

Condensed consolidated interim financial statements

For the nine-month period ended 31 October 2018

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 October 2018 Unaudited RM'000	31 October 2017 Unaudited RM'000	31 October 2018 Unaudited RM'000	31 October 2017 Unaudited RM'000
Revenue		103,550	127,089	316,245	444,078
Cost of sales		(68,160)	(84,329)	(219,153)	(330,919)
Gross profit		35,390	42,760	97,092	113,159
Interest income		1,592	1,222	3,705	2,899
Dividend income		3	5	8	8
Other gains and losses		3,035	(1,807)	7,812	(40)
Administrative expenses		(530)	(474)	(1,609)	(1,152)
Distribution costs		(326)	(477)	(1,019)	(1,142)
Other expenses		(7,775)	(9,545)	(32,397)	(27,133)
Finance costs		(1,024)	(631)	(2,439)	(1,802)
Share of results of associate		258	347	718	1,091
Share of results of joint venture		4,067	5,295	18,384	8,868
Profit before tax	7	34,690	36,695	90,255	94,756
Income tax expense	8	(14,136)	(8,017)	(23,586)	(22,207)
Profit for the period, net of tax, attributable to the owners of the Company		20,554	28,678	66,669	72,549
Other comprehensive gain/(loss)					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		398	(814)	1,167	(1,741)
Net fair value change in financial assets available-for-sale		(1,302)	131	(2,607)	(189)
Net fair value loss on cash flow hedge		(2)	-	-	-
Other comprehensive loss for the period, net of tax		(906)	(683)	(1,440)	(1,930)
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		19,648	27,995	65,229	70,619
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	9	3.7	5.1	11.9	12.9

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

Condensed consolidated interim financial statements
For the nine-month period ended 31 October 2018
Condensed consolidated statement of financial position

		31 October 2018	31 January 2018
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	132,451	129,005
Goodwill	11	876	876
Other intangible assets	12	5,785	4,990
Investment in associate		21,626	20,246
Investment in joint venture		41,580	23,196
Other Investment		2,130	-
Deferred tax assets		947	2,242
		<u>205,395</u>	<u>180,555</u>
Current assets			
Inventories	13	52,145	47,708
Trade and other receivables		289,556	202,130
Financial assets held-for-trading	14	283	302
Financial assets available-for-sale	14	38,970	10,105
Tax recoverable		38,799	91
Deposits, cash and bank balances	15	263,442	510,612
		<u>683,195</u>	<u>770,948</u>
Total assets		<u>888,590</u>	<u>951,503</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	16	187,756	187,756
Treasury shares		(11,694)	-
Foreign currency translation reserve		(10,513)	(11,680)
Properties revaluation reserve		35,140	35,140
Investments revaluation reserve		(2,620)	(13)
Retained earnings		291,976	264,580
Total equity		<u>490,045</u>	<u>475,783</u>
Non-current liabilities			
Trade and other payables		1,783	1,881
Loans and borrowings	17	864	2,120
Deferred tax liabilities		1,992	-
		<u>4,639</u>	<u>4,001</u>
Current liabilities			
Trade and other payables		330,613	411,949
Loans and borrowings	17	63,292	54,320
Other financial liabilities	14	-	277
Tax liabilities		1	5,173
		<u>393,906</u>	<u>471,719</u>
Total liabilities		<u>398,545</u>	<u>475,720</u>
Total equity and liabilities		<u>888,590</u>	<u>951,503</u>

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

Condensed consolidated interim financial statements

For the nine-month period ended 31 October 2018

Condensed consolidated statement of changes in equity

		Attributable to the owners of the Company							
		Non-Distributable				Distributable			
		Share capital	Foreign currency translation reserve	Properties revaluation reserve	Investments revaluation reserve	Cash flow hedging reserve	Treasury shares	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2017		187,756	(6,737)	34,703	-	-	-	184,301	400,023
Total comprehensive income		-	(1,741)	-	(189)	-	-	72,549	70,619
Dividends	19	-	-	-	-	-	-	(32,858)	(32,858)
At 31 October 2017		187,756	(8,478)	34,703	(189)	-	-	223,992	437,784
At 1 February 2018		187,756	(11,680)	35,140	(13)	-	-	264,580	475,783
Total comprehensive income		-	1,167	-	(2,607)	-	-	66,669	65,229
Dividends	19	-	-	-	-	-	-	(39,273)	(39,273)
Repurchase of treasury shares	16	-	-	-	-	-	(11,694)	-	(11,694)
At 31 October 2018		187,756	(10,513)	35,140	(2,620)	-	(11,694)	291,976	490,045

