

Condensed consolidated interim financial statements

For the twelve-month period ended 31 January 2015

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 January 2015 Unaudited RM'000	31 January 2014 Audited RM'000	31 January 2015 Unaudited RM'000	31 January 2014 Audited RM'000
Revenue		117,226	266,809	353,159	506,299
Cost of sales		(98,370)	(237,401)	(294,031)	(433,149)
Gross profit		18,856	29,408	59,128	73,150
Interest income		553	676	1,871	1,680
Dividend income		4	11	97	76
Other gains and losses		945	1,094	1,110	555
Administrative expenses		(570)	(527)	(1,521)	(2,070)
Distribution costs		(396)	(451)	(1,244)	(1,773)
Other operating expenses		(6,341)	(5,652)	(19,110)	(20,983)
Finance costs		(685)	(560)	(2,390)	(2,076)
Share of results of associate		281	391	2,376	2,576
Profit before tax	8	12,647	24,390	40,317	51,135
Income tax expense	9	(4,372)	(5,907)	(12,244)	(14,927)
Profit for the period, net of tax, attributable to the owners of the Company		8,275	18,483	28,073	36,208
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		3,318	2,443	2,163	(6,342)
Net fair value gain/(loss) on cash flow hedge		546	(1,709)	208	(1,709)
		3,864	734	2,371	(8,051)
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		-	-	28,169	-
Other comprehensive income/(loss) for the period, net of tax		3,864	734	30,540	(8,051)
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		12,139	19,217	58,613	28,157
Earnings per share attributable to the owners of the Company (sen):					
Basic	10	2.8	6.2	9.3	12.1
Diluted	10	2.8	6.2	9.3	12.1

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 2015
Condensed consolidated statement of financial position

		31 January 2015	31 January 2014
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	121,345	92,335
Goodwill	12	876	876
Other intangible assets	13	1,145	297
Investment in associate		27,194	23,683
Deferred tax assets		1,122	2,254
		<u>151,682</u>	<u>119,445</u>
Current assets			
Inventories	14	41,662	32,182
Trade and other receivables		241,700	143,748
Tax recoverable		702	80
Investment securities	15	2,380	2,272
Cash and bank balances	16	163,814	210,680
		<u>450,258</u>	<u>388,962</u>
Total assets		<u>601,940</u>	<u>508,407</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17	150,205	112,654
Share premium	17	-	2,093
Retained earnings		116,597	142,607
Properties revaluation reserve		28,169	-
Cash flow hedging reserve		(1,501)	(1,709)
Foreign currency translation reserve		(6,287)	(8,450)
Total equity		<u>287,183</u>	<u>247,195</u>
Non-current liabilities			
Loans and borrowings	18	5,509	8,391
Deferred tax liabilities		3,211	1,644
		<u>8,720</u>	<u>10,035</u>
Current liabilities			
Trade and other payables		251,229	235,977
Loans and borrowings	18	52,845	8,656
Other financial liabilities	15	1,159	2,628
Tax liabilities		804	3,916
		<u>306,037</u>	<u>251,177</u>
Total liabilities		<u>314,757</u>	<u>261,212</u>
Total equity and liabilities		<u>601,940</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 twelve-month period ended 31 January 2015
Condensed consolidated statement of changes in equity

	Note	Attributable to the owners of the Company						Total RM'000
		Non-Distributable				Distributable		
		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	
At 1 February 2013		112,651	2,092	-	-	(2,108)	120,762	233,397
Total comprehensive income		-	-	-	(1,709)	(6,342)	36,208	28,157
Dividends	20	-	-	-	-	-	(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)	(8,450)	142,607	247,195
At 1 February 2014		112,654	2,093	-	(1,709)	(8,450)	142,607	247,195
Total comprehensive income		-	-	28,169	208	2,163	28,073	58,613
Dividends	20	-	-	-	-	-	(18,625)	(18,625)
Bonus issue	17	37,551	(2,093)	-	-	-	(35,458)	-
At 31 January 2015		150,205	-	28,169	(1,501)	(6,287)	116,597	287,183

