

## Condensed consolidated interim financial statements

For the six-month period ended 31 July 2015

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

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		31 July 2015 Unaudited RM'000	31 July 2014 Unaudited RM'000	31 July 2015 Unaudited RM'000	31 July 2014 Unaudited RM'000
<b>Revenue</b>		114,661	75,039	173,687	139,902
Cost of sales		(96,132)	(61,810)	(138,307)	(115,421)
<b>Gross profit</b>		18,529	13,229	35,380	24,481
Interest income		445	348	882	1,187
Dividend income		3	33	9	46
Other gains and losses		2,609	(1,286)	4,231	728
Administrative expenses		(319)	(304)	(644)	(675)
Distribution costs		(190)	(248)	(490)	(649)
Other expenses		(7,937)	(3,910)	(12,875)	(8,460)
Finance costs		(522)	(590)	(1,183)	(1,039)
Share of results of associate		415	1,209	891	1,567
<b>Profit before tax</b>	8	13,033	8,481	26,201	17,186
Income tax expense	9	(4,560)	(2,384)	(7,859)	(4,616)
<b>Profit for the period, net of tax, attributable to the owners of the Company</b>		8,473	6,097	18,342	12,570
<b>Other comprehensive income/(loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		-	28,169	-	28,169
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		2,144	4,231	(180)	(824)
Net fair value gain/(loss) on cash flow hedge		441	(539)	1,387	(247)
<b>Other comprehensive gain for the period, net of tax</b>		2,585	31,861	1,207	27,098
<b>Total comprehensive income for the period, net of tax, attributable to the owners of the Company</b>		11,058	37,958	19,549	39,668
<b>Earnings per share attributable to the owners of the Company (sen):</b>					
Basic and diluted	10	2.8	2.0	6.1	4.2

*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 six-month period ended 31 July 2015**  
**Condensed consolidated statement of financial position**

		31 July 2015	31 January 2015
	Note	Unaudited RM'000	Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	121,109	121,345
Goodwill	12	876	876
Other intangible assets	13	1,439	1,145
Investment in associate		19,344	27,194
Deferred tax assets		1,117	1,122
		<u>143,885</u>	<u>151,682</u>
<b>Current assets</b>			
Inventories	14	42,653	41,672
Trade and other receivables		245,629	246,159
Investment securities	15	225	2,380
Cash and bank balances	16	143,999	163,816
Other financial assets	15	-	6
Tax recoverable		-	702
		<u>432,506</u>	<u>454,735</u>
<b>Total assets</b>		<u>576,391</u>	<u>606,417</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	17	150,205	150,205
Foreign currency translation reserve		(6,466)	(6,286)
Revaluation reserve		28,170	28,170
Cash flow hedging reserve		(114)	(1,501)
Retained earnings		128,645	116,612
<b>Total equity</b>		<u>300,440</u>	<u>287,200</u>
<b>Non-current liabilities</b>			
Loans and borrowings	18	3,771	5,373
Deferred tax liabilities		3,206	3,212
		<u>6,977</u>	<u>8,585</u>
<b>Current liabilities</b>			
Trade and other payables		222,028	255,681
Loans and borrowings	18	44,323	52,981
Other financial liabilities	15	278	1,165
Tax payable		2,345	805
		<u>268,974</u>	<u>310,632</u>
<b>Total liabilities</b>		<u>275,951</u>	<u>319,217</u>
<b>Total equity and liabilities</b>		<u>576,391</u>	<u>606,417</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 six-month period ended 31 July 2015**  
**Condensed consolidated statement of changes in equity**

		Attributable to the owners of the Company						
		Non-Distributable			Distributable			
		Share capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Cash flow hedging reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 February 2014</b>		112,654	2,093	(8,450)	-	(1,709)	142,607	247,195
Total comprehensive income		-	-	(824)	28,169	(247)	12,570	39,668
Dividends	20	-	-	-	-	-	(9,012)	(9,012)
<b>At 31 July 2014</b>		<b>112,654</b>	<b>2,093</b>	<b>(9,274)</b>	<b>28,169</b>	<b>(1,956)</b>	<b>146,165</b>	<b>277,851</b>
<b>At 1 February 2015</b>		<b>150,205</b>	-	<b>(6,286)</b>	<b>28,170</b>	<b>(1,501)</b>	<b>116,612</b>	<b>287,200</b>
Total comprehensive income		-	-	(180)	-	1,387	18,342	19,549
Dividends	20	-	-	-	-	-	(6,309)	(6,309)
<b>At 31 July 2015</b>		<b>150,205</b>	-	<b>(6,466)</b>	<b>28,170</b>	<b>(114)</b>	<b>128,645</b>	<b>300,440</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 six-month period ended 31 July 2015**  
**Condensed consolidated statement of cash flows**