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

Condensed consolidated interim financial statements
For the nine-month period ended 31 October 2018
Condensed consolidated statement of cash flows

	Note	9 months ended	
		31 October 2018	31 October 2017
		Unaudited RM'000	Unaudited RM'000
<u>Operating activities</u>			
Profit before tax		90,255	94,756
Adjustments for:			
Interest income		(3,705)	(2,899)
Finance costs		2,439	1,802
Gain on disposal of property, plant and equipment	10	(112)	(44)
Depreciation of property, plant and equipment		3,788	3,410
Amortisation of other intangible assets	12	138	135
Inventories written down	13	-	26
Reversal on inventories written down	13	(112)	(16)
Net fair value loss on held-for-trading investment		25	48
Dividend income from available-for-sale investment		(889)	(641)
Unrealised (gain)/loss on foreign exchange		(7,318)	2,516
Share of results of associate		(718)	(1,091)
Share of results of joint venture		(18,384)	(8,868)
Unrealised (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		(277)	323
Dividend income		(8)	(8)
Operating cash flows before changes in working capital		<u>65,122</u>	<u>89,449</u>
Changes in working capital:			
Increase in inventories		(4,288)	(4,564)
(Increase)/Decrease in trade and other receivables		(86,848)	22,742
Decrease in trade and other payables		(91,432)	(45,485)
Total changes in working capital		<u>(182,568)</u>	<u>(27,307)</u>
Interest paid		(3,252)	(4,480)
Income tax paid		(64,146)	(20,656)
		<u>(67,398)</u>	<u>(25,136)</u>
Net cash (used in)/from operating activities		<u>(184,844)</u>	<u>37,006</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(8,038)	(2,807)
Proceeds from disposal of property, plant and equipment		243	45
Acquisition of other intangible assets		(928)	(805)
Acquisition of other investment		(2,130)	-
Acquisition of financial assets available-for-sale		(30,712)	(30,165)
Interest income received		3,705	2,899
Dividend income received		7	7
Net cash used in investing activities		<u>(37,853)</u>	<u>(30,826)</u>
<u>Financing activities</u>			
Drawdown of other bank borrowings		59,824	42,712
Repayment of other bank borrowings		(53,543)	(55,713)
Repayment of hire-purchase		(2,256)	(777)
Dividends paid		(28,163)	(18,776)
Repurchase of treasury shares		(11,694)	-
Net cash used in financing activities		<u>(35,832)</u>	<u>(32,554)</u>
Net change in cash and cash equivalents		(258,529)	(26,374)
Effect of foreign exchange rate changes		8,383	(5,655)
Cash and cash equivalents at 1 February		<u>510,612</u>	<u>430,204</u>
Cash and cash equivalents at 31 October*		<u>260,466</u>	<u>398,175</u>
* Cash and cash equivalents comprise the following:			
Cash and bank balances		263,442	399,368
Bank overdrafts		(2,976)	(1,193)
Total cash and cash equivalents		<u>260,466</u>	<u>398,175</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 nine-month period ended 31 October 2018

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 19 December 2018.

2 Basis of preparation

These condensed consolidated interim financial statements are unaudited and had been prepared in compliance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2018.

Adoption of New and Revised Malaysian Financial Reporting Standards

During the current financial year, the Group has adopted all the new and revised Standards and Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after 1 February 2018 as follows:

The adoption of these new and revised Standards and Interpretation does not have any material impact on the amounts reported in the financial statements of the Group in the current and previous financial year.

- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers (and the related Clarifications)
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 140: Transfers of Investment Property
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

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

3 Changes in estimates

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

4 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 nine-month period ended 31 October 2018

5 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 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 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 October 2018							
Revenue:							
External customers	59,934	5,201	65,135	38,415	-	-	103,550
Results:							
Interest income	1	34	35	-	151	1,406	1,592
Depreciation and amortisation	100	58	158	875	-	278	1,311
Share of results of associate	-	258	258	-	-	-	258
Share of results of joint venture	4,067	-	4,067	-	-	-	4,067
Segment profit (Note A)	22,686	2,144	24,830	10,191	1,633	(1,964)	34,690
3 months period ended							
31 October 2017							
Revenue:							
External customers	76,841	5,301	82,142	44,947	-	-	127,089
Results:							
Interest income	-	18	18	15	163	1,026	1,222
Depreciation and amortisation	64	57	121	865	-	308	1,294
Share of results of associate	-	347	347	-	-	-	347
Share of results of joint venture	5,295	-	5,295	-	-	-	5,295
Segment profit (Note A)	29,598	2,552	32,150	11,667	(1,843)	(5,279)	36,695

