

Condensed consolidated interim financial statements

For the twelve-month period ended 31 January 2019

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 January 2019 Unaudited RM'000	31 January 2018 Unaudited RM'000	31 January 2019 Unaudited RM'000	31 January 2018 Audited RM'000
Revenue		114,503	172,916	430,748	616,994
Cost of sales		(44,066)	(95,891)	(263,219)	(426,810)
Gross profit		70,437	77,025	167,529	190,184
Interest income		2,066	1,057	5,771	3,956
Dividend income		374	227	1,271	876
Other gains and losses		(1,465)	(9,088)	5,458	(9,769)
Administrative expenses		(1,897)	(580)	(3,506)	(1,732)
Distribution costs		(370)	(772)	(1,389)	(1,914)
Other expenses		(26,260)	(9,891)	(58,657)	(37,024)
Finance costs		(828)	(622)	(3,267)	(2,424)
Share of results of associate		275	270	993	1,361
Share of results of joint venture		(6,180)	7,913	12,204	16,781
Profit before tax	7	36,152	65,539	126,407	160,295
Income tax expense	8	(17,903)	(13,686)	(41,489)	(35,893)
Profit for the period, net of tax, attributable to the owners of the Company		18,249	51,853	84,918	124,402
Other comprehensive (loss)/gain					
Items that will not be reclassified subsequently to profit or loss:					
(Loss)/Gain on revaluation of properties		(462)	437	(462)	437
Fair value loss on investments designated as at FVTOCI		(41)	-	(2,504)	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		(636)	(3,202)	531	(4,943)
Fair value (loss)/gain on investments designated as at FVTOCI		(22)	176	(166)	(13)
Other comprehensive loss for the period, net of tax		(1,161)	(2,589)	(2,601)	(4,519)
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		17,088	49,264	82,317	119,883
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	9	3.3	9.2	15.3	22.1

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

Condensed consolidated interim financial statements
For the twelve-month period ended 31 January 2019
Condensed consolidated statement of financial position

		31 January 2019	31 January 2018
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	125,342	129,005
Goodwill	11	876	876
Other intangible assets	12	4,492	4,990
Investment in associate		21,498	20,246
Investment in joint venture		35,400	23,196
Financial assets at FVTOCI	14	2,082	-
Deferred tax assets		12,596	2,242
		<u>202,286</u>	<u>180,555</u>
Current assets			
Inventories	13	57,365	47,708
Trade and other receivables		231,217	202,130
Financial assets at FVTPL	14	147	302
Financial assets at FVTOCI	14	32,625	-
Financial assets available-for-sale	14	-	10,105
Tax recoverable		5,321	91
Deposits, cash and bank balances	15	264,016	510,612
		<u>590,691</u>	<u>770,948</u>
Total assets		<u>792,977</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		(25,749)	-
Foreign currency translation reserve		(11,149)	(11,680)
Properties revaluation reserve		34,678	35,140
Investments revaluation reserve		(2,462)	(13)
Retained earnings		301,891	264,580
Total equity		<u>484,965</u>	<u>475,783</u>
Non-current liabilities			
Trade and other payables		1,750	1,881
Loans and borrowings	17	710	2,120
		<u>2,460</u>	<u>4,001</u>
Current liabilities			
Trade and other payables		245,518	411,949
Loans and borrowings	17	59,418	54,320
Other financial liabilities	14	-	277
Tax liabilities		616	5,173
		<u>305,552</u>	<u>471,719</u>
Total liabilities		<u>308,012</u>	<u>475,720</u>
Total equity and liabilities		<u>792,977</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 twelve-month period ended 31 January 2019
Condensed consolidated statement of changes in equity

	Attributable to the owners of the Company							Total RM'000
	Non-Distributable				Distributable			
	Share capital RM'000	Foreign currency translation reserve RM'000	Properties revaluation reserve RM'000	Investments revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000		
At 1 February 2017	187,756	(6,737)	34,703	-	-	184,301	400,023	
Total comprehensive income	-	(4,943)	437	(13)	-	124,402	119,883	
Dividends	-	-	-	-	-	(44,123)	(44,123)	
	19							
At 31 January 2018	187,756	(11,680)	35,140	(13)	-	264,580	475,783	
At 1 February 2018	187,756	(11,680)	35,140	(13)	-	264,580	475,783	
Total comprehensive income	-	531	(462)	(2,670)	-	84,918	82,317	
Transfer upon disposal of investments	-	-	-	221	-	(221)	-	
Dividends	-	-	-	-	-	(47,386)	(47,386)	
Repurchase of treasury shares	-	-	-	-	(25,749)	-	(25,749)	
	16							
At 31 January 2019	187,756	(11,149)	34,678	(2,462)	(25,749)	301,891	484,965	