	<b>6 months ended</b>	
	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Operating activities</u>		
<b>Profit before tax</b>	26,201	17,186
Adjustments for:		
Interest income	(882)	(1,187)
Finance costs	1,225	1,039
Gain on disposal of property, plant and equipment	11 (136)	(25)
(Gain)/loss on disposal of investment securities	(48)	40
Net fair value gain on held for trading investment securities	(19)	(444)
Amortisation of other intangible assets	13 71	43
Depreciation of property, plant and equipment	1,843	1,791
Inventories written down	14 60	-
Reversal on inventories written down	14 (503)	-
Unrealised (gain)/loss on foreign exchange	(2,330)	199
Share of results of associate	(891)	(1,567)
Unrealised loss/(gain) arising on financial liabilities designated as at fair value through profit or loss	170	(889)
Dividend income	(9)	(46)
<b>Operating cash flows before changes in working capital</b>	<u>24,752</u>	<u>16,140</u>
Changes in working capital:		
Increase in inventories	(546)	(4,658)
Decrease in trade and other receivables	9,137	29,385
Decrease in trade and other payables	(38,994)	(90,354)
<b>Total changes in working capital</b>	<u>(30,403)</u>	<u>(65,627)</u>
Interest paid	(1,260)	(1,163)
Income tax paid	(5,638)	(5,613)
<b>Net cash used in operating activities</b>	<u>(12,549)</u>	<u>(56,263)</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment	(1,526)	(1,401)
Proceeds from disposal of property, plant and equipment	191	55
Acquisition of other intangible assets	(365)	(439)
Acquisition of investment securities	(80)	(1,974)
Proceeds from disposal of investment securities	2,181	1,379
Interest income received	882	1,187
Dividend income received	8	46
<b>Net cash generated from/(used in) investing activities</b>	<u>1,291</u>	<u>(1,147)</u>
<u>Financing activities</u>		
Repayment of term loans	(1,526)	(1,525)
Drawdown of other bank borrowings	940	17,429
Repayment of other bank borrowings	(8,000)	-
Repayment of hire-purchase	(529)	(413)
<b>Net cash (used in)/generated from financing activities</b>	<u>(9,115)</u>	<u>15,491</u>
<b>Net change in cash and cash equivalents</b>	(20,373)	(41,919)
Effect of foreign exchange rate changes	2,105	(126)
<b>Cash and cash equivalents at 1 February</b>	<u>145,268</u>	<u>209,880</u>
<b>Cash and cash equivalents at 31 July*</b>	<u>127,000</u>	<u>167,835</u>
<b>* Cash and cash equivalents comprise the following at 31 July:</b>		
Cash and bank balances	143,999	178,040
Bank overdrafts	(16,999)	(10,205)
<b>Total cash and cash equivalents</b>	<u>127,000</u>	<u>167,835</u>

*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 six-month period ended 31 July 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 29 September 2015.

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

These condensed consolidated interim financial statements, for the period ended 31 July 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 2015.

The consolidated financial statements of the Group for the financial year ended 31 January 2015 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 2015.

#### **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 2015, except for the adoption of the following amendments to MFRSs:

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

- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
- Amendments to MFRSs: Annual Improvements to MFRSs 2010-2012 Cycle
- Amendments to MFRSs: Annual Improvements to MFRSs 2011-2013 Cycle

On 8 September 2015, the Malaysian Accounting Standards Board confirmed that the effective date of MFRS 15 *Revenue from Contracts with Customers* will be deferred to annual periods beginning on or after 1 January 2018.

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.

## Explanatory notes pursuant to MFRS 134

### For the six-month period ended 31 July 2015

#### 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 construction 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.

