

**Condensed consolidated interim financial statements**

For the twelve-month period ended 31 January 2014

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 January 2014 Unaudited RM'000	31 January 2013 Audited RM'000	31 January 2014 Unaudited RM'000	31 January 2013 Audited RM'000
Revenue		266,808	122,566	506,298	276,810
Cost of sales		(237,398)	(99,938)	(433,146)	(215,928)
Gross profit		29,410	22,628	73,152	60,882
Other operating income		1,433	382	3,353	2,569
Other gains or losses		(162)	-	(919)	-
Administrative expenses		(19)	(280)	(2,195)	(3,263)
Selling and distribution costs		(452)	(1,142)	(1,774)	(3,003)
Other operating expenses		(5,660)	(6,825)	(20,991)	(21,844)
Operating profit		24,550	14,763	50,626	35,341
Finance costs		(561)	(923)	(2,077)	(2,750)
Share of results of an associate		391	753	2,576	2,985
Profit before tax	8	24,380	14,593	51,125	35,576
Income tax expense	9	(6,112)	(4,137)	(15,132)	(10,018)
Profit for the period, net of tax, attributable to the owners of the Company		18,268	10,456	35,993	25,558
Other comprehensive income/(loss)					
Item that will be reclassified subsequently to profit or loss:					
Net change in fair value of cash flow hedge		(1,709)	-	(1,709)	-
Net gain/(loss) from translation of foreign operations		2,452	767	(6,333)	1,503
Total other comprehensive income/(loss)		743	767	(8,042)	1,503
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		19,011	11,223	27,951	27,061
Earnings per share attributable to the owners of the Company (sen):					
Basic	10	8.1	4.6	16.0	11.3
Diluted	10	8.1	4.6	16.0	11.3

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the twelve-month period ended 31 January 2014
Condensed consolidated statement of financial position

		31 January 2014	31 January 2013
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	92,335	95,281
Intangible assets	12	1,173	379
Investments in an associate		23,683	27,241
Deferred tax asset		2,083	2,056
		<u>119,274</u>	<u>124,957</u>
Current assets			
Inventories	13	31,822	40,293
Trade and other receivables		150,251	75,589
Tax recoverable		-	81
Investment securities	15	2,271	2,243
Cash and bank balances	14	210,673	121,033
		<u>395,017</u>	<u>239,239</u>
Total assets		<u>514,291</u>	<u>364,196</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	16	112,654	112,651
Share premium	16	2,093	2,092
Retained earnings		142,392	120,762
Hedging reserve		(1,709)	-
Foreign currency translation reserve		(8,441)	(2,108)
Total equity		<u>246,989</u>	<u>233,397</u>
Non-current liabilities			
Loans and borrowings	17	8,391	11,607
Deferred tax liabilities		1,663	2,433
		<u>10,054</u>	<u>14,040</u>
Current liabilities			
Trade and other payables		242,049	96,646
Loans and borrowings	17	8,656	20,098
Derivative financial instruments	15	2,628	-
Tax payable		3,915	15
		<u>257,248</u>	<u>116,759</u>
Total liabilities		<u>267,302</u>	<u>130,799</u>
Total equity and liabilities		<u>514,291</u>	<u>364,196</u>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the twelve-month period ended 31 January 2014
Condensed consolidated statements of changes in equity

		Attributable to the owners of the Company					
		Non-Distributable			Distributable		
		Share Capital	Share Premium	Hedging Reserves	Foreign Currency Translation Reserves	Retained Earnings	Total
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	At 1 February 2012	112,651	2,092	-	(3,611)	103,653	214,785
	Total comprehensive income	-	-	-	1,503	25,558	27,061
	Transactions with owners						
	Dividends	-	-	-	-	(8,449)	(8,449)
	At 31 January 2013	112,651	2,092	-	(2,108)	120,762	233,397
	At 1 February 2013	112,651	2,092	-	(2,108)	120,762	233,397
	Total comprehensive income	-	-	(1,709)	(6,333)	35,993	27,951
	Transactions with owners						
	Dividends	-	-	-	-	(14,363)	(14,363)
	Issue of ordinary shares pursuant to employee share option scheme	3	1	-	-	-	4
	At 31 January 2014	112,654	2,093	(1,709)	(8,441)	142,392	246,989