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 2019
Condensed consolidated statement of cash flows

		12 months ended	
		31 January 2019	31 January 2018
		Unaudited RM'000	Audited RM'000
	Note		
<u>Operating activities</u>			
Profit before tax		126,407	160,295
Adjustments for:			
Interest income		(5,771)	(3,956)
Finance costs		3,267	2,424
Gain on disposal of property, plant and equipment	10	(112)	(271)
Property, plant and equipment written off		-	23
Depreciation of property, plant and equipment		5,011	4,699
Other intangible assets written off		1,294	-
Amortisation of other intangible assets	12	190	181
Inventories written down	13	182	356
Reversal on inventories written down	13	(342)	(20)
Impairment loss on trade and other receivables		1,106	-
Loss on disposal of financial assets at FVTPL		72	-
Loss on disposal of available-for-sale investment		-	226
Fair value gain on financial assets at FVTPL		(123)	(49)
Dividend income from available-for-sale investment		-	(750)
Dividend income from financial assets at FVTOCI		(1,261)	-
Unrealised (gain)/loss on foreign exchange		(6,641)	11,997
Share of results of associate		(993)	(1,361)
Share of results of joint venture		(12,204)	(16,781)
Unrealised (gain)/loss arising on financial liabilities designated as at FVTPL		(277)	264
Dividend income from financial assets at FVTPL		(10)	(126)
Operating cash flows before changes in working capital		<u>109,795</u>	<u>157,151</u>
Changes in working capital:			
Increase in inventories		(9,483)	(5,112)
(Increase)/Decrease in trade and other receivables		(29,653)	63,183
Decrease in trade and other payables		(166,157)	(17,476)
Total changes in working capital		<u>(205,293)</u>	<u>40,595</u>
Interest paid		(4,169)	(5,889)
Income tax refunded		-	170
Income tax paid		(61,469)	(43,829)
Net cash (used in)/from operating activities		<u>(161,136)</u>	<u>148,198</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(1,448)	(2,969)
Proceeds from disposal of property, plant and equipment		243	354
Acquisition of other intangible assets		(1,327)	(1,122)
Proceeds from disposal of investments at FVTPL		149	-
Proceeds from disposal of investments at FVTOCI		6,216	-
Proceeds from disposal of available-for-sale investment		-	20,230
Purchase of financial assets at FVTOCI		(33,865)	-
Purchase of available-for-sale investment		-	(30,201)
Dividend income received from financial asset at FVTPL		10	125
Dividend income received from financial asset at FVTOCI		1,261	-
Interest income received		5,771	3,956
Dividend from a joint venture		-	5,000
Net cash used in investing activities		<u>(22,990)</u>	<u>(4,627)</u>
<u>Financing activities</u>			
Drawdown of other bank borrowings		58,508	53,543
Repayment of other bank borrowings		(53,543)	(55,713)
Repayment of hire-purchase		(2,437)	(1,051)
Dividends paid		(47,386)	(44,123)
Repurchase of treasury shares		(25,749)	-
Net cash used in financing activities		<u>(70,607)</u>	<u>(47,344)</u>
Net change in cash and cash equivalents		(254,733)	96,227
Effect of foreign exchange rate changes		7,601	(15,819)
Cash and cash equivalents at 1 February		510,612	430,204
Cash and cash equivalents at 31 January*		<u>263,480</u>	<u>510,612</u>
* Cash and cash equivalents comprise the following:			
Cash and bank balances		264,016	510,612
Bank overdrafts		(536)	-
Total cash and cash equivalents		<u>263,480</u>	<u>510,612</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 2019

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 25 March 2019.

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 adoption of the above Standards, Amendments and IC Interpretation did not result in significant changes in the accounting policies and have no significant effect on the financial position, results and disclosures in the financial statements of the Group in the period of initial application except for the changes arising from the adoption of new MFRS 9 and MFRS 15 as described below:

MFRS 9 Financial Instruments

The adoption of this Standard resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting, and has no material financial impact to the financial statements of the Group.

