Standards, MFRSs**

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2013. However, on 7 August 2013, the Malaysian Accounting Standards Board (the Board) has decided to allow agriculture and real estate companies, including their parents, significant investors and venturers (Transitioning Entities) to defer the adoption of the MFRS Framework for an additional year. This deferment takes into account the latest status of the IASB's work plan on the two transitional issues that have yet to be resolved. Transitioning Entities continue to have the option to either apply the MFRS Framework or the FRS Framework for annual periods beginning on or after 1 January 2014.

In light of this development and the revisions of the project timelines by the IASB, the Board has decided to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all entities for annual periods beginning on or after 1 January 2015.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1 April 2015. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 31 March 2016.

As at 31 March 2014, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2(b). The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2015 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)**

(c) **MASB Approved Accounting Standards, MFRSs (Cont'd)**

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises. The Group does not expect any impact on the financial statements arising from the adoption of this standard.

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes that the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group and the Company are currently assessing the impact of the adoption of this Interpretation.

2.3 **Significant Accounting Policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) **Subsidiaries**

Subsidiary companies are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effects of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Subsidiary companies are consolidated using the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(i) **Subsidiaries (Cont'd)**

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in the other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, and equity instruments issued, plus any cost directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.3 (h). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are reassessed on acquisition date unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs for acquisition between 1 January 2006 and 1 January 2011, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Transaction costs for acquisition on or after 1 January 2011 will no longer be capitalised as part of the cost of acquisition but will be expensed immediately.

(ii) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, Consolidated and Separate Financial Statements (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. The change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per ordinary share.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(ii) **Non-controlling interests (Cont'd)**

In the previous years, where losses applicable to the non-controlling interests exceed the non-controlling's interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests were charged against the Group's interest except to the extent that the non-controlling interest had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(iii) **Transactions eliminated on consolidation**

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

Unrealised gains on transactions between the Group and the associated companies are eliminated against the investment to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

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

(iv) **Associated companies**

Associated companies are entities, including unincorporated entities, in which the Group exercises significant influence but not control, through participation in the financial and operating policy decision of the companies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method less any impairment losses, of accounting based on the audited or management financial statements of the associated companies unless it is classified as held for sale. Under the equity method of accounting, the Group's share of profits less losses of the associated companies during the financial year is included in the statements of comprehensive income, from the date that significant influence commences until the date that significant influence ceases. The Group's interest in the associated companies is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition accumulated profits or accumulated losses and other reserves.

When the Group's share of losses exceeds its interest in an equity associate, the carrying amount of that interest (including any long term investment) is reduced to nil 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 investee.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(b) **Property, plant and equipment and depreciation**

(i) **Recognition and measurement**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "realised gains and losses" in the financial statement.

(ii) **Subsequent costs**

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in the financial statements as incurred.

(iii) **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Freehold land is not depreciated. Other property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives. The principal annual rates used are as follows:

Plant and machinery	20%
Motor vehicle	20%
Furniture, fittings, equipment and renovation	10% - 25%

Long term leasehold land and buildings are amortised evenly over their lease period of 92 years.

The residual values, deprecation method and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at end of each reporting period.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(c) **Properties development activities**

(i) **Land held for property development**

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at a revalued amount it continues to retain this amount as its surrogate cost as allowed by FRS 201_{2004}. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(ii) **Property development costs**

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the financial outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred for the work performed to date which bear to the estimated total costs for the property development.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that are probable of recovery.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value. Upon the completion of development, unsold completed development properties are transferred to inventory.

Where revenue recognised in the profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the profit or loss, the balance is shown as progress billings under payables (within current liabilities).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(d) **Investment properties**

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Property that is occupied by the Group for the conduct of business operations is accounted for as owner-occupied rather than as an investment property.

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 amortisation and 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 amortised 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.

(e) **Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the percentage of completion method. The percentage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs or by reference to the physical completion of the contract.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprise the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(f) **Investments in subsidiary companies, associated companies**

Investments in subsidiary companies and associated companies are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 3.2 (i).

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(g) **Other investments**

Other investments are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3 (n).

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

(h) **Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of equity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill represents the excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination. Negative goodwill is recognised directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(i) **Inventories**

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined principally on a first-in, first-out basis (FIFO). Cost of work-in-progress and finished goods consist of direct materials, direct labour and direct overheads less foreseeable losses.

The cost of raw material comprises the original cost of purchase plus the cost of bringing the inventory to their present location and condition.

Property inventories are valued at the lower of cost and net realisable value. Cost is determined on average cost or specific identification basis. Cost of property inventories comprises the attributable costs of land and related development costs.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(j) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft and deposits pledged to licensed financial institutions.

(k) **Hire purchase and leases**

Finance leases
A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase or lease payments at the inception of the hire purchase or lease, less accumulated depreciation and impairment losses. The corresponding liability is included in the financial statements as borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine, otherwise, the Group's incremental borrowing rate is used.

Hire purchase or lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase or leasing commitments and the fair value of the assets acquired, are charged to the financial statements over the term of the relevant hire purchase or lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase or leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2.3 (b).

(l) **Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down 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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(l) **Impairment of non-financial assets (Cont'd)**

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. 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. Impairment loss on goodwill is not reversed in a subsequent period.

(m) **Financial assets**

Financial assets 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) **Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

As at the end of the financial period, the Group and the Company have not designated any financial assets as at fair value through profit or loss.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(m) **Financial assets (Cont'd)**

(ii) **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. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) **Held-to-maturity investments**

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

As at the end of the financial period, the Group and the Company have not designated any financial assets as at held-to-maturity investments.

(iv) **Available-for-sale financial assets**

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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 and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(m) **Financial assets (Cont'd)**

(iv) **Available-for-sale financial assets (Cont'd)**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales is a purchases or sales of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned. All regular way purchases or sales of financial asset are recognised and derecognised, as applicable, using trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(n) **Impairment of financial assets**

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(o) Foreign currency

(i) 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.

(ii) 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 translaction 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.

(iii) 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	
	2014	2013
	RM	RM
1 Papua New Guinea Kina	1.1825	1.4825
1 Chinese Renminbi	0.5252	0.4981

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(p) **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.

(q) **Revenue and other income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) **Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3 (e).

(ii) **Property development**

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.3 (c).

(iii) **Sale of goods and services**

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer or when services are rendered.

(iv) **Rental income**

Rental income is recognised on the accrual basis unless collectibility is in doubt, in which case the recognition of such income is suspended.

(v) **Dividend income**

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(q) **Revenue and other income (Cont'd)**

(vi) **Concession arrangements**

Revenue for construction services provided under the concession arrangement for water treatment plants is recognised based on the percentage of completion.

When the Group invoices the customer during the operation phase of the concession period, it will apportion the amount to be collected from the invoice between:

1) a repayment of the operating financial asset, which will be used to reduce the carrying amount of the operating financial asset on the statement of financial position;

2) interest income, which will be recognised as finance income in the profit or loss;

3) administrative fee received, which will be recognised based on monthly fixed fee and recognised when earned over the term of the concession; and

4) revenue from bulk sale of treated water, which will be recognised in the profit and loss.

(r) **Treasury shares**

The Company shares repurchased and held are designated as treasury shares. These shares are treated as unissued shares and presented as a deduction from total equity. Should such shares be cancelled, their nominal amounts will be eliminated and the differences between their cost and nominal amounts will be taken to reserves as appropriate.

(s) **Income tax**

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused 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 difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(s) **Income tax (Cont'd)**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(t) **Employee benefits**

(i) **Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which associated services rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

(iii) **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.

(u) **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, 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. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(u) **Financial liabilities (Cont'd)**

(i) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

As at the end of the financial period, the Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) **Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables, amount due to subsidiaries companies, amount due to Directors, debentures, term loans, bank overdraft, revolving credit, hire purchase payables and amount due to subsidiary companies.

Trade payables, other payables and amount due to subsidiary companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Term loans, bank overdraft, revolving credit and hire purchase payables are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(iii) **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.

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(u) **Financial liabilities (Cont'd)**

(iv) **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 receivables fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the receivables fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, 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.

(v) **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 may 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.

(w) **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 management of the Company who regularly review 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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.3 **Significant Accounting Policies (Cont'd)**

(x) **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 financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(y) **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.

(z) **Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifiying asset if they are directly attributable to the acquisition, construction or production of that asset. Capiltalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs will cease when substantially all the activities necessary to prepare the assets for its intended use or sale are completed.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 **Judgement Made in Applying Accounting Policies**

There was no significant judgement made by management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements during the current financial year.

3.2 **Key Sources of Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

3.2 **Key Sources of Estimation Uncertainty (Cont'd)**

(a) **Depreciation of property, plant and equipment**

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) **Impairment of Goodwill**

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular review is performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of the goodwill at the end of the repoting period is RM33,257,325 (2013: RM33,257,325).

(c) **Property development revenue recognition**

When the financial outcome of the development activity can be estimated reliably and the sale of the development unit is affected, the Group recognises property development profits and costs by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development.

When the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probably will be recovered and the property development costs on the development units sold are recognised when incurred.

Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development costs, the expected loss is recognised as an expense in the period in which the loss is identified.

Significant 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 the judgement, the Group and the Company evaluates based on past experience, external economic factors, by relying on the work/ opinion of specialists and continuous monitoring mechanism.

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 recognise a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.2 Key Sources of Estimation Uncertainty (Cont'd)

(d) **Recognition of construction contracts profits**

The Group recognises contract profits based on the percentage of completion method. The stage of completion of a construction contract is determined based on the proportion that the contract costs incurred for work performed to-date bear to the estimated total costs for the contract. When it is probable that the estimated total contract costs of a contract will exceed the total contract revenue of the contract, the expected loss on the contract is recognised as an expense immediately.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction costs. In making the judgement, the Group and the Company evaluates based on past experience, external economic factors, by relying on the work/opinion of specialists and continuous monitoring mechanism.

The Group has estimated total contract revenue based on the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably based on the latest available information, and in the absence of such, the Directors' best estimates derived from reasonable assumptions, experience and judgement. Where the actual approved variations and claims differ from the estimates, such difference will impact the contract profits/(losses) recognised.

(e) **Income taxes**

Certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(f) **Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future fees receivable, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

3.2 Key Sources of Estimation Uncertainty (Cont'd)

(g) **Impairment of loans and receivables**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivables at the reporting date is disclosed in Notes 12 and 15.