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the twelve-month period ended 31 January 2014
Condensed consolidated statement of cash flows

	Note	12 months ended	
		31 January 2014 Unaudited RM'000	31 January 2013 Audited RM'000
Operating activities			
Profit before tax		51,125	35,576
<u>Adjustments for:</u>			
Interest income		(1,679)	(1,824)
Interest expenses		2,077	2,750
Gain on disposal of property, plant and equipment	11	(89)	(41)
Gain on disposal of investment securities		(330)	(4)
Net fair value loss/(gain) on held for trading investment securities		199	(155)
Amortisation of intangible assets	12	82	89
Impairment loss on trade receivables		36	502
Reversal of impairment loss on trade receivables		(268)	-
Depreciation of property, plant and equipment		3,661	3,289
Inventories written down	13	252	1,744
Unrealised (gain)/loss on foreign exchange		(1,579)	1,128
Share of results of an associate		(2,576)	(2,985)
Loss on financial derivatives		919	-
Other non-cash adjustments		(76)	(117)
Total adjustments		629	4,376
Operating cash flows before changes in working capital		51,754	39,952
<u>Changes in working capital</u>			
Decrease/(increase) in inventories		8,096	(3,397)
Increase in trade and other receivables		(73,763)	(24,992)
Increase in trade and other payables		147,217	68,590
Total changes in working capital		81,550	40,201
Interest received		1,679	1,824
Interest paid		(4,417)	(4,298)
Income tax refunded		1,136	-
Income tax paid		(13,185)	(10,427)
		(14,787)	(12,901)
Cash flows generated from operations		118,517	67,252
<u>Investing activities</u>			
Purchase of property, plant and equipment		(588)	(5,012)
Proceeds from disposal of property, plant and equipment		89	700
Purchase of intangible assets		-	(14)
Purchase of subsidiaries		(567)	-
Purchase of investment securities		(2,611)	(1,411)
Proceeds from disposal of investment securities		2,661	4,193
Dividend from associate		3,003	-
Redemption of debenture from associate		-	6,458
Others		74	382
Net cash generated from investing activities		2,061	5,296
<u>Financing activities</u>			
Repayment of bank borrowings		(12,889)	(1,997)
Dividends paid on ordinary shares		(14,363)	(8,449)
Proceeds from exercise of employee share options		4	-
Net cash used in financing activities		(27,248)	(10,446)
Net change in cash and cash equivalents		93,330	62,102
Effect of exchange rate changes on cash and cash equivalents		(1,292)	837
Cash and cash equivalents at 1 February		117,835	54,896
Cash and cash equivalents at 31 January*		209,873	117,835
* Cash and cash equivalents comprise the following at 31 January:			
Cash and bank balances		210,673	121,033
Bank overdrafts		(800)	(3,198)
Total cash and cash equivalents		209,873	117,835

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

1 Corporate information

George Kent (Malaysia) Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad ("Bursa").

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 March 2014.

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 January 2014, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2013.

The consolidated financial statements of the Group for the financial year ended 31 January 2013 are available upon request from the Company's registered office at Lot 1115, Batu 15, Jalan Dengkil, 47100 Puchong, Selangor Darul Ehsan.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2013.

