

## Condensed consolidated interim financial statements

For the nine-month period ended 31 October 2014

### Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 October 2014	31 October 2013	31 October 2014	31 October 2013
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
<b>Revenue</b>		96,031	71,857	235,933	239,490
Cost of sales		(80,240)	(57,853)	(195,661)	(195,748)
<b>Gross profit</b>		15,791	14,004	40,272	43,742
Interest income		131	500	1,318	1,004
Dividend income		47	22	93	65
Other gains and losses		(563)	(533)	165	(539)
Administrative expenses		(276)	(237)	(951)	(1,543)
Distribution costs		(199)	(404)	(848)	(1,322)
Other operating expenses		(4,309)	(3,213)	(12,769)	(15,331)
Finance costs		(666)	(533)	(1,705)	(1,516)
Share of results of associate		528	837	2,095	2,185
<b>Profit before tax</b>	8	10,484	10,443	27,670	26,745
Income tax expense	9	(3,256)	(3,370)	(7,872)	(9,020)
<b>Profit for the period, net of tax, attributable to the owners of the Company</b>		7,228	7,073	19,798	17,725
<b>Other comprehensive (loss)/income</b>					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		(331)	(6,075)	(1,155)	(8,785)
Net fair value loss on cash flow hedge		(91)	-	(338)	-
		(422)	(6,075)	(1,493)	(8,785)
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		-	-	28,169	-
<b>Other comprehensive (loss)/income for the period, net of tax</b>		(422)	(6,075)	26,676	(8,785)
<b>Total comprehensive income for the period, net of tax, attributable to the owners of the Company</b>		6,806	998	46,474	8,940
<b>Earnings per share attributable to the owners of the Company (sen):</b>					
Basic	10	2.4	2.4	6.6	5.9
Diluted	10	2.4	2.4	6.6	5.9

*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 nine-month period ended 31 October 2014**  
**Condensed consolidated statement of financial position**

		31 October 2014	31 January 2014
	Note	Unaudited RM'000	Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	121,756	92,335
Goodwill	12	876	876
Other intangible assets	13	914	297
Investment in associate		25,232	23,683
Deferred tax assets		1,563	2,254
		<u>150,341</u>	<u>119,445</u>
<b>Current assets</b>			
Inventories	14	40,948	32,182
Trade and other receivables		196,688	143,748
Tax recoverable		-	80
Investment securities	15	2,815	2,272
Cash and bank balances	16	160,097	210,680
		<u>400,548</u>	<u>388,962</u>
<b>Total assets</b>		<u>550,889</u>	<u>508,407</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	17	150,205	112,654
Share premium	17	-	2,093
Retained earnings		111,927	142,607
Properties revaluation reserve		28,169	-
Cash flow hedging reserve		(2,047)	(1,709)
Foreign currency translation reserve		(9,605)	(8,450)
<b>Total equity</b>		<u>278,649</u>	<u>247,195</u>
<b>Non-current liabilities</b>			
Loans and borrowings	18	6,739	8,391
Deferred tax liabilities		3,124	1,644
		<u>9,863</u>	<u>10,035</u>
<b>Current liabilities</b>			
Trade and other payables		219,133	235,977
Loans and borrowings	18	42,050	8,656
Other financial liabilities	15	669	2,628
Tax liabilities		525	3,916
		<u>262,377</u>	<u>251,177</u>
<b>Total liabilities</b>		<u>272,240</u>	<u>261,212</u>
<b>Total equity and liabilities</b>		<u>550,889</u>	<u>508,407</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 nine-month period ended 31 October 2014**  
**Condensed consolidated statement of changes in equity**