(h) **Revenue recognition in relation to Concession Arrangement**

In accordance to IC Interpretation 12 Service Concession Agreements, the Group recognised the operating financial assets using financial asset model.

The Group measures the operating financial asset model using 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 the amount is calculated using the effective interest method.

Significant judgement is required to apply a suitable effective interest rate in order to determine the present value of the operating financial asset. If the expectation is different from the estimation, such difference will impact the carrying value of the operating financial asset.

(i) **Impairment of investments in subsidiary companies, associated companies and jointly controlled entities**

During the current financial year, the Company made a reversal impairment loss in respect of its investment in an associated company. Details of the reversal of impairment loss are disclosed in Note 9. The Company carried out the impairment test based on the assessment of the fair value less costs to sell of the subsidiary company's assets. The Group did not recognised any impairment in value of the subsidiary companies, as the share of net tangible assets is higher than the carrying amount.

4. **PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land RM	Leasehold land and building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings, equipment and renovation RM	Total RM
2014						
Cost						
At 1 April 2013	12,011	1,051,423	13,346,597	6,840,166	2,340,203	23,590,400
Additions	-	-	580,000	998,218	78,683	1,656,901
Exchange difference	-	(84,000)	(52,878)	(125,068)	(75,450)	(337,396)
Transfer (Note 8)	-	(578,725)	-	-	-	(578,725)
Disposals/written off	-	-	(1,368,000)	(1,980,885)	(14,782)	(3,363,667)
At 31 March 2014	12,011	388,698	12,505,719	5,732,431	2,328,654	20,967,513
Accumulated Depreciation						
At 1 April 2013	-	103,092	13,346,569	5,248,341	1,900,631	20,598,633
Charge for the year	-	4,055	38,667	543,846	139,031	725,599
Exchange difference	-	(9,663)	(52,878)	(104,814)	(65,878)	(233,233)
Disposals/written off	-	-	(1,367,997)	(1,970,173)	(13,483)	(3,351,653)
At 31 March 2014	-	97,484	11,964,361	3,717,200	1,960,301	17,739,346
Net Book Value at 31 March 2014	12,011	291,214	541,358	2,015,231	368,353	3,228,167
2013						
Cost						
At 1 April 2012	16,266	1,044,012	13,636,180	6,084,815	2,188,082	22,969,355
Additions	-	-	-	898,693	240,732	1,139,425
Exchange difference	-	7,411	(4,583)	(7,849)	(6,539)	(11,560)
Transfer (Note 13)	(4,255)	-	-	-	-	(4,255)
Disposals/written off	-	-	(285,000)	(135,493)	(82,072)	(502,565)
At 31 March 2013	12,011	1,051,423	13,346,597	6,840,166	2,340,203	23,590,400
Accumulated Depreciation						
At 1 April 2012	-	87,251	13,636,151	5,011,481	1,859,233	20,594,116
Charge for the year	-	15,397	-	377,423	126,189	519,009
Exchange difference	-	444	(4,583)	(8,075)	(5,566)	(17,780)
Disposals/written off	-	-	(284,999)	(132,488)	(79,225)	(496,712)
At 31 March 2013	-	103,092	13,346,569	5,248,341	1,900,631	20,598,633
Net Book Value at 31 March 2013	12,011	948,331	28	1,591,825	439,572	2,991,767

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Company	Plant and machinery RM	Motor vehicle RM	Furniture, fittings, equipment and renovation RM	Total RM
2014				
Cost				
At 1 April 2013	6,443,719	4,333,253	1,065,029	11,842,001
Additions	-	593,165	25,039	618,204
Disposals	(593,000)	(1,303,111)	(9,398)	(1,905,509)
At 31 March 2014	5,850,719	3,623,307	1,080,670	10,554,696
Accumulated Depreciation				
At 1 April 2013	6,443,698	3,324,600	867,247	10,635,545
Charge for the year	-	383,352	63,800	447,152
Disposals	(592,998)	(1,303,103)	(9,394)	(1,905,495)
At 31 March 2014	5,850,700	2,404,849	921,653	9,177,202
Net Book Value at 31 March 2014	19	1,218,458	159,017	1,377,494
2013				
Cost				
At 1 April 2012	6,478,719	4,013,414	943,195	11,435,328
Additions	-	418,982	145,903	564,885
Disposals	(35,000)	(99,143)	(24,069)	(158,212)
At 31 March 2013	6,443,719	4,333,253	1,065,029	11,842,001
Accumulated Depreciation				
At 1 April 2012	6,478,697	3,114,839	833,026	10,426,562
Charge for the year	-	305,901	58,065	363,966
Disposals	(34,999)	(96,140)	(23,844)	(154,983)
At 31 March 2013	6,443,698	3,324,600	867,247	10,635,545
Net Book Value at 31 March 2013	21	1,008,653	197,782	1,206,456

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,656,901 (2013: RM1,139,425) of which RM1,097,000 (2013: RM480,000) were acquired by means of hire purchase arrangements. Cash payments of RM559,901 (2013: RM659,425) were used to acquire the property, plant and equipment.

(b) Included in property, plant and equipment of the Group and of the Company are motor vehicles acquired under hire purchase arrangements at net book value of RM1,522,823 (2013: RM925,793) and RM875,232 (2013: RM845,613) respectively.

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Amount due from contract customers (Note 12)	77,445	43,345	77,445	43,345
Profit before taxation (Note 32)	648,154	475,664	369,707	320,621
	725,599	519,009	447,152	363,966

(d) Included in property, plant and equipment of the Group and of the Company are costs of the following fully depreciated assets which are still in use:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Plant and machinery	11,925,718	13,346,597	5,850,718	6,443,719
Motor vehicle	2,449,570	4,417,235	1,343,502	2,566,255
Furniture, fittings,equipment and renovation	1,669,546	1,592,229	798,419	709,307
	16,044,834	19,356,061	7,992,639	9,719,281

5. **OPERATING FINANCIAL ASSETS**

The Group has concession arrangements with a governing body of the government of the 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 Concession Periods of 22 years and transfer the plants to the grantor at the end of the Concession Periods. Such concession arrangements fall within the scope of IC Interpretation 12, Service Concession Arrangements. Under IC Interpretation 12, the revenue is recognised based on Note 2.3(q)(vi). The corresponding financial assets arising are recognised based on financial assets method using 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 the amount is calculated using the effective interest method. The effective interest rate used is 1.18%.

5. OPERATING FINANCIAL ASSETS (CONT'D)

Movement in this account as follow :-

	Group	
	2014	2013
Cost	RM	RM
At 1 April	131,276,870	146,276,408
Interest income	15,984,937	19,715,010
Payment by grantor	(28,085,400)	(32,796,900)
Exchange difference	(25,920,746)	(1,917,648)
At 31 March	93,255,661	131,276,870

6. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
At 1 April 2012	59,106,447	124,209,668	16,640,215	199,956,330
Additions	-	-	8,069,600	8,069,600
Transfer from development cost	31,347,591	-	1,474,153	32,821,744
At 31 March 2013/1 April 2013	90,454,038	124,209,668	26,183,968	240,847,674
Additions	1,285,390	-	8,797,833	10,083,223
At 31 March 2014	91,739,428	124,209,668	34,981,801	250,930,897

Company	Freehold land RM	Development expenditure RM	Total RM
At 1 April 2013	32,305,486	1,474,153	33,779,639
Additions	-	23,283	23,283
At 31 March 2014	32,305,486	1,497,436	33,802,922

a) Included in land held for property development of the Group is interest expense capitalised of RM8,488,392 (2013: RM7,908,689).

b) The land held for property development of the Group with carrying value of RM142,857,173 (2013: RM142,884,173) has been pledged as security for a bank loan as disclosed in Note 24 of the financial statements.

7. **INVESTMENT PROPERTIES**

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Development costs RM	Total RM
Cost					
At 1 April 2013	40,709	33,791,788	91,854,338	134,052	125,820,887
Additions	-	-	119,523	-	119,523
Disposals	-	-	-	-	-
At 31 March 2014	40,709	33,791,788	91,973,861	134,052	125,940,410
Accumulated Depreciation					
At 1 April 2013	-	3,922,658	8,962,290	-	12,884,948
Charge for the year	-	422,316	2,056,328	-	2,478,644
Disposals	-	-	-	-	-
At 31 March 2014	-	4,344,974	11,018,618	-	15,363,592
Net Book Value at 31 March 2014	40,709	29,446,814	80,955,243	134,052	110,576,818
Cost					
At 1 April 2012	40,709	38,801,203	91,639,608	134,052	130,615,572
Additions	-	-	214,730	-	214,730
Disposals	-	(5,009,415)	-	-	(5,009,415)
At 31 March 2013	40,709	33,791,788	91,854,338	134,052	125,820,887
Accumulated Depreciation					
At 1 April 2012	-	3,500,342	6,905,960	-	10,406,302
Charge for the year	-	422,316	2,056,330	-	2,478,646
Disposals	-	-	-	-	-
At 31 March 2013	-	3,922,658	8,962,290	-	12,884,948
Net Book Value at 31 March 2013	40,709	29,869,130	82,892,048	134,052	112,935,939

7. INVESTMENT PROPERTIES (CONT'D)

The fair value of the investment properties are as follows:

	Group	
	2014	2013
	RM	RM
Freehold land	83,000	83,000
Long term leasehold land	57,310,000	55,817,000
Buildings	84,697,000	84,192,000
	142,090,000	140,092,000

The fair value of the investment properties are determined by the Directors based on the relevant information available through internal research and their best estimates.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2014	2013
	RM	RM
Rental income	14,008,668	13,539,722
Direct operating expenses:		
- income generating investment properties	(11,625,638)	(11,580,191)
- non-income generating investment properties	(649,403)	(423,210)
	1,733,627	1,536,321

The total net carrying amount of a long term leasehold land and a building of a subsidiary amounting to RM111,900,994 (2013: RM116,910,409) are pledged to financial institution as collaterals for banking facilities.

During the financial year, no revaluation was done by an independent professional valuer on the investment properties. A long term leasehold land of a subsidiary was revalued on 4 October 1995 based on independent professional valuation on the resale basis to establish its fair value on the acquisition of the subsidiary.