3 Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2013, except for the adoption of the following MFRSs, Amendments and IC Interpretations:

(a) Effective for financial periods beginning on or after 1 July 2012

- Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

(b) Effective for financial periods beginning on or after 1 January 2013

- MFRS 10: Consolidated Financial Statements
- MFRS 11: Joint Arrangements
- MFRS 12: Disclosure of Interests in Other Entities
- MFRS 13: Fair Value Measurement
- MFRS 119: Employee Benefits
- MFRS 127: Consolidated and Separate Financial Statements
- MFRS 128: Investments in Associates and Joint Ventures
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10: Consolidated Financial Statements : Transition Guidance
- Amendments to MFRS 11: Joint Arrangements: Transition Guidance
- Amendments to MFRS 12: Disclosure of Interests in Other Entities : Transition Guidance
- Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle

The Directors expect that the adoption of the above MFRSs, Amendments and IC Interpretations will not result in any significant changes in the accounting policies and will not have any significant effect on the financial position, results and disclosures in the financial statements of the Group and the Company in the period of initial application.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

4 Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

5 Changes in composition of the Group

On 29 November 2013, the Company acquired 1,000 ordinary shares of SGD1 each and 3,500,000 Class "A" shares of SGD1 each in George Kent (Singapore) Pte Ltd ("GKS"), representing 100% equity interest in GKS for a cash consideration of SGD500,000.

Save as disclosed above, there were no other changes in the composition of the Group during the current interim period.

6 Segment information

Segment information is presented in respect of the Group's operating segments. The activities within each of these segments are explained below:

(a) Manufacturing and Trading

Manufacturing and Trading comprises mainly revenue derived from the production, marketing and trading of water related product and services.

(b) Construction

Construction comprises mainly revenue derived from the execution of construction contracts.

(c) Infrastructure Investment

Infrastructure Investment comprises mainly income derived from investments in infrastructure.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements except for Infrastructure Investment being reported separately.

	Manufac- turing and Trading RM'000	Construc- tion RM'000	Infrastruc- ture Investment RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
Current quarter						
3 months period ended 31 January 2014						
Revenue:						
External customers	31,093	231,273	4,442	-	-	266,808
Results:						
Interest income	-	-	24	96	555	675
Depreciation and amortisation	630	13	32	-	254	929
Share of results of an associate	-	-	391	-	-	391
Segment profit (Note A)	5,486	19,857	1,707	(1,187)	(1,483)	24,380

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

6 Segment information (continued)

	Manufacturing and Trading RM'000	Construction RM'000	Infrastructure Investment RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
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Current quarter

3 months period ended 31 January 2013

Revenue:

External customers	41,322	76,468	4,776	-	-	122,566
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Results:

Interest income	-	-	32	112	348	492
Depreciation and amortisation	384	74	141	-	410	1,009
Share of results of an associate	-	-	753	-	-	753
Segment profit (Note A)	5,165	8,919	3,137	(409)	(2,219)	14,593

	Manufacturing and Trading RM'000	Construction RM'000	Infrastructure Investment RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
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Cumulative quarter

12 months period ended 31 January 2014

Revenue:

External customers	115,557	372,923	17,818	-	-	506,298
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Results:

Interest income	-	-	137	403	1,139	1,679
Depreciation and amortisation	2,405	159	141	-	1,038	3,743
Share of results of an associate	-	-	2,576	-	-	2,576
Segment profit (Note A)	18,023	34,701	9,826	(362)	(11,063)	51,125

12 months period ended 31 January 2013

Revenue:

External customers	127,179	131,500	18,131	-	-	276,810
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Results:

Interest income	-	-	114	1,271	439	1,824
Depreciation and amortisation	2,346	74	141	-	817	3,378
Share of results of an associate	-	-	2,985	-	-	2,985
Segment profit (Note A)	14,685	17,168	11,741	472	(8,490)	35,576

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

6 Segment information (continued)

Note A

The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 January 2014 RM'000	31 January 2013 RM'000	31 January 2014 RM'000	31 January 2013 RM'000
Other gains or losses	(162)	-	(919)	-
Finance costs	(561)	(923)	(2,077)	(2,750)
Unallocated corporate expenses	(760)	(1,296)	(8,067)	(5,740)
	<u>(1,483)</u>	<u>(2,219)</u>	<u>(11,063)</u>	<u>(8,490)</u>

Manufacturing and Trading

Revenue of RM31.09 million for the current quarter ended 31 January 2014 is 25% lower compared to RM41.32 million for the corresponding quarter in 2013. Segment profit of RM5.49 million for the current quarter ended 31 January 2014 is 6% higher as compared to RM5.17 million for the corresponding quarter in 2013 mainly due to lower inventory write-down and lower operating expenses in current quarter.