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2018

5 Segment information (continued)

	Construct- ion RM'000	Infrastruct- ure 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							
9 months period ended							
31 October 2018							
Revenue:							
External customers	203,267	14,765	218,032	98,213	-	-	316,245
Results:							
Interest income	2	70	72	-	511	3,122	3,705
Depreciation and amortisation	296	168	464	2,592	-	870	3,926
Share of results of associate	-	718	718	-	-	-	718
Share of results of joint venture	18,384	-	18,384	-	-	-	18,384
Segment profit (Note A)	69,045	6,054	75,099	22,780	3,332	(10,956)	90,255
9 months period ended							
31 October 2017							
Revenue:							
External customers	309,396	15,572	324,968	119,110	-	-	444,078
Results:							
Interest income	-	36	36	33	436	2,394	2,899
Depreciation and amortisation	152	177	329	2,367	-	849	3,545
Share of results of associate	-	1,091	1,091	-	-	-	1,091
Share of results of joint venture	8,868	-	8,868	-	-	-	8,868
Segment profit (Note A)	73,148	7,351	80,499	30,712	(5,527)	(10,928)	94,756

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		Cumulative quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	31	31	31	31
	October	October	October	October
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income	1,406	1,026	3,122	2,394
Finance costs	(1,024)	(631)	(2,439)	(1,802)
Other unallocated corporate expenses	(2,346)	(5,674)	(11,639)	(11,520)
	<u>(1,964)</u>	<u>(5,279)</u>	<u>(10,956)</u>	<u>(10,928)</u>

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2018

5 Segment information (continued)

Engineering

Revenue of RM65.13 million for the current quarter ended 31 October 2018 was 21% lower as compared to RM82.14 million for the corresponding quarter in 2017. Segment profit of RM24.83 million for the current quarter ended 31 October 2018 was 23% lower as compared to RM32.15 million for the corresponding quarter in 2017. The lower segment profit was mainly contributed by the lower revenue. Construction accounts for 92% of the revenue and 91% of segment profit of the Engineering Division.

Revenue of RM218.03 million for the period ended 31 October 2018 was 33% lower as compared to RM324.97 million for the corresponding period in 2017 attributed to the completion of a few projects in 2017. Furthermore, revenue was not recognised for the Light Rail Transit Line 3 (LRT3) project, which is based on equity accounting for the 50% interest in the project. Segment profit of RM75.1 million for the period ended 31 October 2018 was 7% lower as compared to RM80.50 million for the period ended 31 October 2017 due to lower revenue.

Metering

Revenue of RM38.41 million for the current quarter ended 31 October 2018 was 15% lower compared to RM44.95 million for the corresponding quarter in 2017. Segment profit of RM10.19 million for the current quarter ended 31 October 2018 was 13% lower as compared to RM11.66 million for the corresponding quarter in 2017, due to lower sales.

Revenue of RM98.21 million for the period ended 31 October 2018 was 18% lower compared to RM119.11 million for the corresponding period in 2017. Segment profit of RM22.78 million for the period ended 31 October 2018 was 26% lower as compared to RM30.71 million for the corresponding period in 2017 mainly due to the lower sales and gross profit margin in the current period.

Consolidated revenue

The Group mainly derives its revenue from Malaysia, other ASEAN countries, Hong Kong 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 RM34.69 million (31 October 2017: RM36.70 million) was 5% lower. The lower profit before tax reported was mainly attributed to lower contribution from the Engineering division. Other gains mainly arose from unrealised gain on foreign exchange of RM2.84 million (31 October 2017: unrealised loss of RM2.64 million) on foreign currencies held.

The Group's profit before tax for the period ended 31 October 2018 of RM90.26 million (31 October 2017: RM94.76 million) was 5% lower. The lower profit before tax reported was mainly attributed to lower contribution from many of our operating units. Other gains mainly arose from unrealised gain on foreign exchange of RM7.32 million (31 October 2017: unrealised loss of RM2.52 million) on foreign currencies held.