		Attributable to the owners of the Company						
		Non-Distributable				Distributable		
	Note	Share capital RM'000	Share premium RM'000	Properties revaluation reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000
<b>At 1 February 2013</b>		112,651	2,092	-	-	(2,108)	120,762	233,397
Total comprehensive income		-	-	-	-	(8,785)	17,725	8,940
Dividends	20	-	-	-	-	-	(10,984)	(10,984)
Issue of ordinary shares pursuant to employee share option scheme		3	1	-	-	-	-	4
<b>At 31 October 2013</b>		<b>112,654</b>	<b>2,093</b>	<b>-</b>	<b>-</b>	<b>(10,893)</b>	<b>127,503</b>	<b>231,357</b>
<b>At 1 February 2014</b>		<b>112,654</b>	<b>2,093</b>	<b>-</b>	<b>(1,709)</b>	<b>(8,450)</b>	<b>142,607</b>	<b>247,195</b>
Total comprehensive income		-	-	28,169	(338)	(1,155)	19,798	46,474
Dividends	20	-	-	-	-	-	(15,020)	(15,020)
Bonus issue	17	37,551	(2,093)	-	-	-	(35,458)	-
<b>At 31 October 2014</b>		<b>150,205</b>	<b>-</b>	<b>28,169</b>	<b>(2,047)</b>	<b>(9,605)</b>	<b>111,927</b>	<b>278,649</b>

*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 nine-month period ended 31 October 2014**  
**Condensed consolidated statement of cash flows**

		9 months ended	
		31 October 2014	31 October 2013
	Note	Unaudited RM'000	Unaudited RM'000
<u>Operating activities</u>			
<b>Profit before tax</b>		27,670	26,745
Adjustments for:			
Interest income		(1,318)	(1,004)
Finance costs		1,705	1,516
Gain on disposal of property, plant and equipment	11	(223)	(89)
Gain on disposal of investment securities		(113)	(191)
Net fair value gain on held for trading investment securities		(221)	(91)
Amortisation of other intangible assets	13	55	60
Depreciation of property, plant and equipment		2,715	2,754
Net unrealised loss/(gain) on foreign exchange		1,048	(1,141)
Share of results of associate		(2,095)	(2,185)
Net unrealised (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		(887)	757
Other non-cash adjustments		(93)	(65)
Total adjustments		573	321
<b>Operating cash flows before changes in working capital</b>		28,243	27,066
Changes in working capital:			
(Increase)/decrease in inventories		(8,805)	6,124
Increase in trade and other receivables		(53,412)	(13,192)
Decrease in trade and other payables		(17,093)	(13,926)
Total changes in working capital		(79,310)	(20,994)
Interest income received		1,318	1,004
Interest paid		(2,327)	(3,388)
Income tax refunded		-	1,124
Income tax paid		(10,518)	(8,787)
<b>Net cash used in operating activities</b>		(62,594)	(3,975)
<u>Investing activities</u>			
Purchase of property, plant and equipment		(1,761)	(388)
Proceeds from disposal of property, plant and equipment		253	89
Acquisition of other intangible assets		(672)	-
Acquisition of investment securities		(3,383)	(1,880)
Proceeds from disposal of investment securities		3,159	1,538
Dividend from associate		-	2,995
Others		63	63
<b>Net cash (used in)/generated from investing activities</b>		(2,341)	2,417
<u>Financing activities</u>			
Repayment of term loans		(2,287)	(10,182)
Drawdown of other bank borrowings		22,255	6,473
Repayment of hire-purchase		(632)	(519)
Dividend paid		(15,020)	(10,984)
Proceeds from exercise of ESOS		-	4
<b>Net cash generated from/(used in) financing activities</b>		4,316	(15,208)
<b>Net change in cash and cash equivalents</b>		(60,619)	(16,766)
Effect of foreign exchange rate changes		(1,264)	(1,868)
<b>Cash and cash equivalents at 1 February</b>		209,880	117,835
<b>Cash and cash equivalents at 31 October*</b>		147,997	99,201
<b>* Cash and cash equivalents comprise the following at 31 October:</b>			
Cash and bank balances		160,097	101,641
Bank overdrafts		(12,100)	(2,440)
Total cash and cash equivalents		147,997	99,201

*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 nine-month period ended 31 October 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 15 December 2014.

#### **2 Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 October 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 2014.

The consolidated financial statements of the Group for the financial year ended 31 January 2014 are available upon request from the Company's registered office at 1115 Jalan Puchong, Taman Meranti Jaya, 47120 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 2014.