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 2015
Condensed consolidated statement of cash flows

	Note	12 months ended	
		31 January 2015	31 January 2014
		Unaudited RM'000	Audited RM'000
Operating activities			
Profit before tax		40,317	51,135
Adjustments for:			
Interest income		(1,871)	(1,680)
Finance costs		2,390	2,076
Gain on disposal of property, plant and equipment	11	(224)	(89)
Gain on disposal of investment securities		(33)	(330)
Net fair value (gain)/loss on held for trading investment securities		(53)	199
Property, plant and equipment written off		-	17
Impairment loss on property, plant and equipment		224	-
Amortisation of other intangible assets	13	84	82
Impairment loss on trade receivables		-	36
Reversal of impairment loss on trade receivables		(5)	(268)
Depreciation of property, plant and equipment		3,664	3,661
Inventories written down	14	7	252
Reversal of inventories written down	14	(619)	-
Unrealised loss/(gain) on foreign exchange		1,294	(1,579)
Share of results of associate		(2,376)	(2,576)
Net unrealised (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		(924)	919
Other non-cash adjustments		(97)	(76)
Operating cash flows before changes in working capital		41,778	51,779
Changes in working capital:			
(Increase)/decrease in inventories		(8,808)	7,724
Increase in trade and other receivables		(97,605)	(67,261)
Increase in trade and other payables		15,507	141,163
Total changes in working capital		(90,906)	81,626
Interest paid		(3,128)	(4,422)
Income tax refunded		-	1,136
Income tax paid		(14,653)	(13,254)
Net cash (used in)/generated from operating activities		(66,909)	116,865
Investing activities			
Purchase of property, plant and equipment		(2,343)	(608)
Proceeds from disposal of property, plant and equipment		253	89
Acquisition of other intangible assets		(932)	-
Acquisition of subsidiary		-	(568)
Acquisition of investment securities		(4,155)	(2,611)
Proceeds from disposal of investment securities		4,248	2,661
Interest income received		1,871	1,680
Dividend from associate		-	3,003
Others		67	74
Net cash (used in)/generated from investing activities		(991)	3,720
Financing activities			
Repayment of term loans		(3,050)	(10,944)
Drawdown of other bank borrowings		26,370	-
Repayment of other bank borrowings		-	(1,234)
Repayment of hire-purchase		(867)	(711)
Dividend paid		(18,625)	(14,363)
Proceeds from exercise of ESOS		-	4
Net cash generated from/(used in) financing activities		3,828	(27,248)
Net change in cash and cash equivalents		(64,072)	93,337
Effect of foreign exchange rate changes		(542)	(1,292)
Cash and cash equivalents at 1 February		209,880	117,835
Cash and cash equivalents at 31 January*		145,266	209,880
* Cash and cash equivalents comprise the following at 31 January:			
Cash and bank balances		163,814	210,680
Bank overdrafts		(18,548)	(800)
Total cash and cash equivalents		145,266	209,880

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 2015

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 26 March 2015.

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 January 2015, 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 twelve-month period ended 31 January 2015

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 other than from the change in accounting measurement of properties to revaluation model as disclosed in Note 3(a) above.

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) Metering

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

(b) Engineering

Engineering comprises mainly revenue derived from the execution of Engineering contracts and 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 Manufacturing and Trading being reported as Metering, Construction and Infrastructure Investment being reported as Engineering.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2015