The revalued amount of the long term leasehold land is retained as its surrogate cost.

8. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2014	**2013**
	RM	**RM**
Unquoted shares at cost	94,248,469	94,248,469
Less: disposal during the year	(2,121,258)	-
	92,127,211	94,248,469
Less: allowance for impairment loss	(2,800,000)	(2,800,000)
	89,327,211	91,448,469

Disposal of subsidiary company

The Group disposed of its 100% equity interest in Brem Zhuhai Investment Ltd on 13 December 2013 for a total cash consideration of RM2,121,258. The subsidiary was previously reported as part of the investment holding and property investment segment. The disposal had the following effects on the financial position of the Group as at 30 November 2013:

	RM
Fixed assets	606,862
Cash and bank balances	101,256
Fixed deposit	1,375,400
Prepaid expense	1,587
Amount due to director	(18)
Other creditor and accrual	(2,381)
Net assets disposed	2,082,706
Transfer of foreign exchange reserve	(242,718)
	1,839,988
Total disposed proceed	(2,121,258)
Gain on disposal to the Group	(281,270)
Disposal proceeds settled by:	
Cash	2,121,258
Cash inflow arising on disposal:	
Cash consideration	2,121,258
Cash and cash equivalents of subsidiary disposed	(1,476,656)
Net cash inflow on disposal	644,602

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Effective ownership interest 2014 %	2013 %	Country of Incorporation	Principal activities
Direct				
Brem Construction Sdn Bhd. #	100.00	100.00	Malaysia	Civil engineering and general construction.
Brem Aluminium & Glass Sdn Bhd. #	100.00	100.00	Malaysia	Dormant.
Brem Maju Sdn Bhd.#	50.25	50.25	Malaysia	Civil engineering and construction.
Brem Zhuhai Investment Ltd.# *	0.00	100.00	The People's Republic of China	Currently dormant and its intended principal activities are investment holding and construction management consultancy.
Brem Oversea Investments Pte Ltd.#	70.00	70.00	Hong Kong	Dormant.
Cosmo-One Realty Sdn Bhd.#	100.00	100.00	Malaysia	Property investment.
Global Water Sdn Bhd.	100.00	100.00	Malaysia	Investment holding.
Harmony Property Sdn Bhd.	75.00	75.00	Malaysia	Property development.
Intan Kemuncak Sdn Bhd. #	100.00	100.00	Malaysia	Dormant.
Naga Istimewa Sdn Bhd.	100.00	100.00	Malaysia	Property development, contractor and investment holding.
Titi Kaya Sdn Bhd.#	50.53	50.53	Malaysia	Property development and investment holding.
Indirect through Titi Kaya Sdn Bhd				
Eng Ann Realty Co. (Klang) Sdn Bhd.#	50.53	50.53	Malaysia	Property development.
Wonderful Perfection Sdn Bhd.#	30.32	30.32	Malaysia	Property development.
NPO Builders Sdn Bhd.#	25.77	25.77	Malaysia	Property development.
Indirect through Global Water Sdn Bhd				
PNG Water Limited #	51.00	51.00	Papua New Guinea	Water concession.
Indirect through Brem Maju Sdn Bhd				
Brem Maju (PNG) Limited #	50.25	50.25	Papua New Guinea	Civil engineering and general construction.

\# These companies are not audited by STYL Associates.

* Disposal during the financial year as disclosed in Note 39.

9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At cost				
Unquoted shares	1,200,000	2,660,446	-	1,460,446
Quoted shares in Malaysia	60,293,541	60,293,541	60,293,541	60,293,541
Share of post acquisition profits	6,408,061	6,277,234	-	-
Share of capital reserve	3,884,536	3,884,536	-	-
	71,786,138	73,115,757	60,293,541	61,753,987
Less: allowance for impairment loss	(9,973,541)	(18,233,987)	(9,973,541)	(18,233,987)
	61,812,597	54,881,770	50,320,000	43,520,000
At market value				
Quoted shares in Malaysia	50,320,000	43,520,000	50,320,000	43,520,000
Represented by:				
Share of net assets other than goodwill	56,728,901	58,058,520		
Goodwill on acquisition	15,057,237	15,057,237		
	71,786,138	73,115,757		
Less: allowance for impairement loss	(9,973,541)	(18,233,987)		
	61,812,597	54,881,770		

The summarised financial information of the associates is as follows:

	Group	
	2014 RM	2013 RM
Assets and liabilities		
Total assets	230,819,644	231,485,087
Total liabilities	55,685,675	59,042,389
Results		
Revenue	36,296,061	28,829,757
Profit for the financial year	2,751,947	7,080,547

9. INVESTMENT IN ASSOCIATES (CONT'D)

The details of the associates are as follows:

Name of Company	Effective ownership interest 2014 %	Effective ownership interest 2013 %	Country of Incorporation	Principal activities
Topaz Teguh Sdn Bhd	49.00	49.00	Malaysia	Operators of bowling and snooker centre.
Bertam Alliance Berhad	32.89	32.89	Malaysia	Investment holding and management services.
Masterlog Holdings Sdn Bhd	-	21.00	Malaysia	Liquidated
Konsortium Pertamavest Sdn Bhd	-	20.00	Malaysia	Dissolved

During the current financial year, the reversal of impairment loss on investment in Bertam Alliance Berhad amounted to RM6.8milion was recognised as income in statement of comprehensive income. This was due to the impairment loss had decreased in which market value of quoted share was more than it cost.

10. DEFERRED TAX ASSETS/(LIABILITIES)

Group Deferred tax assets	Unrealised profit on intercompany transaction RM	Unabsorbed loss and capital allowance RM	Others RM	Total RM
At 1 April 2013	3,073,309	471,388	126,915	3,671,612
Recognised in the profit or loss	-	(47,672)	-	(47,672)
Exchange difference	-	-	(117,508)	(117,508)
At 31 March 2014	3,073,309	423,716	9,407	3,506,432
At 1 April 2012	2,783,299	500,105	137,657	3,421,061
Recognised in the profit or loss	290,010	(28,717)	-	261,293
Exchange difference	-	-	(10,742)	(10,742)
At 31 March 2013	3,073,309	471,388	126,915	3,671,612

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax liabilities	Revaluation surplus RM	Accelerated capital allowance RM	Others RM	Total RM
At 1 April 2013	4,990,322	8,283,885	713,539	13,987,746
Recognised in the profit or loss	(61,325)	739,721	-	678,396
Exchange difference	-	-	(1,304,749)	(1,304,749)
At 31 March 2014	4,928,997	9,023,606	(591,210)	13,361,393
At 1 April 2012	6,177,737	5,743,074	794,559	12,715,370
Recognised in the profit or loss	(1,187,415)	2,540,811	-	1,353,396
Exchange difference	-	-	(81,020)	(81,020)
At 31 March 2013	4,990,322	8,283,885	713,539	13,987,746

	2014 RM	2013 RM
Company		
Deferred tax liabilities		
At 1 April / 31 March	67,100	67,100
Representing the tax effect of:		
Property, plant and equipment	67,100	67,100

11. GOODWILL ON CONSOLIDATION

	Group 2014 RM	Group 2013 RM
At 1 April/31 March	33,257,325	33,257,325

a) The carrying amount of the goodwill allocated to each cash generating units ("CGUs") are as follows:

	Group 2014 RM	Group 2013 RM
Property development segment	23,762,410	23,762,410
Property investment segment	7,818,799	7,818,799
Other segment	1,676,116	1,676,116
	33,257,325	33,257,325

11. **GOODWILL ON CONSOLIDATION (CONT'D)**

b) The recoverable amounts of the CGUs have been determined based on the value in use calculations using cash flow projections approvd by the management. Details are as follows:

Property development segment

The recoverable amounts of the CGU have been determined based on value in use calculation using cash flows generated from future property development projects covering five years period. The pre-tax discount rate of 6% is applied to the cash flows projection.

Property investment segment

Invesment properties comprise of residential and commercial properties that are rented to third parties. The present value of estimated cash flows expected to be generated by the CGU is based on the expected receipts from rental income of the property covering five years period. The pre-tax discount rate of 5% is applied to the cash flows projection.

Other segments

The recoverable amounts of the CGUs have been determined based on value in use calculation using cash flows projections approved by the management covering five years period. The pre-tax discount rate of 6% is applied to the cash flows generated from the operating activities of these CGUs.

12. **TRADE RECEIVABLES**

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Non-current assets				
Contract retention	199,527	199,527	-	-
Trade receivables	433,915	433,915	-	-
	633,442	633,442	-	-
Current assets				
Contract retention	3,679,553	2,565,666	1,269,767	1,269,767
Trade receivables	28,047,922	34,702,681	9,652,388	14,430,672
Accrued billings	5,964,819	31,660,453	-	-
Amount due from contract customers	2,053,489	1,492,996	1,436,726	1,008,664
	39,745,783	70,421,796	12,358,881	16,709,103
Total trade receivables	40,379,225	71,055,238	12,358,881	16,709,103

12. **TRADE RECEIVABLES (CONT'D)**

The Group's and the Company's normal trade credit terms ranges from 14 to 105 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group is RM633,442 (2013: RM633,442) owing by a company in which a Director of the Company has interest in.

The aging analysis of the Group's and of the Company's trade receivables and contract retention are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	1,270,115	2,565,951	1,269,766	1,269,767
1 to 30 days past due not impaired	16,466,380	16,087,461	1,551,366	-
31 to 60 days past due not impaired	1,448,768	536,049	-	-
61 to 90 days past due not impaired	262,864	280,025	-	-
91 to 120 days past due not impaired	1,293,346	2,548,762	-	329,650
More than 120 days due not impaired	11,619,444	15,883,541	8,101,023	14,101,022
	31,090,802	35,335,838	9,652,389	14,430,672
	32,360,917	37,901,789	10,922,155	15,700,439

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. More than 51% (2013: 51%) of the Group's trade receivables and contract retention respectively arise from customers with more than a year experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables and contract retention amounting to RM31,090,802 (2013: RM35,335,838) and RM9,652,389 (2013: RM14,430,672) respectively that are past due at the reporting date but no impairment allowance is necessary in respect of these trade receivables. They are companies with good collection track record and no recent history of default.