	Metering RM'000	Engineering 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 July 2015</b>					
<b>Revenue:</b>					
External customers	27,647	87,014	-	-	114,661
<b>Results:</b>					
Interest income	-	-	58	387	445
Depreciation and amortisation	610	121	-	239	970
Share of results of associate	-	415	-	-	415
Segment profit (Note A)	6,616	9,324	215	(3,122)	13,033
<b>3 months period ended 31 July 2014</b>					
<b>Revenue:</b>					
External customers	26,603	48,436	-	-	75,039
<b>Results:</b>					
Interest income	-	-	95	253	348
Depreciation and amortisation	668	89	-	201	958
Share of results of associate	-	1,209	-	-	1,209
Segment profit (Note A)	5,578	6,706	(1,903)	(1,900)	8,481

## Explanatory notes pursuant to MFRS 134

### For the six-month period ended 31 July 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
<b>Cumulative quarter</b>					
<b>6 months period ended 31 July 2015</b>					
<b>Revenue:</b>					
External customers	51,498	122,189	-	-	173,687
<b>Results:</b>					
Interest income	-	2	150	730	882
Depreciation and amortisation	1,201	238	-	475	1,914
Share of results of associate	-	891	-	-	891
Segment profit (Note A)	11,583	19,440	1,129	(5,951)	26,201
<b>6 months period ended 31 July 2014</b>					
<b>Revenue:</b>					
External customers	48,854	91,048	-	-	139,902
<b>Results:</b>					
Interest income	-	-	195	992	1,187
Depreciation and amortisation	1,250	168	-	416	1,834
Share of results of associate	-	1,567	-	-	1,567
Segment profit (Note A)	9,633	12,056	(508)	(3,995)	17,186

#### 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 6 months ended	
	31 July 2015 RM'000	31 July 2014 RM'000	31 July 2015 RM'000	31 July 2014 RM'000
Finance costs	(564)	(590)	(1,225)	(1,039)
Net gain/(loss) on foreign exchange	2,669	(2,071)	3,998	(794)
Net (loss)/gain arising on financial liabilities designated as at FVTPL	(164)	185	(165)	553
Unallocated corporate expenses	(5,063)	576	(8,559)	(2,715)
	<u>(3,122)</u>	<u>(1,900)</u>	<u>(5,951)</u>	<u>(3,995)</u>

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

### **For the six-month period ended 31 July 2015**

#### **6 Segment information (continued)**

##### **Metering**

Revenue of RM27.65 million for the current quarter ended 31 July 2015 is 4% higher compared to RM26.60 million for the corresponding quarter in 2014. Correspondingly, segment profit of RM6.62 million for the current quarter ended 31 July 2015 is 19% higher as compared to RM5.58 million for the corresponding quarter in 2014.

Revenue of RM51.50 million for the current period ended 31 July 2015 is 5% higher compared to RM48.85 million for the corresponding period in 2014. Correspondingly, segment profit of RM11.58 million for the current period ended 31 July 2015 is 20% higher as compared to RM9.63 million for the corresponding period in 2014 mainly due to the higher revenue in the current quarter.

##### **Engineering**

Revenue of RM87.01 million for the current quarter ended 31 July 2015 is 80% higher as compared to RM48.44 million for the corresponding quarter in 2014. The higher revenue is mainly due to the steady progress in our Engineering projects. Correspondingly, segment profit of RM9.32 million for the current quarter ended 31 July 2015 is 39% higher as compared to RM6.71 million for the corresponding quarter in 2014.

Revenue of RM122.19 million for the current period ended 31 July 2015 is 34% higher as compared to RM91.05 million for the corresponding period in 2014 contributed by steady progress in our Engineering projects. Correspondingly, segment profit of RM19.44 million for the current period ended 31 July 2015 is 61% higher as compared to RM12.06 million for the period ended 31 July 2014 due to the higher revenue and gross profit margin. Gross profit margin is higher due to higher weightage on revenue from certain projects with relatively higher profit margin.

##### **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 RM13.03 million (31 July 2014: RM8.48 million) is 54% higher. This includes net gain on foreign exchange of RM4.00 million (31 July 2014: net loss of RM0.79 million) of which RM1.67 million (31 July 2014: loss of RM0.60 million) is realised gain. 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.