6 Segment information (continued)

	Metering RM'000	Engineering 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 2015					
Revenue:					
External customers	24,724	92,502	-	-	117,226
Results:					
Interest income	-	9	89	455	553
Depreciation and amortisation	623	119	-	236	978
Share of results of associate	-	281	-	-	281
Segment profit (Note A)	4,562	11,650	62	(3,627)	12,647
3 months period ended 31 January 2014					
Revenue:					
External customers	31,094	235,715	-	-	266,809
Results:					
Interest income	-	4	116	556	676
Depreciation and amortisation	631	44	-	254	929
Share of results of associate	-	391	-	-	391
Segment profit (Note A)	5,498	21,857	(1,191)	(1,774)	24,390
Cumulative quarter					
12 months period ended 31 January 2015					
Revenue:					
External customers	96,610	256,549	-	-	353,159
Results:					
Interest income	-	9	377	1,485	1,871
Depreciation and amortisation	2,481	403	-	864	3,748
Share of results of associate	-	2,376	-	-	2,376
Segment profit (Note A)	19,201	32,566	(312)	(11,138)	40,317
12 months period ended 31 January 2014					
Revenue:					
External customers	115,558	390,741	-	-	506,299
Results:					
Interest income	-	56	484	1,140	1,680
Depreciation and amortisation	2,406	299	-	1,038	3,743
Share of results of associate	-	2,576	-	-	2,576
Segment profit (Note A)	18,035	44,820	(366)	(11,354)	51,135

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2015

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 2015 RM'000	31 January 2014 RM'000	31 January 2015 RM'000	31 January 2014 RM'000
Finance costs	(685)	(560)	(2,390)	(2,076)
Net gain/(loss) on foreign exchange	727	214	(1,054)	(862)
Net loss arising on financial liabilities designated as at FVTPL	(897)	(161)	(380)	(918)
Unallocated corporate expenses	(2,772)	(1,267)	(7,314)	(7,498)
	<u>(3,627)</u>	<u>(1,774)</u>	<u>(11,138)</u>	<u>(11,354)</u>

Metering

Revenue of RM24.72 million for the current quarter ended 31 January 2015 is 20% lower compared to RM31.09 million for the corresponding quarter in 2014. Correspondingly, segment profit of RM4.56 million for the current quarter ended 31 January 2015 is 17% lower as compared to RM5.50 million for the corresponding quarter in 2014.

Revenue of RM96.61 million for the current period ended 31 January 2015 is 16% lower compared to RM115.56 million for the corresponding period in 2014. However, segment profit of RM19.20 million for the current period ended 31 January 2015 is 6% higher as compared to RM18.04 million for the corresponding period in 2014 mainly due to lower operating expenses in current period.

Engineering

Revenue of RM92.50 million for the current quarter ended 31 January 2015 is 61% lower as compared to RM235.72 million for the corresponding quarter in 2014. Correspondingly, segment profit of RM11.65 million for the current quarter ended 31 January 2015 is 47% lower as compared to RM21.86 million for the corresponding quarter in 2014.

Revenue of RM256.55 million for the current period ended 31 January 2015 is 34% lower as compared to RM390.74 million for the corresponding period in 2014. This lower revenue is mainly due to the completion of the Pahang Selangor Raw Water Transfer project in the quarter ended 31 July 2014 and Panching Water Treatment Plant project in the quarter ended 31 January 2014. Further, there is a rescheduling of the work components for the Ampang Line Extension project. Correspondingly, segment profit of RM32.57 million for the current period ended 31 January 2015 is 27% lower as compared to RM44.82 million for the period ended 31 January 2014.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2015

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 RM12.65 million (31 January 2014: RM24.39 million) is 48% lower. 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 3 months ended		Cumulative quarter 12 months ended	
	31 January 2015 RM'000	31 January 2014 RM'000	31 January 2015 RM'000	31 January 2014 RM'000
Interest income	(553)	(676)	(1,871)	(1,680)
Other income (including investment income)	(198)	(444)	(1,463)	(989)
Finance costs	685	560	2,390	2,076
Depreciation of property, plant and equipment	949	907	3,664	3,661
Impairment loss on property, plant and equipment	224	-	224	-
Amortisation of other intangible assets	29	22	84	82
Loss/(gain) on disposal of investment securities	80	(139)	(33)	(330)
Gain on disposal of property, plant and equipment	(1)	-	(224)	(89)
Net fair value loss/(gain) on held for trading investment securities	168	290	(53)	199
Impairment loss on trade receivables	-	36	-	36
Reversal of impairment loss on trade receivables	(5)	(268)	(5)	(268)
Loss/(gain) arising on financial liabilities designated as at FVTPL				
- realised	934	-	1,304	-
- unrealised	(37)	162	(924)	919
(Gain)/loss on foreign exchange:				
- realised	(2,136)	(69)	(1,103)	1,705
- unrealised	246	(438)	1,294	(1,579)