MFRS 15 Revenue from Contracts with Customers

The adoption of this Standard resulted in changes in accounting policies for revenue recognition, and has no material financial impact to the financial statements of the Group.

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 twelve-month period ended 31 January 2019

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 January 2019							
Revenue:							
External customers	74,470	5,172	79,642	34,861	-	-	114,503
Results:							
Interest income	1	39	40	147	163	1,716	2,066
Depreciation and amortisation	100	54	154	834	-	287	1,275
Share of results of associate	-	275	275	-	-	-	275
Share of results of joint venture	(6,180)	-	(6,180)	-	-	-	(6,180)
Segment profit (Note A)	36,604	2,266	38,870	5,596	(1,658)	(6,656)	36,152
3 months period ended							
31 January 2018							
Revenue:							
External customers	134,666	4,971	139,637	33,279	-	-	172,916
Results:							
Interest income	18	20	38	10	147	862	1,057
Depreciation and amortisation	73	58	131	913	-	291	1,335
Share of results of associate	-	270	270	-	-	-	270
Share of results of joint venture	7,913	-	7,913	-	-	-	7,913
Segment profit (Note A)	72,360	1,625	73,985	5,502	(5,834)	(8,114)	65,539

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2019

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							
12 months period ended							
31 January 2019							
Revenue:							
External customers	277,737	19,937	297,674	133,074	-	-	430,748
Results:							
Interest income	3	109	112	147	674	4,838	5,771
Depreciation and amortisation	396	222	618	3,426	-	1,157	5,201
Share of results of associate	-	993	993	-	-	-	993
Share of results of joint venture	12,204	-	12,204	-	-	-	12,204
Segment profit (Note A)	105,649	8,320	113,969	28,376	1,674	(17,612)	126,407
12 months period ended							
31 January 2018							
Revenue:							
External customers	444,062	20,543	464,605	152,389	-	-	616,994
Results:							
Interest income	18	56	74	43	583	3,256	3,956
Depreciation and amortisation	225	235	460	3,280	-	1,140	4,880
Share of results of associate	-	1,361	1,361	-	-	-	1,361
Share of results of joint venture	16,781	-	16,781	-	-	-	16,781
Segment profit (Note A)	145,508	8,976	154,484	36,214	(11,361)	(19,042)	160,295

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	31	31	31
	January	January	January	January
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income	1,863	904	4,985	3,298
Finance costs	(828)	(622)	(3,267)	(2,424)
Other unallocated corporate expenses	(7,691)	(8,396)	(19,330)	(19,916)
	<u>(6,656)</u>	<u>(8,114)</u>	<u>(17,612)</u>	<u>(19,042)</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2019

5 Segment information (continued)

Engineering

Revenue of RM79.64 million for the current quarter ended 31 January 2019 was 43% lower as compared to RM139.64 million for the corresponding quarter in 2018. Segment profit of RM38.87 million for the current quarter ended 31 January 2019 was 47% lower as compared to RM73.98 million for the corresponding quarter in 2018. The lower segment profit was mainly contributed by the lower revenue. Construction accounts for 94% of the revenue and 94% of segment profit of the Engineering Division.

Revenue of RM297.67 million for the year ended 31 January 2019 was 36% lower as compared to RM464.61 million for the corresponding period in 2018 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 RM113.97 million for the year ended 31 January 2019 was 26% lower as compared to RM154.48 million for the year ended 31 January 2018 due to lower revenue.

Metering

Revenue of RM34.86 million for the current quarter ended 31 January 2019 was 5% higher compared to RM33.28 million for the corresponding quarter in 2018. Segment profit of RM5.60 million for the current quarter ended 31 January 2019 was 2% higher as compared to RM5.50 million for the corresponding quarter in 2018.

Revenue of RM133.07 million for the year ended 31 January 2019 was 13% lower compared to RM152.39 million for the corresponding period in 2018. Segment profit of RM28.38 million for the year ended 31 January 2019 was 22% lower as compared to RM36.21 million for the corresponding period in 2018 mainly due to the lower sales 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 RM36.15 million (31 January 2018: RM65.54 million) was 45% lower. The lower profit before tax reported was mainly attributed to lower contribution from the Engineering division. Other gains and losses mainly arose from unrealised loss on foreign exchange of RM0.68 million (31 January 2018: RM9.48 million) on foreign currencies held.