#### **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 2014, except the following:

##### **(a) Property, plant and equipment**

During the current period, the Group elected to measure the properties using the revaluation model under MFRS 116 Property, Plant and Equipment. Accordingly, the financial impact is as follows:

- an increase of RM662,000, RM166,000 and RM496,000 for building on freehold land was recognised in property, plant and equipment, deferred tax liabilities and properties revaluation reserve respectively as of 31 July 2014;
- an increase of RM26,300,000, RM1,315,000 and RM24,985,000 for freehold land was recognised in property, plant and equipment, deferred tax liabilities and properties revaluation reserve respectively as of 31 July 2014;
- an increase of RM1,903,000 for long-term leasehold building was recognised in property, plant and equipment and properties revaluation reserve respectively as of 31 July 2014; and
- an increase of RM785,000 for long-term leasehold land was recognised in property, plant and equipment and properties revaluation reserve respectively as of 31 July 2014.

The properties are stated at their revalued amount, being fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

## **Explanatory notes pursuant to MFRS 134**

### **For the nine-month period ended 31 October 2014**

#### **3 Significant accounting policies (continued)**

##### **(b) Adoption of the Amendments to MFRSs:**

Effective for financial periods beginning on or after 1 January 2014

- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 132: Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
- Amendments to MFRS 136: Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)
- Amendments to MFRS 139: Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)

The Directors expect that the adoption of the above Amendments to MFRSs 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.

#### **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**

There were no significant 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.

## Explanatory notes pursuant to MFRS 134

### For the nine-month period ended 31 October 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
<b>Current quarter</b>						
<b>3 months period ended 31 October 2014</b>						
<b>Revenue:</b>						
External customers	23,032	68,637	4,362	-	-	96,031
<b>Results:</b>						
Interest income	-	-	19	74	38	131
Depreciation and amortisation	608	49	67	-	212	936
Share of results of associate	-	-	528	-	-	528
Segment profit (Note A)	5,004	6,653	2,171	6	(3,350)	10,484
<b>3 months period ended 31 October 2013</b>						
<b>Revenue:</b>						
External customers	26,816	40,751	4,290	-	-	71,857
<b>Results:</b>						
Interest income	-	-	55	130	315	500
Depreciation and amortisation	717	61	31	-	263	1,072
Share of results of associate	-	-	837	-	-	837
Segment profit (Note A)	6,366	4,222	2,726	1,925	(4,796)	10,443
<b>Cumulative quarter</b>						
<b>9 months period ended 31 October 2014</b>						
<b>Revenue:</b>						
External customers	71,886	151,513	12,534	-	-	235,933
<b>Results:</b>						
Interest income	2	-	55	231	1,030	1,318
Depreciation and amortisation	1,858	144	140	-	628	2,770
Share of results of associate	-	-	2,095	-	-	2,095
Segment profit (Note A)	14,639	14,380	6,536	(374)	(7,511)	27,670
<b>9 months period ended 31 October 2013</b>						
<b>Revenue:</b>						
External customers	84,464	141,650	13,376	-	-	239,490
<b>Results:</b>						
Interest income	-	-	113	307	584	1,004
Depreciation and amortisation	1,775	146	109	-	784	2,814
Share of results of associate	-	-	2,185	-	-	2,185
Segment profit (Note A)	12,537	14,844	8,119	825	(9,580)	26,745



## Explanatory notes pursuant to MFRS 134

### For the nine-month period ended 31 October 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 9 months ended	
	31 October 2014 RM'000	31 October 2013 RM'000	31 October 2014 RM'000	31 October 2013 RM'000
Finance costs	(666)	(533)	(1,705)	(1,516)
Net loss on foreign exchange	(1,287)	(12)	(2,081)	(633)
Unallocated corporate expenses	(1,397)	(4,251)	(3,725)	(7,431)
	<u>(3,350)</u>	<u>(4,796)</u>	<u>(7,511)</u>	<u>(9,580)</u>

##### Manufacturing and Trading

Revenue of RM23.03 million for the current quarter ended 31 October 2014 is 14% lower compared to RM26.82 million for the corresponding quarter in 2013. Correspondingly, segment profit of RM5.00 million for the current quarter ended 31 October 2014 is 22% lower as compared to RM6.37 million for the corresponding quarter in 2013.

