

Condensed consolidated interim financial statements

For the twelve-month period ended 31 January 2017

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 January 2017	31 January 2016	31 January 2017	31 January 2016
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
Revenue		189,141	265,584	598,965	536,207
Cost of sales		(130,200)	(224,763)	(450,425)	(442,923)
Gross profit		58,941	40,821	148,540	93,284
Interest income		1,333	648	4,712	2,302
Dividend income		1	1	9	14
Other gains and losses		6,423	(5,581)	10,182	10,684
Administrative expenses		(323)	(329)	(1,282)	(1,307)
Distribution costs		(429)	(745)	(1,837)	(1,496)
Other expenses		(8,619)	(7,206)	(30,831)	(32,289)
Finance costs		(762)	(845)	(2,674)	(2,916)
Share of results of associate		436	471	1,510	1,869
Share of results of joint venture		1,023	554	5,914	554
Profit before tax	8	58,024	27,789	134,243	70,699
Income tax expense	9	(15,876)	(8,129)	(32,833)	(20,625)
Profit for the period, net of tax, attributable to the owners of the Company		42,148	19,660	101,410	50,074
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		6,016	517	6,016	517
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		1,290	(3,275)	55	(503)
Net fair value gain on cash flow hedge		-	-	-	1,501
Other comprehensive income/(loss) for the period, net of tax		7,306	(2,758)	6,071	1,515
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		49,454	16,902	107,481	51,589
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	10	11.2	5.2	27.0	13.3

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

Condensed consolidated interim financial statements
For the twelve-month period ended 31 January 2017
Condensed consolidated statement of financial position

		31 January 2017	31 January 2016
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	128,432	121,087
Goodwill	12	876	876
Other intangible assets	13	4,320	2,557
Investment in associate		22,039	20,158
Investment in joint venture		11,468	5,554
Deferred tax assets		1,343	1,321
		<u>168,478</u>	<u>151,553</u>
Current assets			
Inventories	14	43,126	47,911
Trade and other receivables		269,727	240,870
Investment securities	15	266	199
Tax recoverable		128	541
Cash and bank balances	16	430,205	241,645
		<u>743,452</u>	<u>531,166</u>
Total assets		<u>911,930</u>	<u>682,719</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17	187,756	150,205
Foreign currency translation reserve		(6,734)	(6,789)
Revaluation reserve		34,703	28,687
Retained earnings		184,432	149,863
Total equity		<u>400,157</u>	<u>321,966</u>
Non-current liabilities			
Loans and borrowings	18	957	1,240
Deferred tax liabilities		3,632	489
		<u>4,589</u>	<u>1,729</u>
Current liabilities			
Trade and other payables		442,257	325,523
Loans and borrowings	18	56,362	26,063
Other financial liabilities	15	13	455
Tax liabilities		8,552	6,983
		<u>507,184</u>	<u>359,024</u>
Total liabilities		<u>511,773</u>	<u>360,753</u>
Total equity and liabilities		<u>911,930</u>	<u>682,719</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 2017
Condensed consolidated statement of changes in equity

		Attributable to the owners of the Company					
		Non-Distributable			Distributable		
		Share capital RM'000	Foreign currency translation reserve RM'000	Revaluation reserve RM'000	Cash flow hedging reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 February 2015		150,205	(6,286)	28,170	(1,501)	116,612	287,200
Total comprehensive income		-	(503)	517	1,501	50,074	51,589
Dividends	20	-	-	-	-	(16,823)	(16,823)
At 31 January 2016		150,205	(6,789)	28,687	-	149,863	321,966
At 1 February 2016		150,205	(6,789)	28,687	-	149,863	321,966
Total comprehensive income		-	55	6,016	-	101,410	107,481
Dividends	20	-	-	-	-	(29,290)	(29,290)
Bonus issue	17	37,551	-	-	-	(37,551)	-
At 31 January 2017		187,756	(6,734)	34,703	-	184,432	400,157

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 2017
Condensed consolidated statement of cash flows