The Group's profit before tax for the year ended 31 January 2019 of RM126.41 million (31 January 2018: RM160.30 million) was 21% lower. The lower profit before tax reported was mainly attributed to lower contribution from the Engineering division. Other gains and losses mainly arose from unrealised gain on foreign exchange of RM6.64 million (31 January 2018: unrealised loss of RM12.00 million) on foreign currencies held.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2019

6 Seasonality of operations

The Group's performance was not affected by any significant seasonal or cyclical factors.

7 Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31	31	31	31
	January	January	January	January
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(2,066)	(1,057)	(5,771)	(3,956)
Dividend income from:				
- financial assets at FVTPL	(2)	(118)	(10)	(126)
- financial assets at FVTOCI	(372)	-	(1,261)	-
- available-for-sale investment	-	(109)	-	(750)
Other income	(152)	(1,003)	(2,504)	(4,240)
Finance costs	828	622	3,267	2,424
Depreciation of property, plant and equipment	1,223	1,289	5,011	4,699
Amortisation of other intangible assets	52	46	190	181
Inventories written down	182	330	182	356
Reversal on inventories written down	(230)	(4)	(342)	(20)
Impairment loss on trade and other receivables	1,106	-	1,106	-
Loss on disposal of financial assets at FVTPL	72	-	72	-
Loss on disposal of available-for-sale investment	-	226	-	226
Gain on disposal of property, plant and equipment	-	(227)	(112)	(271)
Fair value gain on financial assets at FVTPL	(148)	(97)	(123)	(49)
Loss/(Gain) arising on financial liabilities designated as at FVTPL:				
- realised	-	244	450	234
- unrealised	-	(59)	(277)	264
(Gain)/Loss on foreign exchange:				
- realised	(90)	623	2,571	1,708
- unrealised	677	9,481	(6,641)	11,997

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2019

8 Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
Current Tax:				
Malaysian tax	26,164	14,080	40,490	37,877
Foreign tax	1,402	1,629	3,218	3,492
	<u>27,566</u>	<u>15,709</u>	<u>43,708</u>	<u>41,369</u>
Under/(Over)provision in prior years:				
Malaysian tax	3,832	-	7,955	(32)
	<u>31,398</u>	<u>15,709</u>	<u>51,663</u>	<u>41,337</u>
Deferred tax	(13,495)	(1,840)	(10,174)	(5,261)
	<u>17,903</u>	<u>13,869</u>	<u>41,489</u>	<u>36,076</u>

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.

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 3 months ended		Cumulative quarter 12 months ended	
	31 January 2019	31 January 2018	31 January 2019	31 January 2018
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>18,249</u>	<u>51,853</u>	<u>84,918</u>	<u>124,402</u>
Weighted average number of ordinary shares (excluding Treasury Shares) for earnings per share computation ('000)	<u>555,729</u>	<u>563,269</u>	<u>556,782</u>	<u>563,269</u>
Basic/Diluted earnings per share (sen)	<u>3.3</u>	<u>9.2</u>	<u>15.3</u>	<u>22.1</u>

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

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2019

10 Property, plant and equipment

Acquisitions and disposals

During the year ended 31 January 2019, the Group acquired assets at a cost of RM2.33 million (31 January 2018: RM5.91 million).

Assets with carrying amount of RM131,000 (31 January 2018: RM83,000) were disposed of by the Group during the year ended 31 January 2019, resulting in a gain on disposal of RM112,000 (31 January 2018: RM271,000), 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.

12 Other intangible assets

	Computer software RM'000	Product development costs RM'000	Other development costs RM'000	Total RM'000
Cost:				
At 1 February 2018	593	4,984	980	6,557
Additions	83	1,251	-	1,334
Write off	-	(1,294)	-	(1,294)
Transfer to Property, plant and equipment	-	(348)	-	(348)
At 31 January 2019	676	4,593	980	6,249
Accumulated amortisation:				
At 1 February 2018	486	150	931	1,567
Amortisation	63	78	49	190
At 31 January 2019	549	228	980	1,757
Carrying amount:				
At 1 February 2018	107	4,834	49	4,990
At 31 January 2019	127	4,365	-	4,492

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.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2019

13 Inventories

During the year ended 31 January 2019, the Group recognised a reversal of inventories write down of RM342,000 (31 January 2018: RM20,000) and inventories write down of RM182,000 (31 January 2018: RM356,000). The inventories write down and reversal of inventories write down are recognised in profit or loss.