Revenue of RM71.89 million for the current period ended 31 October 2014 is 15% lower compared to RM84.46 million for the corresponding period in 2013. However, segment profit of RM14.64 million for the current period ended 31 October 2014 is 17% higher as compared to RM12.54 million for the corresponding period in 2013 mainly due to lower operating expenses in current period.

##### Construction

Revenue of RM68.64 million for the current quarter ended 31 October 2014 is 68% higher as compared to RM40.75 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 RM6.65 million for the current quarter ended 31 October 2014 is 58% higher as compared to RM4.22 million for the corresponding quarter in 2013.

Revenue of RM151.51 million for the current period ended 31 October 2014 is 7% higher as compared to RM141.65 million for the corresponding period in 2013 contributed by steady progress on Ampang Line Extension project. However, segment profit of RM14.38 million for the current period ended 31 October 2014 is 3% lower as compared to RM14.84 million for the period ended 31 October 2013 mainly due to lower gross profit margin. Gross profit margin is slightly lower due to higher weightage on revenue from certain projects with relatively lower profit margin.

##### Infrastructure Investment

Segment profit of RM2.17 million for the current quarter ended 31 October 2014 is 21% lower compared to RM2.73 million for the corresponding quarter in 2013 mainly due to lower share of results of an associate.

Segment profit of RM6.54 million for the current period ended 31 October 2014 is 19% lower compared to RM8.12 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 of a subsidiary.



## Explanatory notes pursuant to MFRS 134

### For the nine-month period ended 31 October 2014

#### 6 Segment information (continued)

##### 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 main factors which have affected the Group's revenue have been stated above.

##### Consolidated profit before tax

The Group's current quarter profit before tax of RM10.48 million (31 October 2013: RM10.44 million). This includes net loss on foreign exchange of RM2.1 million (31 October 2013: RM0.6 million) of which RM1.0 million (31 October 2013: RM1.8 million) is realised. The other 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 3 months ended		Cumulative quarter 9 months ended	
	31 October 2014 RM'000	31 October 2013 RM'000	31 October 2014 RM'000	31 October 2013 RM'000
Interest income	(131)	(500)	(1,318)	(1,004)
Other income (including investment income)	(719)	(172)	(1,265)	(545)
Finance costs	666	533	1,705	1,516
Depreciation of property, plant and equipment	924	1,052	2,715	2,754
Amortisation of other intangible assets	12	20	55	60
Gain on disposal of investment securities	(153)	(84)	(113)	(191)
Gain on disposal of property, plant and equipment	(198)	-	(223)	(89)
Net fair value loss/(gain) on held for trading investment securities	223	(2)	(221)	(91)
Loss/(gain) arising on financial liabilities designated as at FVTPL				
- realised	34	-	370	-
- unrealised	2	757	(887)	757
Loss/(gain) on foreign exchange:				
- realised	438	779	1,033	1,774
- unrealised	849	(767)	1,048	(1,141)

## Explanatory notes pursuant to MFRS 134

### For the nine-month period ended 31 October 2014

#### 9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2014 RM'000	31 October 2013 RM'000	31 October 2014 RM'000	31 October 2013 RM'000
Current Tax:				
Malaysian income tax	2,086	2,160	5,445	5,346
Foreign tax	499	1,150	1,736	3,660
	<u>2,585</u>	<u>3,310</u>	<u>7,181</u>	<u>9,006</u>
Deferred tax	671	60	691	14
	<u>3,256</u>	<u>3,370</u>	<u>7,872</u>	<u>9,020</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 slightly higher than the statutory rate principally due to withholding tax paid for dividend declared and paid/payable by a foreign subsidiary.

#### 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 9 months ended	
	31 October 2014	31 October 2013	31 October 2014	31 October 2013
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>7,228</u>	<u>7,073</u>	<u>19,798</u>	<u>17,725</u>
Weighted average number of ordinary shares in issue ('000)	300,410	300,410	300,410	300,407
Effects of dilution				
- Share options ('000)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	<u>300,410</u>	<u>300,410</u>	<u>300,410</u>	<u>300,407</u>
Basic earnings per share (sen)	<u>2.4</u>	<u>2.4</u>	<u>6.6</u>	<u>5.9</u>
Diluted earnings per share (sen)	<u>2.4</u>	<u>2.4</u>	<u>6.6</u>	<u>5.9</u>

## Explanatory notes pursuant to MFRS 134

### For the nine-month period ended 31 October 2014

#### 11 Property, plant and equipment

##### Acquisitions and disposals

During the nine months ended 31 October 2014, the Group acquired assets at a cost of RM2.87 million (31 October 2013: RM0.84 million).