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2015

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 January 2015 RM'000	31 January 2014 RM'000	31 January 2015 RM'000	31 January 2014 RM'000
Current Tax:				
Malaysian income tax	2,866	6,301	8,311	11,647
Foreign tax	951	597	2,687	4,257
	<u>3,817</u>	<u>6,898</u>	<u>10,998</u>	<u>15,904</u>
(Over)/underprovision in prior years:				
Malaysian income tax	(164)	(25)	(164)	(25)
Foreign tax	-	141	-	141
	<u>3,653</u>	<u>7,014</u>	<u>10,834</u>	<u>16,020</u>
Deferred tax	719	(1,107)	1,410	(1,093)
	<u>4,372</u>	<u>5,907</u>	<u>12,244</u>	<u>14,927</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 tax rate for the current period is higher than the statutory tax rate mainly due to withholding tax paid for dividend declared by a foreign subsidiary and deferred tax assets not recognised.

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 2015	31 January 2014	31 January 2015	31 January 2014
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>8,275</u>	<u>18,483</u>	<u>28,073</u>	<u>36,208</u>
Weighted average number of ordinary shares in issue ('000)	300,410	300,410	300,410	300,408
Effects of dilution				
- Share options ('000)	-	-	-	-
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>300,408</u>
Basic earnings per share (sen)	<u>2.8</u>	<u>6.2</u>	<u>9.3</u>	<u>12.1</u>
Diluted earnings per share (sen)	<u>2.8</u>	<u>6.2</u>	<u>9.3</u>	<u>12.1</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2015

11 Property, plant and equipment

Acquisitions and disposals

During the twelve months ended 31 January 2015, the Group acquired assets at a cost of RM3.45 million (31 January 2014: RM1.24 million).

Assets with carrying amount of RM30,000 (31 January 2014: Nil) were disposed of by the Group during the twelve months period ended 31 January 2015, resulting in a gain on disposal of RM223,000 (31 January 2014: 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

	Product Develop- ment costs RM'000	Computer software RM'000	Project Develop- ment costs RM'000	Total RM'000
Cost:				
At 1 February 2014	-	303	980	1,283
Addition	764	168	-	932
At 31 January 2015	764	471	980	2,215
Accumulated amortisation:				
At 1 February 2014	-	251	735	986
Amortisation	-	35	49	84
At 31 January 2015	-	286	784	1,070
Carrying amount:				
At 1 February 2014	-	52	245	297
At 31 January 2015	764	185	196	1,145

Product development costs

Product 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. The products are currently under development.

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 twelve-month period ended 31 January 2015

14 Inventories

During the twelve months ended 31 January 2015, the Group recognised a inventories written down of RM7,000 (31 January 2014: RM252,000) and reversal of inventories written down of RM619,000 (31 January 2014: Nil). This expense was included in the cost of sales in the statement of comprehensive income.