12. **TRADE RECEIVABLES (CONT'D)**

The following shows the elements included in amount due from/(to) contract customers:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total contract costs incurred to date	60,793,172	97,493,224	32,046,744	71,247,579
Add: attributable profits	6,471,083	10,895,411	3,506,961	7,902,084
	67,264,255	108,388,635	35,553,705	79,149,663
Less: progress billings	(72,693,698)	(108,651,121)	(38,818,320)	(83,167,386)
	(5,429,443)	(262,486)	(3,264,615)	(4,017,723)
Analysed as follows:				
Amount due from contract customers	2,053,489	1,492,996	1,436,726	1,008,664
Amount due to contract customers (Note 25)	(7,482,932)	(1,755,482)	(4,701,341)	(5,026,387)
	(5,429,443)	(262,486)	(3,264,615)	(4,017,723)

The following expenses incurred during the financial year are included in the contract costs:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Depreciation of plant and equipment	77,445	43,345	77,445	43,345
Hire of machinery and equipment	246,584	45,713	41,550	43,313
Rental of premises	15,200	10,900	5,600	3,200
Staff costs	2,364,822	1,888,828	1,514,199	1,300,216

The following shows the elements included in accrued billings/(progress billings) in respect of property development costs:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Revenue recognised in the profit or loss	38,609,794	164,678,427	1,840,230	1,840,230
Less: Billings to purchasers	(33,470,294)	(133,843,293)	(2,665,549)	(2,665,549)
	5,139,500	30,835,134	(825,319)	(825,319)
Analysed as follows:				
Accrued billings	5,964,819	31,660,453	-	-
Progress billings (Note 25)	(825,319)	(825,319)	(825,319)	(825,319)
	5,139,500	30,835,134	(825,319)	(825,319)

13. **PROPERTY DEVELOPMENT COSTS**

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Freehold land, at cost				
At 1 April	46,423,294	63,575,500	6,766,133	39,071,619
Cost incurred during the financial year	15,377,329	14,191,131	-	-
Transfer out as project completed	(5,155,931)	-	-	-
Transfer to land held for property development	-	(31,347,592)	-	(32,305,486)
Transfer from property, plant and equipment (Note 4)	-	4,255	-	-
At 31 March	56,644,692	46,423,294	6,766,133	6,766,133
Development costs				
At 1 April	135,598,068	103,856,759	7,817,244	9,165,706
Cost incurred during the financial year	62,881,846	33,215,462	264,018	125,691
Transfer out as project completed	(137,112,986)	-	-	-
Transfer to land held for property development	-	(1,474,153)	-	(1,474,153)
At 31 March	61,366,928	135,598,068	8,081,262	7,817,244
Property development cost as at 31 March	118,011,620	182,021,362	14,847,395	14,583,377
Cost recognised in profit or loss				
At 1 April	(112,524,903)	(64,750,005)	(1,618,752)	(1,618,752)
Recognised during the financial year	(60,961,911)	(49,955,398)	-	-
Reversal	(2,180,500)	2,180,500	-	-
Completed units transfer to inventories	(1,063,054)	-	-	-
Transfer out as project completed	147,380,455	-	-	-
At 31 March	(29,349,913)	(112,524,903)	(1,618,752)	(1,618,752)
Total property development costs at 31 March	88,661,707	69,496,459	13,228,643	12,964,625
Property development cost at 31 March				
Freehold land	56,644,692	46,423,294	6,766,133	6,766,133
Development costs	32,017,015	23,073,165	6,462,510	6,198,492
	88,661,707	69,496,459	13,228,643	12,964,625

a) Included in development costs incurred during the financial year is interest expense capitalised of RM27,079 (2013: RM27,961).

b) The freehold land under development of the Group and of the Company amounting to RM3,915,090 (2013: RM3,940,666) and RM1,158,453 (2013: RM1,239,416) respectively are pledged to financial institutions as collaterals for banking facilities.

14. INVENTORIES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
At cost:				
Raw materials	385,298	640,111	385,298	640,111
Completed properties	12,849,879	11,941,026	11,786,824	11,941,026
	13,235,177	12,581,137	12,172,122	12,581,137

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Other receivables	5,292,247	1,066,492	392,775	430,862
Deposits	1,273,598	3,102,152	593,565	2,236,585
Prepayments	39,829	13,168	4,493	4,493
	6,605,674	4,181,812	990,833	2,671,940

16. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2014	**2013**
	RM	**RM**
Trade	59,448,380	79,233,806
Non-trade	54,672,180	39,806,053
	114,120,560	119,039,859

The non-trade amount owing by subsidiaries are unsecured, interest free and repayment on demand, except for amount owing by certain subsidiaries which bears interest at the rate of 2% (2013: 2%) per annum.

The trade credit term is as disclosed in Note 12.

17. 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:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Deposits with licensed banks				
Interest rates (%) per annum	0.35-3.00	0.65-3.50	3.00	2.90
Maturity months	1 to 12	1 to 12	1 to 1212	1 to 1212

b) Deposits of RM728,510 (2013: RM280,391) of the Group is pledged to financial institutions as security for banking facilities granted to the Group.

18. CASH AND BANK BALANCES

Included in the bank balances of the Group is RM6,173,247 (2013: RM4,047,553) which is maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

19. SHARE CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of shares		RM	RM
Authorised:				
Ordinary shares of RM 1 each	250,000,000	250,000,000	250,000,000	250,000,000
Issued and fully paid:				
Ordinary shares of RM 1 each				
At 1 April	172,736,172	172,736,172	172,736,172	172,736,172
At 31 March	172,736,172	172,736,172	172,736,172	172,736,172

20. RESERVES

		Group		Company	
		2014	2013	2014	2013
		RM	RM	RM	RM
Non-distributable					
Capital reserve	(i)	3,884,536	3,884,536	-	-
Exchange fluctuation reserve	(ii)	(6,706,783)	9,289,951	-	-
		(2,822,247)	13,174,487	-	-
Distributable					
Retained earnings		309,552,569	281,305,191	162,479,279	126,486,398
		306,730,322	294,479,678	162,479,279	126,486,398

(i) Capital reserve

The capital reserve is in respect of the share of reserve in associates.

(ii) 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.

21. TREASURY SHARES

	Group and Company			
	No. of Shares	2014 RM	No. of Shares	2013 RM
At 1 April	3,673,231	4,459,977	2,110,731	2,648,237
Purchased during financial year	875,800	1,001,505	1,562,500	1,811,740
At 31 March	4,549,031	5,461,482	3,673,231	4,459,977

During the financial year, the Company repurchased 875,800 (2013: 1,562,500) ordinary shares of RM1 each of its issued ordinary shares from open market at an average price of RM1.16 (2013: RM1.15) per share. The total consideration paid for the purchase including transaction costs was RM1,001,505 (2013: RM1,811,740) and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia. Treasury shares have no rights to vote, not entitled to dividends and participation in other distribution.

As at 31 March 2014, the total issued and fully paid ordinary share is 172,736,172 (2013: 172,736,172) and the treasury shares held by the Company is 4,549,031 (2013: 3,673,231). The number of outstanding ordinary shares in issue after the set-off of the treasury shares is therefore 168,187,141 (2013: 169,062,941) ordinary shares of RM1 each.

22. NON-CONTROLLING INTERESTS

	Group	
	2014 RM	2013 RM
Share and share premium in subsidiaries		
At 1 April / 31 March	19,676,194	19,676,194
Share of profits		
At 1 April	110,608,201	100,361,721
Dividend received	(9,025,710)	(995,000)
Current year profit	10,846,027	11,241,480
At 31 March	112,428,518	110,608,201
Share of exchange fluctuation reserve	(2,275,152)	12,482,845
	129,829,560	142,767,240

23. HIRE PURCHASE PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Minimum hire purchase payments:				
Within 1 year	682,411	442,284	286,300	263,760
More than 1 year but less than 5 years	1,154,254	708,309	480,769	442,072
	1,836,665	1,150,593	767,069	705,832
Less: Future finance charges	(134,508)	(78,876)	(57,530)	(49,711)
Present value of hire purchase	1,702,157	1,071,717	709,539	656,121
Present value of hire purchase:				
Within 1 year	612,000	395,731	259,453	237,313
More than 1 year but less than 5 years	1,090,157	675,986	450,086	418,808
	1,702,157	1,071,717	709,539	656,121
Analysed as:				
Due within 1 year	612,000	395,731	259,453	237,313
Due after 1 year	1,090,157	675,986	450,086	418,808
	1,702,157	1,071,717	709,539	656,121

The hire purchase liabilities bear interest between 2.35% to 3.69% (2013: 2.38% to 4.00%) per annum.

24. BANK BORROWINGS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Short Term Borrowings				
Secured:				
Term loans	18,562,648	3,000,000	-	-
Bank overdraft	2,847,231	2,541,927	291,140	141,896
Unsecured:				
Revolving credit	5,000,000	5,000,000	5,000,000	5,000,000
	26,409,880	10,541,927	5,291,140	5,141,896
Long Term Borrowings				
Secured:				
Term Loans	83,770,492	110,522,573	-	-
Total Borrowings				
Term loans				
Bank overdraft	102,333,140	113,522,573	-	-
Revolving credit	2,847,232	2,541,927	291,140	141,896
	5,000,000	5,000,000	5,000,000	5,000,000
	110,180,372	121,064,500	5,291,140	5,141,896

24. **BANK BORROWINGS (CONT'D)**

(i) Term loans

The secured term loans of the Group are obtained from local and foreign financial institutions. The term loans are secured as follows:

(a) Local secured term loans

(i) Legal charge on a long term leasehold land and building of a subsidiary (Note 7);
(ii) Debenture incorporating a fixed and floating charges for all monies owing or payable under facility over all present and future of a subsidiary;
(iii) Assigment of all right, title and interest derived from tenancy agreement in respect certain properties of a subsidiary;
(iv) Corporate guarantee of the Company; and
(v) First charge on industrial land and freehold land of a subsidiary (Note 6).

The local term loans bears interest rate ranging from 0.5% to 1.75% (2013: 0.5% to 1.75%) per annum above the respective financial institution's base lending rate and cost of fund.

The local term loans are repayable in:
(i) 72 instalments after 2 years from the initial drawdown.
(ii) 12 quarterly instalments after 3 years from the initial drawdown; and
(iii) 48 instalments after 3 years from the initial drawdown.