Assets with carrying amount of RM30,000 (31 October 2013: Nil) were disposed of by the Group during the nine months period ended 31 October 2014, resulting in a gain on disposal of RM223,000 (31 October 2013: RM89,000), recognised and included in other operating income in the statement of profit or loss and other comprehensive income.

#### 12 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.

#### 13 Other intangible assets

	Deferred Develop- ment costs RM'000	Computer software RM'000	Project Develop- ment costs RM'000	Total RM'000
<b>Cost:</b>				
At 1 February 2014	-	303	980	1,283
Addition	587	85	-	672
At 31 October 2014	587	388	980	1,955
<b>Accumulated amortisation:</b>				
At 1 February 2014	-	252	734	986
Amortisation	-	18	37	55
At 31 October 2014	-	270	771	1,041
<b>Carrying amount:</b>				
At 1 February 2014	-	51	246	297
At 31 October 2014	587	118	209	914

##### Deferred development costs

Deferred development costs refers to cost incurred in the development of new products, considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised over the period of expected benefit from the related project on a straight-line basis.

##### 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.

##### Project development costs

Project 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 project development costs is included in administrative expenses in the statement of profit or loss and other comprehensive income.

## Explanatory notes pursuant to MFRS 134

### For the nine-month period ended 31 October 2014

#### 14 Inventories

During the nine months ended 31 October 2014, there was no inventory write-down (31 October 2013: Nil).

#### 15 Fair value hierarchy

The Group used the following hierarchy for determining the fair value of all 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 assets/(liabilities) that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>At 31 October 2014</b>				
Financial assets held for trading:				
- Quoted shares	2,815	2,815	-	-
Derivatives that are designated and effective as hedging instrument carried at fair value:				
- Foreign currency forward contracts	(638)	-	(638)	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(31)	-	(31)	-
Non-financial assets:				
- Building on freehold land	19,820	-	-	19,820
- Freehold land	80,365	-	-	80,365
- Long-term leasehold building	1,911	-	-	1,911
- Long-term leasehold land	902	-	-	902
<b>At 31 January 2014</b>				
Financial assets held for trading				
- Quoted shares	2,272	2,272	-	-
Derivatives that are designated and effective as hedging instrument carried at fair value:				
- Foreign currency forward contracts	(1,709)	-	(1,709)	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(919)	-	(919)	-

#### 16 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 October 2014 RM'000	31 January 2014 RM'000
Cash on hand and at banks	61,693	77,795
Short term deposits	98,404	132,885
	<u>160,097</u>	<u>210,680</u>

## Explanatory notes pursuant to MFRS 134

### For the nine-month period ended 31 October 2014

#### 17 Share capital, share premium and treasury shares

On 29 August 2014, bonus shares of 75,102,542 new ordinary shares of RM0.50 each in the Company have been credited as fully paid-up on the basis of one bonus share for every three existing shares. Accordingly, the earnings per share figures have been adjusted retrospectively to enable a fair comparison.

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

#### 18 Interest-bearing loans and borrowings

	31 October 2014 RM'000	31 January 2014 RM'000
<b>Short term borrowings</b>		
Secured:		
Bank overdrafts	12,100	800
Revolving credits	21,000	3,000
Bankers' acceptance	5,322	1,066
Term loans	3,050	3,050
Hire-purchase payables	578	740
	<u>42,050</u>	<u>8,656</u>
<b>Long term borrowings</b>		
Secured:		
Term loans	4,575	6,863
Hire-purchase payables	2,164	1,528
	<u>6,739</u>	<u>8,391</u>
	<u>48,789</u>	<u>17,047</u>

#### 19 Provisions for costs of restructuring

Not applicable.