6 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 nine-month period ended 31 October 2018

7 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2018 RM'000	31 October 2017 RM'000	31 October 2018 RM'000	31 October 2017 RM'000
Interest income	(1,592)	(1,222)	(3,705)	(2,899)
Other income	(233)	(1,112)	(2,361)	(3,245)
Finance costs	1,024	631	2,439	1,802
Depreciation of property, plant and equipment	1,264	1,248	3,788	3,410
Amortisation of other intangible assets	47	46	138	135
Inventories written down	-	26	-	26
Reversal on inventories written down	(59)	(5)	(112)	(16)
Gain on disposal of property, plant and equipment	-	-	(112)	(44)
Net fair value loss on held-for-trading investment	8	38	25	48
Dividend income from available-for-sale investment	(387)	(82)	(889)	(641)
(Gain)/Loss arising on financial liabilities designated as at FVTPL				
- realised	-	(16)	450	(10)
- unrealised	-	351	(277)	323
Loss/(Gain) on foreign exchange:				
- realised	410	(28)	2,662	1,085
- unrealised	(2,836)	2,640	(7,318)	2,516

8 Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2018 RM'000	31 October 2017 RM'000	31 October 2018 RM'000	31 October 2017 RM'000
Current Tax:				
Malaysian tax	6,162	7,352	14,326	23,797
Foreign tax	686	674	1,816	1,863
	6,848	8,026	16,142	25,660
Under/(Over)provision in prior years:				
Malaysian tax	4,123	(32)	4,123	(32)
	10,971	7,994	20,265	25,628
Deferred tax	3,165	23	3,321	(3,421)
	14,136	8,017	23,586	22,207

Domestic income tax is calculated at the Malaysian statutory rate of 24% of the estimated assessable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate (excluding the results of associate and joint venture which is equity accounted net of tax) was higher than the statutory tax rate mainly due to certain expenses not being deductible for tax purposes.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2018

9 Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the 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		9 months ended	
	31	31	31	31
	October	October	October	October
	2018	2017	2018	2017
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	20,554	28,678	66,669	72,549
Weighted average number of ordinary shares (excluding Treasury Shares) for earnings per share computation ('000)	561,641	563,269	560,478	563,269
Basic/Diluted earnings per share (sen)	3.7	5.1	11.9	12.9

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

10 Property, plant and equipment

Acquisitions and disposals

During the period ended 31 October 2018, the Group acquired assets at a cost of RM8.57 million (31 October 2017: RM5.36 million).

Assets with carrying amount of RM131,000 (31 October 2017: RM1,000) were disposed of by the Group during the nine months period ended 31 October 2018, resulting in a gain on disposal of RM112,000 (31 October 2017: RM44,000), recognised in profit or loss.

11 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 annually and whenever there is an indication that the goodwill may be impaired.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2018

12 Other intangible assets

	Computer software RM'000	Product develop- ment costs RM'000	Other develop- ment costs RM'000	Total RM'000
Cost:				
At 1 February 2018	593	4,984	980	6,557
Additions	27	906	-	933
At 31 October 2018	620	5,890	980	7,490
Accumulated amortisation:				
At 1 February 2018	486	150	931	1,567
Amortisation	45	56	37	138
At 31 October 2018	531	206	968	1,705
Carrying amount:				
At 1 February 2018	107	4,834	49	4,990
At 31 October 2018	89	5,684	12	5,785

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.

13 Inventories

During the period ended 31 October 2018, the Group recognised a reversal of inventories write down of RM112,000 (31 October 2017: RM16,000) and inventories write down of RMNil (31 October 2017: RM26,000). The inventories write down and reversal of inventories write down are recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2018

14 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 October 2018				
Financial assets held-for-trading:				
- Quoted shares	283	283	-	-
Financial assets available-for-sale:				
- Quoted shares	38,970	38,970	-	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	17,727	-	-	17,727
- Long-term leasehold land	855	-	-	855
- Building on long-term leasehold land	1,481	-	-	1,481
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At 31 January 2018				
Financial assets held for trading				
- Quoted shares	302	302	-	-
Financial assets available-for-sale:				
- Quoted shares	10,105	10,105	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(277)	-	(277)	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	18,155	-	-	18,155
- Long-term leasehold land	825	-	-	825
- Building on long-term leasehold land	1,489	-	-	1,489
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15 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 October 2018 RM'000	31 January 2018 RM'000
Short-term deposits with licensed banks	117,789	160,485
Cash and bank balances	145,653	350,127
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	263,442	510,612

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2018

16 Share capital and treasury shares

At the 67th AGM of the Company held on 9 July 2018, shareholders' approval was obtained for the Share Buy-Back scheme to be renewed from 9 July 2018 until the conclusion of the next AGM of the Company to be convened in 2019.

As at 31 October 2018, the Company repurchased a total of 9,805,500 of its shares from the open market for a total consideration of RM11,693,745. Subsequent to 31 October 2018 and up to date of this announcement, a total of 11,549,200 shares were repurchased from the open market for a total consideration of RM11,215,532. All these repurchased shares are being held as Treasury Shares in accordance with Section 127 of the Companies Act, 2016 and no Treasury Shares have been cancelled or resold to date. The repurchase of these shares were financed by internally generated funds.