(ii) Bank overdrafts

The secured bank overdrafts of the Group and of the Company are obtained from local financial institutions and are secured as follows:

(a) Legal charges over the freehold land under development of the Group and of the Company of RM3,915,090 (2013: RM3,940,666) and RM1,158,453 (2013: RM1,239,416) at cost respectively; and
(b) Facility agreement and corporate guarantee of the Company.

The bank overdrafts bear interest ranging from 1.75% to 2.5% (2013: 1.5% to 3.5%) per annum above the respective financial institutions' base lending rates.

(iii) Revolving credit

The revolving credit of the Company bears interest of 2% (2013: 2%) per annum above financial institutions' cost of funds.

The revolving credit of the Company is repayable on demand.

25. TRADE PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Contract retention	3,279,612	2,414,492	2,882,795	2,265,413
Trade payables	6,366,824	6,407,395	1,377,295	1,432,028
Amount due to contract customers (Note 12)	7,482,932	1,755,482	4,701,341	5,026,387
Progress billings in respect of property development costs (Note 12)	825,319	825,319	825,319	825,319
	17,954,687	11,402,688	9,786,750	9,549,147

The normal trade credit term granted to the Group and to the Company ranges from 30 to 90 days.

26. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other payables	5,645,937	6,275,061	56,821	122,512
Deposits	3,862,562	4,189,651	-	1,500
Debenture interest	-	-	-	-
Dividend payable	-	3,803,908	-	3,803,908
Accruals	3,063,795	1,635,867	1,362,928	192,195
	12,572,294	15,904,487	1,419,749	4,120,115

27. AMOUNT DUE TO SUBSIDIARIES

	Company	
	2014	2013
	RM	RM
Trade	3,443,849	4,263,242
Non-trade	772,607	18,048,939
	4,216,456	22,312,181

The non-trade amount owing to subsidiaries is unsecured, interest free and repayable on demand. The trade credit term refer to Note 25.

28. AMOUNT DUE TO DIRECTORS

The amount due to Directors is unsecured, interest-free and repayable on demand.

29. REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Contract revenue	14,409,569	16,870,561	45,840,878	52,590,192
Property development	87,709,287	75,074,040	1,723,740	824,445
Water supply and services rendered	27,983,446	29,127,490	-	-
Rental income	13,999,068	13,532,922	-	-
Dividend	-	-	26,242,500	13,716,203
	144,101,370	134,605,013	73,807,118	67,130,840

30. COST OF SALES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Contract cost	(924,923)	5,684,179	33,570,454	42,701,802
Property development cost	65,948,843	52,330,968	334,456	1,020,485
Operation and maintenance charges				
- water supply and services rendered	26,368,029	26,613,612	-	-
- rental income	9,932,936	9,664,502	-	-
	101,324,885	94,293,261	33,904,910	43,722,287

31. PROFIT BEFORE TAXATION

This has been determined after charging the following items:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Auditors' remuneration				
- statutory	176,437	222,436	50,000	46,800
- under/(over) provision in prior year	44,101	(200)	8,000	-
Bad debts written off	1,700,678	-	1,502,900	-
Depreciation of property, plant and equipment	648,154	475,664	369,707	320,621
Depreciation of investment properties	2,478,644	2,478,646	-	-
Hire of machinery, motor vehicles and equipment	-	987	-	-
Interest expenses	2,865,464	3,730,516	315,776	399,408
Loss on foreign exchange				
- realised	116	314,912	-	-
- unrealised	63,853	7,760	39,913	6,217
Property, plant and equipment written off	1,293	958	-	226
Impairment loss on investment in an associate	-	12,580,000	-	12,580,000
Rental of premises	250,802	254,930	100,440	100,440
Staff and labour costs	4,369,726	4,148,049	1,679,815	1,559,791

31. PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
and crediting:				
Commission received	-	-	856,073	1,633,672
Gain on disposal of property, plant and equipment	565,140	105,045	366,986	34,197
Gain on disposal of investment property	-	585	-	-
Gain on foreign exchange				
- realised	332,365	4,167,351	-	-
- unrealised	490,706	321,421	-	-
Hire of machinery	-	-	-	-
Reversal of impairment loss on investment of an associate	6,800,000	-	6,800,000	-
Rental income	407,564	438,230	4,500	4,500
Interest income	20,966,108	22,888,596	4,189,827	2,595,587
Management and administration fee	32,000	36,000	-	-
Staff and labour costs comprises:				
Staff cost				
Salaries,wages and bonus	3,096,104	3,765,091	1,542,755	1,447,302
Social security costs	36,163	28,114	7,855	7,683
Increase/(decrease) in short term accumulating compensated absences	(1,705)	1,424	4,157	(9,465)
Contribution to defined contribution plan	345,617	353,420	125,048	114,271
	3,476,179	4,148,049	1,679,815	1,559,791
Directors' remuneration				
Directors' fees	136,625	114,865	70,000	70,000
Salaries, bonus and other emoluments	725,854	786,623	434,854	453,863
Contribution to defined contribution plan	31,068	29,328	-	1,956
	893,547	930,816	504,854	525,819

32. TAXATION

The provision for taxation for the financial year is computed at the prevailing tax rates.

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Provision of taxation for the financial year				
- Malaysian	9,042,475	8,622,306	3,600,000	2,700,000
- Foreign	5,151,468	4,540,217	-	-
Foreign witholding tax	1,176,876	19,020	-	-
Crystallisation of deferred tax resulting from revaluation of property	(61,325)	-	-	-
Deferred tax expense relating to origination and reversal of temporary differences	787,393	1,108,351	-	-
	16,096,887	14,289,894	3,600,000	2,700,000
Under/(Over) provision of income tax in prior financial years	(43,790)	40,790	43,154	12,529
	16,053,097	14,330,684	3,643,154	2,712,529

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the financial year.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit before taxation	62,717,496	47,978,603	47,207,029	11,722,431
Taxation at Malaysian statutory tax rate	15,679,374	11,994,651	11,801,757	2,930,607
Tax effects in respect of:				
Effect of tax rates in foreign jurisdictions	864,439	1,004,527	-	-
Non allowable expenses	1,552,794	4,021,020	58,868	3,209,359
Non taxable income	(2,261,399)	(1,402,006)	(8,260,625)	(3,439,966)
Foreign witholding tax	1,176,876	436,193	-	-
Crystallisation of deferred tax resulting from revaluation reserve	(61,325)	(61,325)	-	-
Deferred tax assets not recognised during the financial year	(651,766)	47,222	-	-
Deferred tax assets not recognised in prior financial years	-	(1,244,419)	-	-
Under/(Over)provision of income tax in prior financial years	(43,790)	40,790	43,154	12,529
Share of results of associates	(202,706)	(505,969)		
Others	600	-	-	-
	16,053,097	14,330,684	3,643,154	2,712,529

32. **TAXATION (CONT'D)**

The unabsorbed tax losses and unutilised of capital allowances are available for offset against future taxable profits of the subsidiary and Company in which those items arose. These amounts are subject to agreement by the Inland Revenue Board.

33. **BASIC AND DILUTED EARNINGS PER SHARE**

	Group	
	2014	**2013**
Net earnings for the year (RM)	35,818,372	22,406,439
Weighted average number of ordinary shares	168,402,816	169,649,249
Basic earnings per share (sen)	21.27	13.21

Basic earnings per share are calculated by dividing the profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

There are no diluted earnings per share for the financial year 2014 and financial year 2013 as there is no dilutive potential ordinary shares in issue.

34. **DIVIDENDS**

	Company	
	2014	**2013**
	RM	**RM**
Dividend paid/payable		
Financial year ended 31 March 2014		
- interim dividend of 3% less 25% tax	3,784,203	-
Financial year ended 31 March 2013		
- final dividend of 3% less 25% tax	3,786,791	-
Financial year ended 31 March 2013		
- interim dividend of 3% less 25% tax	-	3,803,908
Financial year ended 31 March 2012		
- final dividend of 6% less 25% tax	-	7,633,800
	7,570,994	11,437,708

An interim dividend of 3% less 25% tax amounting to RM3,784,203 in respect of the financial year ended 31 March 2014 has been paid on 30 December 2013.

A final dividend of 3% less 25% tax amounting to RM3,786,791 in respect of the financial year ended 31 March 2013 has been paid on 18 November 2013.

A first and interim dividend of 3% less 25% tax amounting to RM3,803,908 in respect of the financial year ended 31 March 2013 has been paid on 3 May 2013.

A first and final dividend of 6% less 25% tax amounting to RM7,633,800 in respect of the financial year ended 31 March 2012 has been paid on 7 December 2012.

35. CONTINGENT LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Secured:				
Guarantees given to financial institutions for bank guarantee facilities granted to the Company and subsidiaries in favour of third parties	3,777,620	1,691,000	3,777,620	1,691,000
Guarantees given to financial institutions on borrowings and credit facilities granted to subsidiaries	-	-	102,333,140	116,077,085
Unsecured:				
Guarantees given to financial institutions for bank guarantee facilities granted to a subsidiary in favour of third parties	1,484,921	1,896,705	1,484,921	1,896,705

36. MATERIAL LITIGATIONS

(i) 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 is contesting 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 Official Assignee is yet to fix the date of first creditor's meeting.

(ii) Intan Kemuncak Sdn. Bhd. ("IKSB"), a subsidiary company of Brem Holding Berhad, commenced an action against Koperasi Celcom Berhad ("KCB") on 23 April 2002 for RM5,643,021, being the damages resulting from the unlawful termination by KCB of a joint venture agreement dated 30 July 1999 entered into between IKSB and KCB ("JVA"), relating to a housing project development. KCB had on 25 June 2002 filed its defence and made a counter claim against IKSB for breaching the terms of the JVA, which allegedly led to the termination of the JVA and KCB suffering damages amounting to RM13,586,580. IKSB has on 5 July 2002 filed in its defence to KCB's counter claim. The application of summary judgment by IKSB was dismissed by the Senior Assistant Registrar and IKSB filed in an appeal to the Judge in Chambers against the decision of the Senior Assistant Registrar. The summary judgement was obtained against KCB on 9 April 2004. However, KCB has filed in an appeal against the decision of the High Court Judge. The Directors and solicitors are of the opinion that IKSB will not suffer any material loss in respect of the purported claim. There has been no development since 29 April 2004.