	Note	12 months ended	
		31 January 2017	31 January 2016
		Unaudited RM'000	Audited RM'000
<u>Operating activities</u>			
Profit before tax		134,243	70,699
Adjustments for:			
Interest income		(4,712)	(2,302)
Finance costs		2,674	2,916
Loss/(Gain) on disposal of property, plant and equipment	11	32	(148)
Depreciation of property, plant and equipment		4,138	3,777
Amortisation of other intangible assets	13	179	137
Inventories written down	14	491	626
Reversal on inventories written down	14	(1,339)	(583)
Gain on disposal of investment securities		-	(47)
Net fair value (gain)/loss on investment securities		(47)	1
Unrealised gain on foreign exchange		(4,376)	(1,769)
Share of results of associate		(1,510)	(1,869)
Share of results of joint venture		(5,914)	(554)
Unrealised (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		(442)	461
Dividend income		(9)	(14)
Operating cash flows before changes in working capital		<u>123,408</u>	<u>71,331</u>
Changes in working capital:			
Decrease/(Increase) in inventories		5,639	(6,304)
(Increase)/Decrease in trade and other receivables		(34,921)	10,441
Increase in trade and other payables		117,778	72,407
Total changes in working capital		<u>88,496</u>	<u>76,544</u>
Interest paid		(4,884)	(3,895)
Income tax paid		(27,766)	(17,376)
Net cash generated from operating activities		<u>179,254</u>	<u>126,604</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(5,436)	(2,806)
Proceeds from disposal of property, plant and equipment		16	203
Acquisition of other intangible assets		(1,931)	(1,549)
Purchase of joint venture		-	(5,000)
Acquisition of investment securities		-	(79)
Proceeds from disposal of investment securities		-	2,199
Interest income received		4,712	2,302
Dividend from associate		6,252	2,397
Dividend income received		8	12
Net cash generated from/(used in) investing activities		<u>3,621</u>	<u>(2,321)</u>
<u>Financing activities</u>			
Repayment of term loans		(3,813)	(3,050)
Drawdown of other bank borrowings		55,713	18,626
Repayment of other bank borrowings		(18,626)	(30,436)
Repayment of hire-purchase		(866)	(1,035)
Dividends paid		(29,290)	(16,823)
Net cash generated from/(used in) financing activities		<u>3,118</u>	<u>(32,718)</u>
Net change in cash and cash equivalents		185,993	91,565
Effect of foreign exchange rate changes		5,337	2,042
Cash and cash equivalents at 1 February		<u>238,875</u>	<u>145,268</u>
Cash and cash equivalents at 31 January*		<u>430,205</u>	<u>238,875</u>
* Cash and cash equivalents comprise the following at 31 January:			
Cash and bank balances		430,205	241,645
Bank overdrafts		-	(2,770)
Total cash and cash equivalents		<u>430,205</u>	<u>238,875</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 twelve-month period ended 31 January 2017

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 20 March 2017.

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 January 2017, 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 2016.

The consolidated financial statements of the Group for the financial year ended 31 January 2016 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 2016.

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 2016, except for the adoption of the following amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2016

- MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 127: Equity Method in Separate Financial Statements

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 twelve-month period ended 31 January 2017

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) Engineering

Engineering comprises mainly revenue derived from the execution of construction contracts and income derived from investments in infrastructure.

(b) Metering

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

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.

	Construct- ion RM'000	Infrastruct- ure Investment RM'000	Engineer- ing RM'000	Metering RM'000	Others RM'000	Adjust- ments and elimina- tions RM'000	Per condensed consoli- dated financial statements RM'000
Current quarter							
3 months period ended							
31 January 2017							
Revenue:							
External customers	149,867	5,346	155,213	33,928	-	-	189,141
Results:							
Interest income	-	14	14	9	85	1,225	1,333
Depreciation and amortisation	38	63	101	768	-	261	1,130
Share of results of associate	-	436	436	-	-	-	436
Share of results of joint venture	1,023	-	1,023	-	-	-	1,023
Segment profit (Note A)	47,646	1,730	49,376	8,131	1,657	(1,140)	58,024
3 months period ended							
31 January 2016							
Revenue:							
External customers	229,829	4,819	234,648	30,936	-	-	265,584
Results:							
Interest income	-	2	2	-	(73)	719	648
Depreciation and amortisation	-	64	64	940	-	-	1,004
Share of results of associate	-	471	471	-	-	-	471
Share of results of joint venture	554	-	554	-	-	-	554
Segment profit (Note A)	30,874	1,355	32,229	5,462	(2,600)	(7,302)	27,789