## Explanatory notes pursuant to MFRS 134

### For the six-month period ended 31 July 2015

#### 8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31 July 2015 RM'000	31 July 2014 RM'000	31 July 2015 RM'000	31 July 2014 RM'000
Interest income	(445)	(348)	(882)	(1,187)
Other income (including investment income)	(63)	(425)	(204)	(546)
Finance costs	564	590	1,225	1,039
Depreciation of property, plant and equipment	936	935	1,843	1,791
Amortisation of other intangible assets	34	23	71	43
(Gain)/loss on disposal of investment securities	-	(9)	(48)	40
Gain on disposal of property, plant and equipment	(54)	(25)	(136)	(25)
Net fair value loss/(gain) on investment securities	10	(183)	(19)	(444)
Loss/(gain) arising on financial liabilities designated as at FVTPL				
- realised	-	71	(5)	336
- unrealised	164	(256)	170	(889)
(Gain)/loss on foreign exchange:				
- realised	(1,370)	(44)	(1,668)	595
- unrealised	(1,299)	2,115	(2,330)	199

#### 9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31 July 2015 RM'000	31 July 2014 RM'000	31 July 2015 RM'000	31 July 2014 RM'000
Current Tax:				
Malaysian tax	2,484	1,870	4,878	3,359
Foreign tax	2,071	494	2,976	1,237
	4,555	2,364	7,854	4,596
Deferred tax	5	20	5	20
	4,560	2,384	7,859	4,616

Domestic income tax is calculated at the Malaysian statutory rate of 24% (31 July 2014: 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/payable for dividend declared by a foreign subsidiary and an associate.

## Explanatory notes pursuant to MFRS 134

### For the six-month period ended 31 July 2015

#### 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 earnings per share:

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	31 July	31 July	31 July	31 July
	2015	2014	2015	2014
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	8,473	6,097	18,342	12,570
Weighted average number of ordinary shares in issue ('000)	300,410	300,410	300,410	300,410
Basic/diluted earnings per share (sen)	2.8	2.0	6.1	4.2

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

#### 11 Property, plant and equipment

##### Acquisitions and disposals

During the six months ended 31 July 2015, the Group acquired assets at a cost of RM1.93 million (31 July 2014: RM1.90 million).

Assets with carrying amount of RM55,000 (31 July 2014: RM30,000) were disposed of by the Group during the six months period ended 31 July 2015, resulting in a gain on disposal of RM136,000 (31 July 2014: RM25,000), recognised in profit or loss.

#### 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.

## Explanatory notes pursuant to MFRS 134

### For the six-month period ended 31 July 2015

#### 13 Other intangible assets

	Computer software RM'000	Product develop- ment costs RM'000	Other develop- ment costs RM'000	Total RM'000
<b>Cost:</b>				
At 1 February 2015	471	764	980	2,215
Additions	32	333	-	365
At 31 July 2015	503	1,097	980	2,580
<b>Accumulated amortisation:</b>				
At 1 February 2015	286	-	784	1,070
Amortisation	36	10	25	71
At 31 July 2015	322	10	809	1,141
<b>Carrying amount:</b>				
At 1 February 2015	185	764	196	1,145
At 31 July 2015	181	1,087	171	1,439

#### Computer software

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

#### Product development costs

Product development costs relate to costs 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 not exceeding 10 years on straight-line basis. The amortisation of product development costs is recognised in profit or loss.

#### Other development costs

Other 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 other development costs is recognised in profit or loss.

#### 14 Inventories

During the six months ended 31 July 2015, the Group recognised an inventories write down of RM60,000 (31 July 2014: Nil) and reversal of inventories write down of RM503,000 (31 July 2014: Nil). The inventories write down and reversal of inventories write down are recognised in profit or loss.

## Explanatory notes pursuant to MFRS 134

### For the six-month period ended 31 July 2015

#### 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:

	<b>Total RM'000</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>
<b>At 31 July 2015</b>				
Financial assets held for trading:				
- Quoted shares	225	225	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(164)	-	(164)	-
Derivatives that are designated and effective as hedging instrument carried at fair value:				
- Foreign currency forward contracts	(114)	-	(114)	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,498	-	-	19,498
- Long-term leasehold land	964	-	-	964
- Long-term leasehold building	1,973	-	-	1,973
<b>At 31 January 2015</b>				
Financial assets held for trading				
- Quoted shares	2,380	2,380	-	-
Financial assets carried at FVTPL:				
- Foreign exchange option contracts	6	-	6	-
Derivatives that are designated and effective as hedging instrument carried at fair value:				
- Foreign currency forward contracts	(1,165)	-	(1,165)	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,697	-	-	19,697
- Long-term leasehold land	968	-	-	968
- Long-term leasehold building	2,031	-	-	2,031