Revenue of RM115.56 million for the current period ended 31 January 2014 is 9% lower compared to RM127.18 million for the corresponding period in 2013. Segment profit of RM18.02 million for the current period ended 31 January 2014 is 23% higher as compared to RM14.69 million for the corresponding period in 2013 mainly due to lower inventory write-down and lower operating expenses in current period.

Construction

Revenue of RM231.27 million for the current quarter ended 31 January 2014 is 202% higher as compared to RM76.47 million for the corresponding quarter in 2013. This higher revenue is mainly due to the steady progress of the Ampang Line Extension project. Correspondingly, segment profit of RM19.86 million for the current quarter ended 31 January 2014 is 123% higher as compared to RM8.92 million for the fourth quarter in 2013. This is due to higher contract revenue from projects although gross profit margin has dropped due to higher weightage on revenue from certain projects with relatively lower profit margin.

Revenue of RM372.92 million for the current period ended 31 January 2014 is 184% higher as compared to RM131.50 million for the corresponding period in 2013 contributed by steady progress on Ampang Line Extension, Pahang Selangor Raw Water Transfer and Panching Water Treatment projects. Correspondingly, segment profit of RM34.7 million for the current period ended 31 January 2014 is 102% higher as compared to RM17.17 million for the period ended 31 January 2013. This is due to higher contract revenue from projects although gross profit margin has dropped due to higher weightage on revenue from certain projects with relatively lower profit margin.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

6 Segment information (continued)

Infrastructure Investment

Segment profit of RM1.71 million for the current quarter ended 31 January 2014 is 46% lower compared to RM3.14 million for the corresponding quarter in 2013.

Segment profit of RM9.83 million for the current period ended 31 January 2014 is 16% lower compared to RM11.74 million for the corresponding period in 2013 mainly due to lower exchange rate of the Kina in relation to the Ringgit and lower gross profit margin caused by higher pump running cost of the water treatment plant.

Consolidated revenue

The operations for the Group are mainly based in Malaysia, with the regional activities in the ASEAN countries and Papua New Guinea. Its core businesses are centred in the water industry and engineering works. The revenue growth from Construction led to higher revenue for the current quarter and cumulative quarter ended 31 January 2014.

Consolidated profit before tax

The Group's current quarter profit before tax of RM24.38 million (31 January 2013: RM14.59 million) is 67% higher. The Group's profit before tax for the year of RM51.13 million (31 January 2013: RM35.58 million) is 44% higher. The main factors which have affected the Group's profit before tax have been stated above.

7 Seasonality of operations

The Group's performance was not affected by any significant seasonal or cyclical factors.

8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 January	31 January	31 January	31 January
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(675)	(492)	(1,679)	(1,824)
Other income (including investment income)	(1,872)	(203)	(1,255)	(405)
Interest expenses	561	923	2,077	2,750
Depreciation of property, plant and equipment	907	988	3,661	3,289
Amortisation of intangible assets	22	21	82	89
Gain on disposal of investment securities	(139)	(16)	(330)	(4)
Loss/(gain) on disposal of property, plant and equipment	-	1	(89)	(41)
Net fair value loss/(gain) on held for trading investment securities	290	(77)	199	(155)
Impairment loss on trade receivables	36	502	36	502
Reversal of impairment loss on trade receivables	(268)	-	(268)	-
Loss on fair value of financial derivatives				
- unrealised	162	-	919	-
(Gain)/loss on foreign exchange:				
- realised	(70)	(1,207)	1,704	(1,268)
- unrealised	(438)	997	(1,579)	1,128

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 January 2014 RM'000	31 January 2013 RM'000	31 January 2014 RM'000	31 January 2013 RM'000
Current Tax:				
Malaysian income tax	5,530	3,484	10,890	6,456
Foreign tax	582	653	4,242	3,562
	<u>6,112</u>	<u>4,137</u>	<u>15,132</u>	<u>10,018</u>

Domestic income tax is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective rate for the current period was higher than the statutory rate principally due to withholding tax paid for dividend declared and paid/payable by a foreign subsidiary and an associate and non-deductible expenses.