36. **MATERIAL LITIGATIONS (CONT'D)**

(iii) On 11 February 2010, a purported claim of RM4,307,241 excluding costs and interest has been made by Foo Voon Sang ("FVS") and Tan Mui Loo ("TML"), against Titi Kaya Sdn. Bhd. ("TKSB"), a subsidiary company of the Company in respect of breach of Sale and Purchase agreements. TKSB is contesting the claim and has taken up counsel on the matter with solicitors. On 5 April 2010, TKSB had filed defence and counter claim against FVS and TML for damages which is to be assessed by the Court. The matter is fixed for mediation on 30 July 2013. Meanwhile, the Court has fixed the case management on 10 September 2013 and proper Trial on 17 September 2013 and 18 September 2013. On 17 September 2013, the Court ordered TKSB to pay RM850,000. The last instalment to TML by 4 equal monthly instalment payment was made on 17 December 2013.

(iv) On 23 July 2012, the Company has filed a winding up petition against Mega Legacy (M) Sdn Bhd ("MLSB") for a balance settlement sum of RM22,000,000 and late interest of RM12,500 plus subsequent interest chargeable thereon. The Company has entered into a tripartite settlement agreement dated 25 April 2011 (the "Settlement Agreement") with Mega Legacy and Pembinaan Kery Sdn Bhd ("PKSB") upon which the parties have mutually agreed that Mega Legacy shall pay the Company a settlement sum of RM25,910,000 (the "Settlement Sum") in the manner and times and upon the terms and conditions stated therein. The Settlement Sum was derived from the progress billings of work done in respect of a proposed development project (the "Development Project") located in Jinjang Utara, Mukim Batu, Negeri Wilayah Persekutuan, Kuala Lumpur where MLSB was the appointed developer. PKSB was the contractor of MLSB for the Development Project while the Company was the sub-contractor of PKSB. MLSB has paid the Company RM910,000 upon signing of the Settlement Agreement but has defaulted in making the subsequent instalment payment in accordance with the terms of the Settlement Agreement resulting in the Company serving a Statutory Notice of Demand (the "Notice") for the full amount of the balance of the Settlement Sum amounting to RM25,000,000 together with interest pursuant to the terms of the Settlement Agreement. MLSB has on 9 July 2012 paid the Company RM3,000,000 but not the full amount in the Notice. The winding up petition has been fixed for hearing on 10 September 2012.

On 29 October 2012, the Company has entered into a Supplemental Settlement Agreement with MLSB. Upon signing of the Supplemental Settlement Agreement, Mega Legacy has paid the Company a sum of RM1,000,000/-. The balance outstanding amount of RM21,000,000/- shall be fully repaid by MLSB pursuant to the terms in the Supplemental Settlement Agreement by three(3) instalments of RM6,000,000/-, RM7,000,000/- and RM8,000,000/- on 24 April 2013, 24 April 2014 and 24 December 2014 respectively. Subsequent to the Agreement, the court proceedings on the matter has been withdrawn on 1 November 2012.

On 24 April 2013 and 24 April 2014 the Company received RM 6 million and RM 7 million respectively from MLSB as per the terms stated in the Supplementary Settlement Agreement.

37. **RELATED PARTIES TRANSACTIONS**

For the purpose of these financial statements, 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 of financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

37. RELATED PARTIES TRANSACTIONS (CONT'D)

Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as below:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Billing on contract work charge to subsidiaries				
- Harmony Property Sdn. Bhd.	-	-	20,289,406	33,636,235
- Naga Istimewa Sdn. Bhd.	-	-	119,523	214,729
- Eng Ann Realty Co (Klang) Sdn Bhd	-	-	25,347,844	12,336,058
Interest income received/receivable from subsidiaries				
- Harmony Property Sdn. Bhd.	-	-	2,570,012	1,394,148
- Naga Istimewa Sdn. Bhd.	-	-	-	-
- Cosmo-One Realty Sdn. Bhd.	-	-	-	76,354
- NPO Builders Sdn.Bhd.	-	-	1,144,574	1,048,513
Dividend income received from subsidiaries				
- Global Water Sdn. Bhd.	-	-	24,060,000	7,000,000
- Brem Maju Sdn. Bhd.	-	-	1,502,500	1,005,000
- Brem Aluminium & Glass Sdn Bhd	-	-	-	31,203
- Brem Construction Sdn Bhd	-	-	-	4,320,000
Management fee received/receivable from a subsidiary				
- PNG Water Limited	-	-	105,320	125,773
Dividend income received from an associate				
- Bertam Alliance Berhad	-	-	680,000	1,360,000
Rental of premises paid/payable to related party which certain Directors have interest in				
- Nikmat Maju Development Sdn. Bhd.	150,000	150,000	75,000	75,000
Commission received from a subsidiary				
- Brem Maju Sdn. Bhd.	-	-	856,073	1,633,672

38. 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 interest-earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

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 is civil engineering and construction, property development, property investments and investment holding, and water supply and services.

2014	Civil engineering and construction RM	Property development RM	Property investments and investment holding RM	Water supply and services RM	Elimination RM	Consolidated RM
Revenue						
External sales	14,744,025	87,374,831	13,999,068	27,983,446	-	144,101,370
Inter-segment sales	46,327,493	-	26,242,500	-	(72,569,993)	-
Total revenue	61,071,518	87,374,831	40,241,568	27,983,446	(72,569,993)	144,101,370
Results						
Segment results	15,093,427	19,638,921	30,728,153	17,747,278	(25,235,647)	57,972,132
Finance costs	(323,141)	(395,875)	(2,095,855)	(50,592)	-	(2,865,463)
Reversal of allowance for impairment of associate	-	-	6,800,000	-	-	6,800,000
Share of results of associates	-	-	772,745	-	-	810,827
Taxation	-	-	-	-	-	(16,053,097)
Non-controlling interests	-	-	-	-	-	(10,846,027)
Profit attributable to owners of the Company						35,818,372
Interest income	150,048	460,079	4,317,272	16,038,709	-	20,966,108

38. SEGMENTAL INFORMATION (CONT'D)

2014	Civil engineering and construction RM	Property development RM	Property investments and investment holding RM	Water supply and services RM	Elimination RM	Consolidated RM
Assets and Liabilities						
Segment assets	52,088,223	379,642,531	124,536,926	118,868,549	(7,875,431)	667,260,798
Associates						61,812,597
Unallocated corporate assets						33,257,325
Consolidated total assets						762,330,720
Segment liabilities	23,429,073	88,613,942	28,541,835	2,629,088	-	143,213,938
Unallocated corporate liabilities						15,282,210
Consolidated total liabilities						158,496,148
Other information						
Capital expenditure	1,388,205	253,400	15,295	-	-	1,656,900
Depreciation and amortisation	644,558	51,206	2,507,215	1,264	-	3,204,243
Non cash expenses other than depreciation and amortisation	1,293	-	-	-	-	1,293
2013						
Revenue						
External sales	16,870,561	75,074,040	13,532,922	29,127,490	-	134,605,013
Inter-segment sales	42,153,109	-	13,716,203	-	(55,869,312)	-
Total revenue	59,023,670	75,074,040	27,249,125	29,127,490	(55,869,312)	134,605,013
Results						
Segment results	11,783,053	21,245,721	22,252,349	21,936,716	(14,952,597)	62,265,242
Finance costs	(333,807)	(429,447)	(2,395,735)	(647,881)	76,354	(3,730,516)
Impairment of investment in associate	-	-	(12,580,000)	-	-	(12,580,000)
Share of results of associates	-	-	2,023,877	-	-	2,023,877
Taxation	-	-	-	-	-	(14,330,684)
Non-controlling interests	-	-	-	-	-	(11,241,480)
Profit attributable to owners of the Company						22,406,439
Interest income	180,838	164,202	2,676,728	19,943,182	(76,354)	22,888,596

38. **SEGMENTAL INFORMATION (CONT'D)**

2013	Civil engineering and construction RM	Property development RM	Property investments and investment holding RM	Water supply and services RM	Elimination RM	Consolidated RM
Assets and Liabilities						
Segment assets	39,120,978	378,335,831	130,506,934	150,640,246	(14,647,101)	683,956,888
Associates						54,881,770
Unallocated corporate assets						33,257,325
Consolidated total assets						772,095,983
Segment liabilities	19,530,013	96,979,644	35,010,053	3,120,675	(5,027,368)	149,613,017
Unallocated corporate liabilities						16,959,853
Consolidated total liabilities						166,572,870
Other information						
Capital expenditure	1,083,661	38,585	231,909	-	-	1,354,155
Depreciation and amortisation	419,536	29,323	2,547,084	1,712	-	2,997,655
Non cash expenses other than depreciation and amortisation	226	732	-	-	-	958

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 2014 RM	Revenue 2013 RM	Property, plant and equipment and investment properties 2014 RM	Property, plant and equipment and investment properties 2013 RM
Malaysia	116,117,924	105,477,523	113,479,670	114,928,084
The People's Republic of China	-	-	-	578,726
Papua New Guinea	27,983,446	29,127,490	325,315	420,896
	144,101,370	134,605,013	113,804,985	115,927,706

Revenue from a major customer amounting to RM27,983,446 (2013: RM29,127,490), arising from sales from the water supply and services segment.

39. **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 13 December 2013, the Company entered into a Sale & Purchase of Shares Agreement with Teng Mee Yoong for the disposal of 4,500,000 shares of RMB1.00 each representing 100% of the total issued and paid up share capital of Brem Zhuhai Investment Limited ("Brem Zhuhai"), a wholly-owned subsidiary, for a cash consideration of RM2,121,258. Following the disposal, Brem Zhuhai ceased to be the subsidiary of the Company.

40. **FINANCIAL INSTRUMENTS**

(a) **Classification of financial instruments**

The table below provides an analysis of financial instruments categories as follows:
(i) Loan and receivables (L&R);
(ii) Other financial liabilities measured at amortised cost (OL).