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2017

6 Segment information (continued)

	Construct- ion RM'000	Infrastruct- ure Investment RM'000	Engineer- ing RM'000	Metering RM'000	Others RM'000	Adjust- ments and elimina- tions RM'000	Per condensed consoli- dated financial statements RM'000
Cumulative quarter							
12 months period ended							
31 January 2017							
Revenue:							
External customers	452,247	19,211	471,458	127,507	-	-	598,965
Results:							
Interest income	-	32	32	9	269	4,402	4,712
Depreciation and amortisation	166	247	413	2,867	-	1,037	4,317
Share of results of associate	-	1,510	1,510	-	-	-	1,510
Share of results of joint venture	5,914	-	5,914	-	-	-	5,914
Segment profit (Note A)	107,095	8,346	115,441	27,368	1,229	(9,795)	134,243
12 months period ended							
31 January 2016							
Revenue:							
External customers	411,002	19,808	430,810	105,397	-	-	536,207
Results:							
Interest income	-	6	6	-	272	2,024	2,302
Depreciation and amortisation	145	283	428	2,760	-	726	3,914
Share of results of associate	-	1,869	1,869	-	-	-	1,869
Share of results of joint venture	554	-	554	-	-	-	554
Segment profit (Note A)	51,089	9,019	60,108	23,566	399	(13,374)	70,699

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 2017 RM'000	31 January 2016 RM'000	31 January 2017 RM'000	31 January 2016 RM'000
Interest income	1,225	719	4,402	2,024
Finance costs	(762)	(845)	(2,674)	(2,916)
Other unallocated corporate expenses	(1,603)	(7,176)	(11,523)	(12,482)
	<u>(1,140)</u>	<u>(7,302)</u>	<u>(9,795)</u>	<u>(13,374)</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2017

6 Segment information (continued)

Engineering

Revenue of RM155.21 million for the current quarter ended 31 January 2017 was 34% lower as compared to RM234.65 million for the corresponding quarter in 2016. Segment profit of RM49.37 million for the current quarter ended 31 January 2017 was 53% higher as compared to RM32.23 million for the corresponding quarter in 2016. Construction accounts for 97% of the revenue and 96% of segment profit of the Engineering Division. The lower revenue was mainly contributed by the revenue recognised according to milestone achievement.

Revenue of RM471.46 million for the current period ended 31 January 2017 was 9% higher as compared to RM430.81 million for the corresponding period in 2016 contributed by steady progress in our Engineering projects. Segment profit of RM115.44 million for the current period ended 31 January 2017 was 92% higher as compared to RM60.11 million for the period ended 31 January 2016 due to the higher revenue and segment profit margin.

Metering

Revenue of RM33.93 million for the current quarter ended 31 January 2017 was 10% higher compared to RM30.94 million for the corresponding quarter in 2016. Segment profit of RM8.13 million for the current quarter ended 31 January 2017 was 49% higher as compared to RM5.47 million for the corresponding quarter in 2016 mainly due to the higher revenue and gross profit margin in the current quarter.

Revenue of RM127.51 million for the current period ended 31 January 2017 was 21% higher compared to RM105.40 million for the corresponding period in 2016. Segment profit of RM27.37 million for the current period ended 31 January 2017 was 16% higher as compared to RM23.57 million for the corresponding period in 2016, in line with the higher revenue.

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 RM58.02 million (31 January 2016: RM27.79 million) was 109% higher. The higher profit before tax reported was mainly contributed by higher gross profit as well as higher other gains and losses mainly due to higher unrealised gain on foreign exchange of RM1.85 million (31 January 2016: unrealised loss of RM9.11 million) on foreign currencies held.