10 Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 January 2014	31 January 2013	31 January 2014	31 January 2013
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	18,268	10,456	35,993	25,558
Weighted average number of ordinary shares in issue ('000)	225,308	225,303	225,306	225,303
Effects of dilution				
- Share options ('000)	-	48	-	48
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	<u>225,308</u>	<u>225,351</u>	<u>225,306</u>	<u>225,351</u>
Basic earnings per share (sen)	8.1	4.6	16.0	11.3
Diluted earnings per share (sen)	<u>8.1</u>	<u>4.6</u>	<u>16.0</u>	<u>11.3</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

11 Property, plant and equipment

Acquisitions and disposals

During the twelve months ended 31 January 2014, the Group acquired assets at a cost of RM1.24 million (31 January 2013: RM5.74 million).

Assets with carrying amount of Nil (31 January 2013: RM659,000) were disposed of by the Group during the twelve months period ended 31 January 2014, resulting in a gain on disposal of RM89,000 (31 January 2013: RM41,000), recognised and included in other operating income in the statement of profit or loss and other comprehensive income.

12 Intangible assets

	Goodwill RM'000	Computer software RM'000	Develop- ment costs RM'000	Total RM'000
Cost:				
At 1 February 2013	-	303	980	1,283
Addition	876	-	-	876
At 31 January 2014	<u>876</u>	<u>303</u>	<u>980</u>	<u>2,159</u>
Accumulated amortisation:				
At 1 February 2013	-	218	686	904
Amortisation	-	34	48	82
At 31 January 2014	<u>-</u>	<u>252</u>	<u>734</u>	<u>986</u>
Carrying amount:				
At 1 February 2013	-	85	294	379
At 31 January 2014	<u>876</u>	<u>51</u>	<u>246</u>	<u>1,173</u>

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment is assessed whenever there is an indication that the intangible asset may be impaired.

Computer software

Computer software is stated at cost less any accumulated impairment losses and amortised on a straight-line basis over the estimated economic useful lives at the annual rate of 20%. The amortisation of computer software is included in administrative expenses in the statement of profit or loss and other comprehensive income.

Development costs

Development costs, considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised using the straight-line basis from the commencement of the contract to which they relate over the period of their expected benefit not exceeding 20 years. The amortisation of development costs is included in administrative expenses in the statement of profit or loss and other comprehensive income.

13 Inventories

During the twelve months ended 31 January 2014, the Group recognised a write-down of inventories of RM0.25 million (31 January 2013: RM1.74 million). This expense was included in the cost of sales in the statement of comprehensive income.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

14 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 January 2014 RM'000	31 January 2013 RM'000
Cash on hand and at banks	77,787	67,141
Short term deposits	132,886	53,892
	<u>210,673</u>	<u>121,033</u>

15 Fair value hierarchy

The Group used the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Input that are based on observable market data
- Level 3 - Input that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 January 2014				
Financial assets held for trading				
- Quoted shares	2,271	2,271	-	-
Derivative financial liabilities measured at fair value				
- Foreign exchange forward contracts (GBP)	4	-	4	-
- Foreign exchange forward contracts (CAD)	(2,632)	-	(2,632)	-
At 31 January 2013				
Financial assets held for trading				
- Quoted shares	2,243	2,243	-	-

16 Share capital, share premium and treasury shares

On 19 July 2013, 5,000 new ordinary shares of RM0.50 each were issued pursuant to the exercise of option shares under the Employee Share Option Scheme ("ESOS") of the Company. The ESOS expired on 26 October 2013.

Save for the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current interim period.

17 Interest-bearing loans and borrowings

	31 January 2014 RM'000	31 January 2013 RM'000
Secured		
Short term borrowings	8,656	20,098
Long term borrowings	8,391	11,607
	<u>17,047</u>	<u>31,705</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2014

18 Provisions for costs of restructuring

Not applicable.