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

17 Interest-bearing loans and borrowings

	31 October 2018 RM'000	31 January 2018 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	2,976	-
Revolving credits	48,501	42,506
Bankers' acceptance	11,164	10,708
Hire-purchase payables	651	1,106
	<u>63,292</u>	<u>54,320</u>
Long-term borrowings		
Secured:		
Hire-purchase payables	864	2,120
	<u>64,156</u>	<u>56,440</u>

18 Provisions for costs of restructuring

Not applicable.

19 Dividend

The Directors have declared a second interim dividend of 1.5 sen per share for FY2019 (FY2018: 2.0 sen per share), payable on 29 January 2019 to shareholders whose names appear in the Record of Depositors on 8 January 2019, being the Book Closure Date ("BCD").

On the assumption that as announced to date, the Treasury Shares of 21,354,700 (which are not entitled to dividends), remained the same as at BCD, the dividend pay-out on 541,914,365 shares will amount to approximately RM8.13 million (FY2018: RM11.27 million on 563,269,065 shares).

The Directors declared a first interim dividend of 2.0 sen per share (FY2018: 2.5 sen per share) on 26 September 2018 paid on 1 November 2018 which amounted to RM11.11 million on 555,498,165 shares (FY2018: RM14.08 million on 563,269,065 shares).

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2018

20 Commitments

Capital expenditure as at the reporting date is as follows:

	31 October 2018 RM'000	31 January 2018 RM'000
Approved and contracted for:		
Property, plant and equipment	906	315
Approved but not contracted for:		
Property, plant and equipment	15	551

21 Contingencies

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

22 Related party transactions

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

	Cumulative quarter 9 months ended	
	31 October 2018 RM'000	31 October 2017 RM'000
Related companies: *		
Rental expenses for motor vehicle	82	57
Rental expenses for land	360	180
Purchase of air tickets	914	452
Share registration charges, secretarial and accounting fees	101	73

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

23 Events after the reporting period

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

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the nine-month period ended 31 October 2018**

24 Performance review

	Current quarter 3 months ended			Cumulative quarter 9 months ended		
	31	31	Changes %	31	31	Changes %
	October	October		October	October	
	2018	2017		2018	2017	
RM'000	RM'000		RM'000	RM'000		
Revenue	103,550	127,089	- 19	316,245	444,078	- 29
Profit before tax	34,690	36,695	- 5	90,255	94,756	- 5
Profit after tax	20,554	28,678	- 28	66,669	72,549	- 8

Explanatory comment on the performance of each of the Group's business activities is provided in Note 5.

25 Comment on material change in profit before taxation

	Current quarter 3 months ended 31 October 2018 RM'000	Preceding quarter 3 months ended 31 July 2018 RM'000	Changes %
Revenue	103,550	112,933	- 8
Profit before tax	34,690	29,876	+ 16
Profit after tax	20,554	24,580	- 16

The profit before taxation for the current quarter ended 31 October 2018 is 16% higher than the preceding quarter due to higher profit contributed by the Metering division.

26 Commentary on prospects

The results for the quarter under review continue to be credible, taking into account the nominal contribution from LRT3 as the project is being renegotiated. Construction is expected to resume in the latter part of 2019.

The Group continues to focus on its long-stated strategic plan to broaden its income base. This will be achieved by allocating substantial resources to further expand the Metering business, which is a key profit contributor with exports reaching over 40 countries worldwide.

The Group's strong order book will provide earnings visibility over the next few years. The Group is also on the lookout for opportunities in the Regional railway space, leveraging on its expertise as rail systems specialist in domestic railway projects. The Group's established network with international rail specialists bolsters its standing for projects requiring international collaborations through joint ventures or other forms of strategic alliances.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the nine-month period ended 31 October 2018**

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

Not applicable.

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

Not applicable.

29 Profit forecast or profit guarantee

Not applicable.

30 Corporate proposals

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

31 Changes in material litigation

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

32 Dividend payable

Please refer to Note 19 for details.

33 Derivative financial instruments

Details of derivative financial instruments outstanding as at 31 October 2018 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 assets/(liabilities) RM'000	Maturity
At 31 October 2018			
Foreign currency forward contracts	-	-	Less than 1 year
At 31 January 2018			
Foreign exchange option contracts	6,780	(277)	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.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the nine-month period ended 31 October 2018**

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

The Group did not have gains/losses arising from fair value changes of financial liabilities (other than derivative financial instruments) as at 31 October 2018 and 31 January 2018.

35 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2018 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH (*MACS00400*)
GAN LEE MEI (*MAICSA7057081*)
Company Secretaries

19 December 2018