The Group's profit before tax for the period ended 31 January 2017 of RM134.24 million (31 January 2016: RM70.70 million) was 90% higher. The higher profit before tax reported was in line with the higher revenue and profits contributed by both the Engineering and Metering divisions.

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 twelve-month period ended 31 January 2017

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 2017 RM'000	31 January 2016 RM'000	31 January 2017 RM'000	31 January 2016 RM'000
Interest income	(1,333)	(648)	(4,712)	(2,302)
Other income (including investment income)	(967)	(605)	(2,158)	(949)
Finance costs	736	800	2,674	2,916
Depreciation of property, plant and equipment	1,058	971	4,138	3,777
Amortisation of other intangible assets	72	33	179	137
Loss/(Gain) on disposal of investment securities	-	1	-	(47)
Loss/(Gain) on disposal of property, plant and equipment	22	-	32	(148)
Net fair value (gain)/loss on investment securities	(30)	11	(47)	1
Inventories written down	154	506	491	626
Reversal on inventories written down	(1,309)	-	(1,339)	(583)
(Gain)/Loss arising on financial liabilities designated as at FVTPL				
- realised	(37)	-	(44)	(21)
- unrealised	(103)	455	(442)	461
(Gain)/Loss on foreign exchange:				
- realised	(3,458)	(3,395)	(3,156)	(8,226)
- unrealised	(1,851)	9,113	(4,376)	(1,769)

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 January 2017 RM'000	31 January 2016 RM'000	31 January 2017 RM'000	31 January 2016 RM'000
Current Tax:				
Malaysian tax	9,505	10,148	25,208	17,935
Foreign tax	3,560	1,076	5,564	4,763
	13,065	11,224	30,772	22,698
(Over)/Underprovision in prior years:				
Malaysian tax	(282)	-	(1,025)	1,028
	12,783	11,224	29,747	23,726
Deferred tax	3,093	(3,095)	3,086	(3,101)
	15,876	8,129	32,833	20,625

Domestic income tax is calculated at the Malaysian statutory rate of 20%-24% (31 January 2016: 24%) of the estimated assessable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate was higher than the statutory tax rate mainly due to withholding tax paid for dividend declared by a foreign subsidiary.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2017

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	3 months ended	12 months ended	12 months ended
	31	31	31	31
	January	January	January	January
	2017	2016	2017	2016
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	42,148	19,660	101,410	50,074
Number of ordinary shares in issue ('000)	375,513	375,513	375,513	375,513
Basic/diluted earnings per share (sen)	11.2	5.2	27.0	13.3

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 twelve months period ended 31 January 2017, the Group acquired assets at a cost of RM5.85 million (31 January 2016: RM3.43 million).

Assets with carrying amount of RM48,000 (31 January 2016: RM55,000) were disposed of by the Group during the twelve months period ended 31 January 2017, resulting in a loss on disposal of RM32,000 (31 January 2016: gain of RM148,000), 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 twelve-month period ended 31 January 2017

13 Other intangible assets

	Computer software RM'000	Product development costs RM'000	Other development costs RM'000	Total RM'000
Cost:				
At 1 February 2016	583	2,201	980	3,764
Additions	10	1,932	-	1,942
At 31 January 2017	593	4,133	980	5,706
Accumulated amortisation:				
At 1 February 2016	358	16	833	1,207
Amortisation	70	60	49	179
At 31 January 2017	428	76	882	1,386
Carrying amount:				
At 1 February 2016	225	2,185	147	2,557
At 31 January 2017	165	4,057	98	4,320

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 twelve months ended 31 January 2017, the Group recognised an inventories write down of RM491,000 (31 January 2016: RM626,000) and reversal of inventories write down of RM1,339,000 (31 January 2016: RM583,000). The inventories write down and reversal of inventories write down are recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2017