## Explanatory notes pursuant to MFRS 134

### For the six-month period ended 31 July 2015

#### 16 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 July 2015 RM'000	31 January 2015 RM'000
Short-term deposits	72,219	70,279
Cash in hand and at banks	71,780	93,537
	<u>143,999</u>	<u>163,816</u>

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

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 July 2015 RM'000	31 January 2015 RM'000
<b>Short-term borrowings</b>		
Secured:		
Bank overdrafts	16,999	18,548
Revolving credits	13,000	21,000
Bankers' acceptance	10,376	9,436
Term loans	3,050	3,050
Hire-purchase payables	898	947
	<u>44,323</u>	<u>52,981</u>
<b>Long-term borrowings</b>		
Secured:		
Term loans	2,287	3,813
Hire-purchase payables	1,484	1,560
	<u>3,771</u>	<u>5,373</u>
	<u>48,094</u>	<u>58,354</u>

#### 19 Provisions for costs of restructuring

Not applicable.

## Explanatory notes pursuant to MFRS 134

### For the six-month period ended 31 July 2015

#### 20 Dividends

On 30 June 2015, Shareholders of the Company had approved the 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). The dividend which was paid on 5 August 2015, amounted to RM6.309 million. The total dividend for the financial year ended 31 January 2015 of RM15.922 million is marginally higher than the previous year.

The Directors have declared an interim single-tier dividend of 2.0 sen (FY2015: 2.0 sen per share) amounting to RM6.008 million (FY2015: RM6.008 million) for the financial year ending 31 January 2016.

The dividend will be paid on 12 November 2015 to shareholders whose names appear in the Record of Depositors on 16 October 2015.

#### 21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 July 2015 RM'000	31 January 2015 RM'000
<b>Approved and contracted for:</b>		
Property, plant and equipment	3,494	58
<b>Approved but not contracted for:</b>		
Property, plant and equipment	6	184

#### 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 six months period ended 31 July:

	Cumulative quarter 6 months ended	
	31 July 2015 RM'000	31 July 2014 RM'000
Related companies: *		
Rental of motor vehicle	(6)	(6)
Rental of motor vehicle	2	-
Purchase of air tickets	250	121
Professional and share registration charges	43	64

\* 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 six-month period ended 31 July 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 July 2015 is 1% lower than the preceding quarter due to higher operating expenses.

**27 Commentary on prospects**

On 4 September 2015, the Group was awarded a Project Delivery Partner ("PDP") contract for the construction and completion of Light Rail Transit Line 3 ("LRT3") through a joint venture company of which George Kent (Malaysia) Berhad owns 50%.

Furthermore, the Company was awarded a substantial water meter contract for 600,000 units by Water Supplies Department, Hong Kong. This, together with the other contract will contribute positively to the future profits of the Group. Nevertheless, the Group will continue to grow its order book.

With the good results achieved for the second quarter, 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**

There is no significant development during the quarter in relation to the copyright infringement case reported previously.

**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 six-month period ended 31 July 2015**

**34 Derivative financial instruments**

Details of derivative financial instruments outstanding as at 31 July 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	Net fair value (liabilities)/assets	Maturity
	RM'000	RM'000	
<b>At 31 July 2015</b>			
Foreign exchange option contracts	5,976	(164)	Less than 1 year
Foreign currency forward contracts	14,838	(114)	Less than 1 year
<b>At 31 January 2015</b>			
Foreign exchange option contracts	3,784	6	Less than 1 year
Foreign currency forward contracts	24,341	(1,165)	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 July 2015 and 31 January 2015.

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

The breakdown of the retained earnings of the Group as at 31 July 2015 and 31 January 2015 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 July 2015 RM'000	Previous financial year ended 31 January 2015 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(61,212)	(78,315)
- Unrealised	43,361	40,673
	<u>(17,851)</u>	<u>(37,642)</u>
Total share of profits from associate		
- Realised	24,253	32,011
- Unrealised	-	-
	<u>6,402</u>	<u>(5,631)</u>
Add: Consolidation adjustments	122,243	122,243
Retained earnings as per financial statements	<u>128,645</u>	<u>116,612</u>



**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:  
Chapter 9, Appendix 9B, Part A  
For the six-month period ended 31 July 2015**

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

The auditors' report on the financial statements for the financial year ended 31 January 2015 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH  
*(MACS00400)*

Company Secretary  
29 September 2015