Group	L&R/ (OL) RM	Carrying amount RM
At 31 March 2014		
Financial Assets		
Operating financial asset	93,255,661	93,255,661
Other investments	595,445	595,445
Trade receivables	32,360,917	32,360,917
Other receivables and deposits	6,565,845	6,565,845
Cash and cash equivalents	53,423,896	53,423,896
	186,201,764	186,201,764
Financial Liabilities		
Trade payables	(9,646,436)	(9,646,436)
Other payables, deposits and accruals	(12,572,294)	(12,572,294)
Amount due to Directors	(254,423)	(254,423)
Hire purchase payables	(1,702,157)	(1,702,157)
Borrowings	(110,180,372)	(110,180,372)
	(134,355,682)	(134,355,682)
At 31 March 2013		
Financial Assets		
Other investments	595,445	595,445
Trade receivables	37,901,789	37,901,789
Other receivables and deposits	4,168,644	4,168,644
Cash and cash equivalents	31,454,944	31,454,944
	74,120,822	74,120,822
Financial Liabilities		
Trade payables	(8,821,887)	(8,821,887)
Other payables, deposits and accruals	(15,904,487)	(15,904,487)
Amount due to Directors	(169,625)	(169,625)
Hire purchase payables	(1,071,717)	(1,071,717)
Borrowings	(121,064,500)	(121,064,500)
	(147,032,216)	(147,032,216)

40. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments (Cont'd)

Company	L&R/ (OL) RM	Carrying amount RM
At 31 March 2014		
Financial Assets		
Trade receivables	10,922,155	10,922,155
Other receivables and deposits	986,340	986,340
Amount due from subsidiaries	114,120,560	114,120,560
Cash and cash equivalents	24,395,527	24,395,527
	150,424,582	150,424,582
Financial Liabilities		
Trade payables	(4,260,090)	(4,260,090)
Other payables, deposits and accruals	(1,419,749)	(1,419,749)
Amount due to subsidiaries	(4,216,456)	(4,216,456)
Amount due to Directors	(155,556)	(155,556)
Hire purchase payables	(709,539)	(709,539)
Borrowings	(5,291,140)	(5,291,140)
	(16,052,530)	(16,052,530)
At 31 March 2013		
Financial Assets		
Trade receivables	15,700,439	15,700,439
Other receivables and deposits	2,667,447	2,667,447
Amount due from subsidiaries	119,039,859	119,039,859
Cash and cash equivalents	4,414,471	4,414,471
	141,822,216	141,822,216
Financial Liabilities		
Trade payables	(3,697,441)	(3,697,441)
Other payables, deposits and accruals	(4,120,115)	(4,120,115)
Amount due to subsidiaries	(22,312,181)	(22,312,181)
Amount due to Directors	(70,736)	(70,736)
Hire purchase payables	(656,121)	(656,121)
Borrowings	(5,141,896)	(5,141,896)
	(35,998,490)	(35,998,490)

40. **FINANCIAL INSTRUMENTS**

(b) **Fair Value of Financial Instruments**

The carrying amounts of the Group's financial assets and liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

(c) **Fair Value Hierarchy**

As the financial assets and liabilities of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

41. **FINANCIAL RISK MANAGEMENT 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 financial instruments will fluctuate because of changes in market interest rates.

The Group's interest risk arises primarily from interest-bearing financial assets and financial liabilities. The Group'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 to fair value interest rate risk. The Group's interest-bearing financial liabilities include hire purchase payables, term loans and revolving credit.

Borrowings at floating rates expose the Group to cash flow interest rate risk whilst finance lease payables at fixed rate expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

41. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Interest rate risk (Cont'd)**

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:

Group	Note	Contractual Interest Rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
At 31 March 2014						
Fixed rate						
Financial assets						
Operating financial asset	5	1.18	13,185,442	80,070,219	-	93,255,661
Deposits with licensed financial institutions	17	2.44	40,317,086	-	-	40,317,086
Financial liabilities						
Hire purchase payables	23	3.70	612,000	1,090,157	-	1,702,157
Floating rate						
Financial liabilities						
Term loans	24	7.65	18,562,648	83,770,492	-	102,333,140
Bank Overdraft	24	2.50	2,847,232	-	-	2,847,232
Revolving credit	24	2.00	5,000,000	-	-	5,000,000
			26,409,880	83,770,492	-	110,180,372
At 31 March 2013						
Fixed rate						
Financial assets						
Deposits with licensed financial institutions	17	2.44	14,450,203	-	-	14,450,203
Financial liabilities						
Hire purchase payables	23	3.70	395,731	675,986	-	1,071,717
Floating rate						
Financial liabilities						
Term loans	24	7.65	3,000,000	110,522,572	-	113,522,572
Bank Overdraft	24	2.50	2,541,928	-	-	2,541,928
Revolving credit	24	2.00	5,000,000	-	-	5,000,000
			10,541,928	110,522,572	-	121,064,500

41. **FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

(a) **Interest rate risk (Cont'd)**

Company	**Note**	**Contractual Interest Rate %**	**Within 1 year RM**	**2 to 5 years RM**	**More than 5 years RM**	**Total RM**
At 31 March 2014						
Fixed rate						
Financial assets						
Deposits with licensed financial institutions	17	3.15	24,378,527	-	-	24,378,527
Financial liabilities						
Hire purchase payables	23	3.70	259,453	450,086	-	709,539
Floating rate						
Financial liabilities						
Bank Overdraft	24	2.50	291,140	-	-	291,140
Revolving credit	24	2.00	5,000,000	-	-	5,000,000
			5,291,140	-	-	5,291,140
At 31 March 2013						
Fixed rate						
Financial assets						
Deposits with licensed financial institutions	17	3.15	21,882	-	-	21,882
Financial liabilities						
Hire purchase payables	23	3.70	237,313	418,808	-	656,121
Floating rate						
Financial liabilities						
Bank Overdraft	24	2.50	141,896	-	-	141,896
Revolving credit	24	2.00	5,000,000	-	-	5,000,000
			5,141,896	-	-	5,141,896

41. **FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

(a) **Interest rate risk (Cont'd)**

Sensitivity analysis for interest rate risk

An increase in market interest rate 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 decrease the Group's and the Company's profit before tax by RM1,101,804 and RM52,911 respectively (2013: RM1,210,645 and RM51,419). 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 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.

(b) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investment and cash and cash equivalents), the Group minimise credit risk by dealing exclusively with high credit rating counter parties.

The Company is also exposed to credit risk arising from corporate guarantee provided in respect of credit facilities granted to the subsidiary companies.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) A nominal amount of RM104,889,231 (2013: RM116,077,085) relating to corporate guarantees to bank and other financial institutions for credit facilities granted to subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 12. Deposits with banks and other financial institutions and quoted shares that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Notes 12 and 15.

Credit risk concentration profile

As at the end of the reporting period, the Group has concentration of credit risk in the form of outstanding owing by 1 (2013: 1) customer represents 78% (2013: 78%) of total receivables respectively.

41. **FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

(c) **Foreign currency risk**

The Group is exposed to foreign currency risk arising from investments in foreign subsidiaries of which the assets and liabilities are denominated in Kina and Renminbi.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which these investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

(d) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. 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 credit facilities.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount	Contractual undiscounted cash flows	Within 1 year	2 to 5 years	More than 5 years	Total
	RM	RM	RM	RM	RM	RM
At 31 March 2014						
Group						
Trade payables	9,646,436	9,646,436	9,646,436	-	-	9,646,436
Other payables	12,572,294	12,572,294	12,572,294	-	-	12,572,294
Amount due to Directors	254,423	254,423	254,423	-	-	254,423
Bank borrowings	110,180,372	110,180,372	26,409,880	83,770,492	-	110,180,372
Hire purchase payables	1,702,157	1,829,256	682,411	1,146,845	-	1,829,256
	134,355,682	134,482,781	49,565,444	84,917,337	-	134,482,781
Company						
Trade payables	4,260,090	1,377,295	1,377,295	-	-	1,377,295
Other payables	1,419,749	122,511	122,511	-	-	122,511
Amount due to subsidiaries	4,216,456	4,216,456	4,216,456	-	-	4,216,456
Amount due to Directors	155,556	155,556	155,556	-	-	155,556
Bank borrowings	5,291,140	5,291,140	5,291,140	-	-	5,291,140
Hire purchase payables	709,539	759,659	286,300	480,769	-	767,069
	16,052,530	11,922,617	11,449,258	480,769	-	11,930,027

41. **FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

(d) **Liquidity risk (Cont'd)**

	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
At 31 March 2013						
Group						
Trade payables	8,821,887	8,821,887	8,821,887	-	-	8,821,887
Other payables	15,904,487	15,904,487	15,904,487	-	-	15,904,487
Amount due to Directors	169,625	169,625	169,625	-	-	169,625
Bank borrowings	121,064,500	128,654,279	15,731,893	112,922,386	-	128,654,279
Hire purchase payables	1,071,717	1,150,593	442,284	708,309	-	1,150,593
	147,032,216	154,700,871	41,070,176	113,630,695	-	154,700,871
Company						
Trade payables	3,697,441	3,697,441	3,697,441	-	-	3,697,441
Other payables	4,120,115	4,120,115	4,120,115	-	-	4,120,115
Amount due to subsidiaries	22,312,181	22,312,181	22,312,181	-	-	22,312,181
Amount due to Directors	70,736	70,736	70,736	-	-	70,736
Bank borrowings	5,141,896	5,141,896	5,141,896	-	-	5,141,896
Hire purchase payables	656,121	705,832	263,760	442,072	-	705,832
	35,998,490	36,048,201	35,606,129	442,072	-	36,048,201

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 convenants and regulatory requirements.

42. CAPITAL MANAGEMENT (CONT'D)

The debt-to-equity ratios as at 31 March 2014 and as at 31 March 2013 were as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade payables	17,954,687	11,402,688	9,786,750	9,549,147
Other payables, deposits and accruals	12,572,294	15,904,487	1,419,749	4,120,115
Amount due to subsidiries	-	-	4,216,456	22,312,181
Amount due to Directors	254,423	169,625	155,556	70,736
Hire purchase payables	1,702,157	1,071,717	709,539	656,121
Bank borrowings	110,180,372	121,064,500	5,291,140	5,141,896
Less: Cash and cash equivalents	(53,423,896)	(31,454,944)	(24,395,527)	(4,414,471)
Net Debt	89,240,037	118,158,073	(2,816,337)	37,435,725
Equity attributable to the shareholders of the Company	474,005,012	462,755,873	329,753,969	294,762,593
Capital and net debt	563,245,049	580,913,946	326,937,632	332,198,318
Gearing Ratio	16%	20%	-1%	11%

There were no changes in the Group's approach to capital management during the financial year.