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 2017				
Financial assets held for trading:				
- Quoted shares	266	266	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(13)	-	(13)	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	18,155	-	-	18,155
- Long-term leasehold land	974	-	-	974
- Long-term leasehold building	2,295	-	-	2,295
At 31 January 2016				
Financial assets held for trading				
- Quoted shares	199	199	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(455)	-	(455)	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,935	-	-	19,935
- Long-term leasehold land	958	-	-	958
- Long-term leasehold building	1,917	-	-	1,917

16 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 January 2017 RM'000	31 January 2016 RM'000
Short-term deposits	311,601	143,410
Cash in hand and at banks	118,604	98,235
	<u>430,205</u>	<u>241,645</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2017

17 Share capital, share premium and treasury shares

On 21 September 2016, 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 four 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 2017 RM'000	31 January 2016 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	-	2,770
Revolving credits	41,959	16,600
Bankers' acceptance	13,718	2,026
Term loans	-	3,813
Hire-purchase payables	685	854
	<u>56,362</u>	<u>26,063</u>
Long-term borrowings		
Secured:		
Hire-purchase payables	957	1,240
	<u>957</u>	<u>1,240</u>
	<u>57,319</u>	<u>27,303</u>

19 Provisions for costs of restructuring

Not applicable.

20 Dividends

Subject to Shareholders' approval at the forthcoming Annual General Meeting, the Directors have recommended a final dividend of 5.0 sen per share (FY2016: 3.5 sen per share) on the enlarged 375.51 million shares (FY2016: 300.41 million shares). In Ringgit term, this amounts to RM18.78 million (FY2016: RM10.51 million) an increase of 79% compared to the previous corresponding quarter.

Two interim dividends have been paid for the financial year ended 31 January 2017. The first and second interim dividends of 3.0 sen per share (FY2016: 2.0 sen per share) and 2.0 sen per share (FY2016: 1.5 sen per share) respectively on the enlarged share capital amounting to RM18.78 million (FY2016: RM10.51 million) were paid on 10 November 2016 and 13 January 2017 respectively.

In Ringgit term, the total dividend for the financial year ended 31 January 2017 will be RM37.56 million (FY2016: RM21.03 million), up by 79%.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2017

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 January 2017 RM'000	31 January 2016 RM'000
Approved and contracted for:		
Property, plant and equipment	136	2,671
Approved but not contracted for:		
Property, plant and equipment	207	11

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 2017 RM'000	31 January 2016 RM'000
Related companies: *		
Rental expenses for motor vehicle	90	5
Rental expenses for land	140	-
Purchase of air tickets	760	633
Share registration charges, secretarial and accounting fees	97	123

* 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 2017**

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 2017 is 96% higher than the preceding quarter due to higher revenue and profit attributed to project related works.

27 Commentary on prospects

The Group capped off the year with another stellar performance. Its final quarterly pre-tax profit of RM58.02 million was a record achievement culminating in another record pre-tax profit of RM134.24 million and revenue of RM598.97 million.

The Group will continue to grow its current order book of RM6.2 billion and expects the momentum of growth to continue in both its Engineering and Metering divisions.

The Board is optimistic of the Group's prospects for the financial year ending 31 January 2018.

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 was no outstanding material litigation as at the date of this report.

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 2017**

34 Derivative financial instruments

Details of derivative financial instruments outstanding as at 31 January 2017 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 assets/(liabilities)	Maturity
	RM'000	RM'000	
At 31 January 2017			
Foreign exchange option contracts	3,335	(13)	Less than 1 year
At 31 January 2016			
Foreign exchange option contracts	12,368	(455)	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 2017 and 31 January 2016.

36 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 January 2017 and 31 January 2016 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 2017 RM'000	Previous financial year ended 31 January 2016 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(17,744)	(43,924)
- Unrealised	46,757	45,792
	29,013	1,868
Total share of profits from associate		
- Realised	26,741	25,231
Total share of profits from joint venture		
- Realised	6,468	554
	62,222	27,653
Add: Consolidation adjustments	122,210	122,210
Retained earnings as per financial statements	184,432	149,863

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 January 2017**

37 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2016 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH (*MACS00400*)
GAN LEE MEI (*MA/CSA7057081*)
Company Secretaries

20 March 2017