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
At 31 January 2015				
Financial assets held for trading:				
- Quoted shares	2,380	2,380	-	-
Derivatives that are designated and effective as hedging instrument carried at fair value:				
- Foreign currency forward contracts	(1,165)	-	(1,165)	-
Financial assets carried at FVTPL:				
- Foreign exchange option contracts	6	-	6	-
Non-financial assets:				
- Building on freehold land	19,697	-	-	19,697
- Freehold land	80,365	-	-	80,365
- Long-term leasehold building	2,031	-	-	2,031
- Long-term leasehold land	968	-	-	968
At 31 January 2014				
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 January 2015 RM'000	31 January 2014 RM'000
Cash on hand and at banks	93,535	77,795
Short term deposits	70,279	132,885
	<u>163,814</u>	<u>210,680</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2015

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 January 2015 RM'000	31 January 2014 RM'000
Short term borrowings		
Secured:		
Bank overdrafts	18,548	800
Revolving credits	21,000	3,000
Bankers' acceptance	9,436	1,066
Term loans	3,050	3,050
Hire-purchase payables	811	740
	<u>52,845</u>	<u>8,656</u>
Long term borrowings		
Secured:		
Term loans	3,813	6,863
Hire-purchase payables	1,696	1,528
	<u>5,509</u>	<u>8,391</u>
	<u>58,354</u>	<u>17,047</u>

19 Provisions for costs of restructuring

Not applicable.

20 Dividends

The first and second interim single-tier dividend of 2.0 sen per share and 1.2 sen per share respectively based on the enlarged share capital of 300.410 million shares totalled RM9.613 million for the financial year ended 31 January 2015 were paid on 31 October 2014 and 26 January 2015 respectively. (FY2014: 2.0 sen less 25% tax per share and 1.5 sen per share based on share capital of 225.308 million shares totalled RM6.760 million).

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Directors have recommended a final single-tier dividend of 2.1 sen per share based on the enlarged share capital of 300.410 million shares (FY2014: 4.0 sen per share based on share capital of 225.308 million shares) amounting to RM6.309 million (FY2014: RM9.012 million) for the financial year ended 31 January 2015. In Ringgit term, the total dividend paid/payable for the financial year ended 31 January 2015 amounting to RM15.922 million is marginally higher than the previous year.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2015

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 January 2015 RM'000	31 January 2014 RM'000
Approved and contracted for:		
Property, plant and equipment	58	523
Approved but not contracted for:		
Property, plant and equipment	184	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 twelve months period ended 31 January:

	Cumulative quarter 12 months ended	
	31 January 2015 RM'000	31 January 2014 RM'000
Related companies: *		
Rental income for motor vehicle	12	12
Purchase of tiles	2	-
Purchase of air tickets	481	341
Professional and share registration charges	112	86
Sale of products	-	7,129

* 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 twelve-month period ended 31 January 2015**

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 January 2015 is 21% 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 to implement the strategies put in place by the Board including intensifying our efforts to grow our order book and to continue to enhance the capability, achieve greater efficiency and increase productivity of the manufacturing facilities.

The Board is optimistic of the Group's prospects for the financial year ending 31 January 2016.

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

In relation to the copyright infringement case reported last quarter, we have, via our solicitors demanded from the appellant for the cost awarded and compliance with the high court order.

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 twelve-month period ended 31 January 2015**

34 Derivative financial instruments

Details of derivative financial instruments outstanding as at 31 January 2015 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 RM'000	Maturity
At 31 January 2015			
Foreign exchange contracts	28,125	26,966	Less than 1 year
At 31 January 2014			
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 January 2015 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 January 2015 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 January 2015 RM'000	Previous financial year ended 31 January 2014 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(78,331)	(52,053)
- Unrealised	40,674	43,161
	<u>(37,657)</u>	<u>(8,892)</u>
Total share of profits/(losses) from associate		
- Realised	32,011	30,730
- Unrealised	-	(1,096)
	<u>(5,646)</u>	<u>20,742</u>
Add: Consolidation adjustments	122,243	121,865
Retained earnings as per financial statements	<u>116,597</u>	<u>142,607</u>



Explanatory notes pursuant to Bursa Malaysia Listing Requirements:

Chapter 9, Appendix 9B, Part A

For the twelve-month period ended 31 January 2015

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
26 March 2015