Supplementary Information
on the Disclosure of Realised and Unrealised Profits or Losses

The following analysis of realised and unrealised retained profits or losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealise Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at year end is analysed as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries				
- Realised	386,757,821	356,245,206	162,546,379	126,559,715
- Unrealised	(12,890,188)	(13,293,782)	(67,100)	(73,317)
	373,867,633	342,951,424	162,479,279	126,486,398
Total share of retained earnings from associates				
- Realised	7,442,941	7,119,295	-	-
- Unrealised	(1,178,688)	(1,177,373)	-	-
	380,131,886	348,893,346	162,479,279	126,486,398
Less: Consolidated adjustments	(70,579,317)	(67,588,155)	-	-
	309,552,569	281,305,191	162,479,279	126,486,398

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Analysis of Shareholdings
As at 11 August 2014

SHARE CAPITAL

Authorised Share Capital	:	RM250,000,000.00
Issued and fully paid-up capital	:	RM172,736,172.00
Class of shares	:	Ordinary shares of RM1 each
Voting rights	:	1 vote per share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
1 to 99	178	3.91	8,026	0.00
100 to 1,000	281	6.17	194,809	0.12
1,001 to 10,000	3,136	68.89	12,180,121	7.24
10,001 to 100,000	863	18.96	25,916,825	15.41
100,001 to less than 5% of issued shares	91	2.00	47,911,664	28.49
5% and above of issued shares	3	0.07	81,975,696	48.74
TOTAL	**4,552**	**100.00**	**168,187,141**	**100.00**

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%
1	BREM PROPERTIES SDN BHD	42,913,350	25.52
2	KHOO CHAI KAA	24,374,410	14.49
3	WAWASAN EKUITI SDN BHD	14,687,936	8.73
4	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEONG KAM CHEE	3,400,000	2.02
5	KHOO CHAI THIAM	3,035,222	1.80
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOW YEW HWA	2,530,863	1.50
7	TAN SRI DATO' YAP SUAN CHEE	2,527,110	1.50
8	CLASSICAL GLORY SDN BHD	2,373,307	1.41
9	WAWASAN EKUITI SDN BHD	2,218,155	1.32
10	BOND RESOURCES SDN. BERHAD	2,139,825	1.27
11	TEO TIN LUN	1,705,400	1.01

Analysis of Shareholdings
As at 11 August 2014 (Cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name	Shareholdings	%
12	TAN JIN TUAN	1,304,000	0.78
13	KOPERASI JAYADIRI MALAYSIA BERHAD	1,290,000	0.77
14	HDM NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CLASSICAL GLORY SDN. BHD.	1,040,300	0.62
15	YEOH PHEK LENG	1,032,000	0.61
16	TRADEMA HOLDINGS SDN.BHD.	1,030,581	0.61
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM NYUK FOH	966,000	0.57
18	KINGSLEY LIM FUNG WANG	910,000	0.54
19	LTK (MELAKA) SDN BHD	766,500	0.46
20	FEDERLITE HOLDINGS SDN BHD	727,344	0.43
21	SU MING KEAT	687,570	0.41
22	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH SWEE MOI	650,000	0.39
23	HLIB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TENG SIEW KEAN	613,395	0.36
24	KEK LIN SIANG	607,977	0.36
25	LAW KING BOON @ LAU KENG BOON	595,000	0.35
26	MAYBANK NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR DBS BANK LIMITED	570,000	0.34
27	GEOFFREY LIM FUNG KEONG	550,000	0.33
28	TAN JIN TUAN	504,000	0.30
29	LEONG KAM CHEE	500,000	0.30
30	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE TECK YUEN	500,000	0.30
		116,750,245	**69.42**

SUBSTANTIAL SHAREHOLDERS
(as shown in the register of substantial shareholders)

		No. of Ordinary Shares of RM1 each			
	Name of Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
1.	Khoo Chai Kaa	24,374,410	14.49	42,913,350	25.52
2.	Lee Lei Choo	-	-	67,287,760	40.01
3.	Wawasan Ekuiti Sdn. Bhd.	16,906,091	10.05	-	-
4.	Musa Bin Abas	119,000	0.07	16,906,091	10.05
5.	Brem Properties Sdn. Bhd.	42,913,350	25.52	-	-
6.	Norhayati Binti Ali Polah	-	-	16,906,091	10.05

STATEMENT OF DIRECTORS' SHAREHOLDINGS

	No. of Ordinary Shares of RM1 each			
Directors' Name	**Direct**	**%**	**Indirect**	**%**
The Company				
Khoo Chai Kaa	24,374,410	14.49	42,913,350	25.52
Khoo Chai Thiam	3,428,672	2.04	-	-
Low Yew Hwa	2,530,863	1.50	-	-
Wong Miow Song	-	-	-	-
Dato' Hj. Abu Sujak Bin Hj. Mahmud	-	-	-	-
Khoo Hui Keam	-	-	-	-
Khoo Hui Giok	-	-	-	-

By virtue of his interest in shares in the Company, Mr. Khoo Chai Kaa is also deemed to be interested in the shares in all subsidiaries to the extent that the Company has an interest.

	No. of Ordinary Shares of HK$1 each			
Directors' Name	**Direct**	**%**	**Indirect**	**%**
Subsidiary Companies:-				
Brem Oversea Investments Pte. Limited				
Low Yew Hwa	600,000	5.00	-	-

	No. of Ordinary Shares of K1 each			
	Direct	**%**	**Indirect**	**%**
Brem Maju (PNG) Limited				
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 2014 RM '000
BREM HOLDING BERHAD					
PT 19658-19697, 19869-19870, 19873, 19927-20035, 20045-20052, 23824, Mukim of Sungai Pasir, District of Kuala Muda, Kedah Darul Aman.	Development land - vacant	07/01/1994	24.17 acres	Freehold	34,611
PT 4657-4660, 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	84.07 acres	Freehold	13,579
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	8,408
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: 6 years	112,619
HARMONY PROPERTY SDN BHD					
PT 25794 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Property under development	31/03/2005	0.82 acres	Freehold	1,261

Properties Held by the Brem Group of Companies (Cont'd)

Location	Description/ Existing use	Date of acquisition	Area	Tenure/ Age of building	Net book value as at 31 March 2014 RM '000
HARMONY PROPERTY SDN BHD (Cont'd)					
PT 25799 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005	7.22 acres	Freehold	30,962
Lot No. 2868-2870 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005	5.94 acres	Freehold	15,174
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	7,030
Lot No. 2494 - 2496, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005 10/10/1995	5.91 acres	Freehold	4,246
Lot No. 2519, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005	2.03 acres	Freehold	2,314
Lot 1919, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	08/04/2011	3.0 acres	Freehold	20,983
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	56,880
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	81,786

Properties Held by the Brem Group of Companies (Cont'd)

Location	Description/ Existing use	Date of acquisition	Area	Tenure/ Age of building	Net book value as at 31 March 2014 RM '000
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: 27½ years	77
BREM MAJU (PNG) LIMITED					
Allotment 2, Section 516, Waigani Drive, Hohola, NCD, Papua New Guinea.	3-storey residential house	15/03/2003	0.06 acres	Leasehold Expiring on 28/05/2095 Age: 11 years	291
TITI KAYA SDN BHD					
PT 27609-PT 27611, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	21/10/1995	12.30 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	161.57 acres	Freehold	25,739
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

Properties Held by the Brem Group of Companies (Cont'd)

Location	Description/ Existing use	Date of acquisition	Area	Tenure/ Age of building	Net book value as at 31 March 2014 RM '000
ENG ANN REALTY CO. (KLANG) SDN BHD (Cont'd)					
Lot 41100, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Property under development	10/01/1994	6.93 acres	Freehold	42,177
Lot 15377, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/01/1994	5.31 acres	Freehold	20
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	109.71 acres	Freehold	204
NPO BUILDERS SDN BHD					
PT 21018 (HSD 248199) & PT 21019 (HSD 248200), Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan	Development land - vacant	27/12/2004	46.21 acres	Freehold	28,670

Appendix "A"

Musa Bin Abas
No. 443, Lot 1476
Batu 7, Jalan Gombak
53100 Kuala Lumpur.

Date: 27 August 2014

The Board of Directors
BREM HOLDING BERHAD
3rd Floor, BREM House, Crystal Crown Hotel
No.12, Lorong Utara A, off Jalan Utara
46200 Petaling Jaya, Selangor Darul Ehsan

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172 (11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs. Baker Tilly Monteiro Heng for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs. STYL Associates:-

"That Messrs Baker Tilly Monteiro Heng be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. STYL Associates, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Your faithfully

MUSA BIN ABAS

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BREM HOLDING BERHAD (66756-P)
Incorporated in Malaysia

Proxy Form

33rd Annual General Meeting

I/We ______________________________, (NRIC No./Company No.) ______________________

of ____

being a Member/Members of BREM HOLDING BERHAD hereby appoint ______________________

of ____

or failing him/her ____

of ____

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-Third Annual General Meeting of the Company, to be held at Crystal Ballroom, 1st Floor, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 30 September 2014, at 10.30 a.m. and at any adjournment thereof.

** (strike out whichever is not desired)*

(Should you desire to direct your Proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate with 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.	To declare a final single tier dividend		
2.	To approve Directors' fees		
3.	Re-election of Ms. Khoo Hui Keam as Director		
4.	Re-election of Ms. Khoo Hui Giok as Director		
5.	Re-appointment of Dato' Hj. Abu Sujak Bin Hj. Mahmud as Director		
6.	To appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company in place of the retiring Auditors, Messrs. STYL Associates		
7.	Ordinary Resolution 1 - Proposed Share Split		
8.	Ordinary Resolution 2 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	Ordinary Resolution 3 - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions		
10.	Ordinary Resolution 4 - Proposed Renewal of Authority For Share Buy-Back		
11.	Ordinary Resolution 5 - Continuing in office for Mr. Wong Miow Song As Independent Non-Executive Director		
12.	Special Resolution – Proposed Amendments		

Signed this ______________ day of ____________________ 2014

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

____
Signature

NOTES:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two proxies to attend 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 is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, 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 Form of Proxy 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 48 hours before the time set for the meeting or any adjournment thereof.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 September 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and vote on his behalf.

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Stamp
Here

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

fold here

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,
Malaysia

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