#### 20 Dividends

The final single-tier dividend of 4.0 sen per share for the financial year ended 31 January 2014 was approved by the Shareholders of the Company on 31 July 2014 and paid on 26 August 2014. The total dividend for the financial year ended 31 January 2014 amounted to RM15.772 million, an increase of 44% as compared to RM10.984 million in the preceding year.

On 17 September 2014, the Directors had declared a first interim single-tier dividend of 2.0 sen per share (FY2014: 2.0 sen less 25% tax per share) which amounted to RM6.008 million (FY2014: RM3.380 million) for the financial year ending 31 January 2015 and paid on 31 October 2014.

The Directors now declare a second interim single-tier dividend of 1.2 sen per share based on the enlarged share capital of 300.410 million shares (FY2014: 1.5 sen per share based on share capital of 225.308 million shares). The dividend will be paid on 26 January 2015 to shareholders whose names appear in the Record of Depositors of the Company on 5 January 2015. In Ringgit term, the total interim dividend paid/payable amounting to RM9.613 million in respect of the financial period ended 31 October 2014 is 42% higher when compared to the total interim dividend of RM6.760 million paid for the corresponding period last year.

## Explanatory notes pursuant to MFRS 134

### For the nine-month period ended 31 October 2014

#### 21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 October 2014 RM'000	31 January 2014 RM'000
<b>Approved and contracted for:</b>		
Property, plant and equipment	1,364	523
<b>Approved but not contracted for:</b>		
Property, plant and equipment	173	35

#### 22 Contingencies

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

#### 23 Related party transactions

The Group had the following transactions with related parties during the nine months period ended 31 October:

	Cumulative quarter 9 months ended	
	31 October 2014 RM'000	31 October 2013 RM'000
Related companies: *		
Rental income for motor vehicle	9	9
Purchase of air tickets	333	200
Professional and share registration charges	85	65
Sale of products	-	6,332

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

#### 24 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 nine-month period ended 31 October 2014

#### **25 Performance review**

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

#### **26 Comment on material change in profit before taxation**

The profit before taxation for the current quarter ended 31 October 2014 is 24% higher than the preceding quarter due to higher revenue and profit which was attributed to project related works.

#### **27 Commentary on prospects**

The Group will continue with its efforts to grow the order book as part of the Board's strategies. It will also continue to focus on enhancing the capability, efficiency and productivity of the manufacturing facilities.

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

#### **28 Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets**

Not applicable.

#### **29 Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets**

Not applicable.

#### **30 Profit forecast or profit guarantee**

Not applicable.

#### **31 Corporate proposals**

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

#### **32 Changes in material litigation**

The Federal court has ruled in favour of the Company and its joint respondent (the respondents) in the copyright infringement case and awarded cost of RM50,000 to the respondents. The respondents are in the process of assessing the amounts to be recovered from the appellant.

#### **33 Dividend payable**

Please refer to Note 20 for details.



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

**34 Derivative financial instruments**

Details of derivative financial instruments outstanding as at 31 October 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
<b>At 31 October 2014</b>			
Foreign exchange contracts	27,960	27,291	Less than 1 year
<b>At 31 January 2014</b>			
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.

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

The Group did not have gains/losses arising from fair value changes of financial liabilities (other than derivative financial instruments) as at 31 October 2014 and 31 January 2014.

**36 Breakdown of realised and unrealised profits or losses**

The breakdown of the retained earnings of the Group as at 31 October 2014 and 31 January 2014 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 October 2014 RM'000	Previous financial year ended 31 January 2014 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(82,053)	(52,053)
- Unrealised	40,387	43,161
	<u>(41,666)</u>	<u>(8,892)</u>
Total share of profits/(losses) from associate		
- Realised	31,723	30,730
- Unrealised	5	(1,096)
	<u>(9,938)</u>	<u>20,742</u>
Add: Consolidation adjustments	121,865	121,865
Retained earnings as per financial statements	<u>111,927</u>	<u>142,607</u>



**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:**

**Chapter 9, Appendix 9B, Part A**

**For the nine-month period ended 31 October 2014**

**37 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 January 2014 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH  
(MACS00400)

Company Secretary  
15 December 2014