19 Dividends

The first interim dividend of 2.0 sen less 25% tax per share and second interim single-tier dividend of 1.5 sen per share for the financial year ended 31 January 2014 (FY2013: 2.0 sen less 25% tax per share) were paid on 31 October 2013 and 20 January 2014 respectively. The dividends were paid to shareholders whose names appear in the Record of Depositors on 9 October 2013 and 31 December 2013 respectively.

Subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"), the Directors have recommended a final single-tier dividend of 4.0 sen per share for the financial year ended 31 January 2014 (FY2012: 4.5 sen less 25% tax). The dividend for the financial year ended 31 January 2014 will total RM15.772 million, an increase of 44% as compared to RM10.984 million in the preceding year.

20 Commitments

Capital expenditure as at the reporting date is as follows:

	31 January 2014 RM'000	31 January 2013 RM'000
Approved and contracted for:		
Property, plant and equipment	523	429
Approved but not contracted for:		
Property, plant and equipment	35	490

21 Contingencies

The Group does not have any material contingent liabilities or contingent assets.

22 Related party transactions

The Group had the following transactions with related parties during the twelve months period ended 31 January:

	Cumulative quarter 12 months ended	
	31 January 2014 RM'000	31 January 2013 RM'000
Related companies: *		
Rental income for motor vehicle	12	-
Purchase of tiles	-	7
Purchase of air tickets	341	419
Professional and share registration charges	86	121
Sale of products	7,129	6,513

* Related companies are companies within the Johan Holdings Berhad group.

23 Events after the reporting period

There were no material event subsequent to the end of current interim period.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 January 2014**

24 Performance review

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

25 Comment on material change in profit before taxation

The profit before taxation for the current quarter ended 31 January 2014 is 133% higher than the preceding quarter due to higher revenue and profit which was attributed to project related works.

26 Commentary on prospects

It is expected that the momentum of growth will continue after a record year of revenue and profit. This momentum will be achieved by continuing to implement the strategies put in place by the Board. The Group will continue to focus on achieving manufacturing efficiency and productivity. It will also intensify efforts to grow its order book.

The Board is optimistic of the Group's prospects for the financial year ending 31 January 2015.

27 Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

Not applicable.

28 Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets

Not applicable.

29 Profit forecast or profit guarantee

Not applicable.

30 Corporate proposals

There were no corporate proposals announced but not completed as at the date of issue of these interim financial statements.

31 Changes in material litigation

There are no changes to the status of the material litigations since the quarterly results announced by the Company on 28 March 2013.

32 Dividend payable

Please refer to Note 19 for details.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 January 2014**

33 Derivative financial instruments

Details of derivative financial instruments outstanding as at 31 January 2014 measured at their fair values together with their corresponding contract/notional amounts classified by the remaining period of maturity are as follows:

Types of derivatives	Contract/notional values RM'000	Net fair value liabilities RM'000	Maturity
Foreign exchange contracts	98,524	95,896	Less than 1 year

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's payables denominated in currencies other than the functional currencies of the Company. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

The Group did not enter into any derivatives during the previous financial year ended 31 January 2013.

34 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any gains/losses arising from fair value changes of financial liabilities as at 31 January 2014 and 31 January 2013.

35 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 January 2014 and 31 January 2013 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with 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 Requirement, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 31 January 2014 RM'000	Previous financial year ended 31 January 2013 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(52,075)	(63,190)
- Unrealised	42,970	40,249
	<u>(9,105)</u>	<u>(22,941)</u>
Total share of profits/(losses) from an associate		
- Realised	30,730	25,429
- Unrealised	(1,096)	(584)
	<u>20,529</u>	<u>1,904</u>
Less: Consolidation adjustments	121,863	118,858
Total retained earnings as per financial statements	<u>142,392</u>	<u>120,762</u>



**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 January 2014**

36 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2013 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH
(MACS00400)

Company Secretary
27 March 2014