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 January 2019				
Financial assets at FVTPL:				
- Listed equity securities	147	147	-	-
Financial assets at FVTOCI:				
- Listed bonds	13,191	13,191	-	-
- Listed equity securities	19,434	19,434	-	-
- Unlisted equity securities	2,082	-	2,082	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	16,975	-	-	16,975
- Long-term leasehold land	837	-	-	837
- Building on long-term leasehold land	1,431	-	-	1,431
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

15 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 January 2019 RM'000	31 January 2018 RM'000
Short-term deposits with licensed banks	138,152	160,485
Cash and bank balances	125,864	350,127
	<u>264,016</u>	<u>510,612</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2019

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 January 2019, the Company repurchased a total of 24,271,900 of its shares from the open market for a total consideration of RM25,748,944. Subsequent to 31 January 2019 and up to date of this announcement, a total of 380,000 shares were repurchased from the open market for a total consideration of RM426,350. 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 January 2019 RM'000	31 January 2018 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	536	-
Revolving credits	48,409	42,506
Bankers' acceptance	9,060	10,708
Invoice Financing	783	-
Hire-purchase payables	630	1,106
	<u>59,418</u>	<u>54,320</u>
Long-term borrowings		
Secured:		
Hire-purchase payables	710	2,120
	<u>60,128</u>	<u>56,440</u>

18 Provisions for costs of restructuring

Not applicable.

19 Dividend

The Directors have declared a third interim dividend of 3.5 sen per share for FY2019 (FY2018: 5.0 sen per share), payable on 30 April 2019 to shareholders whose names appear in the Record of Depositors on 9 April 2019, being the Book Closure Date ("BCD").

On the assumption that as announced to date, the Treasury Shares of 24,651,900 (which are not entitled to dividends), remained the same as at BCD, the dividend pay-out on 538,617,165 shares will amount to approximately RM18.85 million (FY2018: RM28.16 million on 563,269,065 shares).

Two interim dividends have been paid for the financial year ended 31 January 2019. The first and second interim dividends of 2.0 sen per share on 555,498,165 shares (FY2018: 2.5 sen per share on 563,269,065 shares) and 1.5 sen per share on 540,837,265 shares (FY2018: 2.0 sen per share on 563,269,065 shares) respectively amounting to RM19.22 million (FY2018: RM25.35 million) were paid on 1 November 2018 and 29 January 2019 respectively.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2019

20 Commitments

Capital expenditure as at the reporting date is as follows:

	31 January 2019 RM'000	31 January 2018 RM'000
Approved and contracted for:		
Property, plant and equipment	1,054	315
Approved but not contracted for:		
Property, plant and equipment	24	551

21 Contingencies

The Company has, after seeking professional advice, treated the contract of a project as qualifying for zero-rating under the transitional provisions of the Goods and Services Tax Act, 2014 ("GST Act"). The Royal Malaysian Customs Department ("Customs") has however challenged this and takes the view that the contract is not eligible for zero-rating. The amount being contested amounts to approximately RM29 million. The Company has appealed against this decision by Customs and the appeal has been fixed for hearing before the Customs Appeal Tribunal on 21 and 22 May 2019.

Based on professional advice, the Company believes that it has strong grounds in its appeal against the decision of Customs.

Save for the above, there were no other material contingent liabilities or contingent assets.

22 Related party transactions

The Group had the following transactions with related parties during the year ended 31 January:

	Cumulative quarter 12 months ended	
	31 January 2019 RM'000	31 January 2018 RM'000
Related companies: *		
Rental expenses for motor vehicle	85	72
Rental expenses for land	480	300
Purchase of air tickets	1,068	780
Share registration charges, secretarial and accounting fees	132	125

* 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 twelve-month period ended 31 January 2019**

24 Performance review

	Current quarter 3 months ended			Cumulative quarter 12 months ended		
	31	31	Changes %	31	31	Changes %
	January 2019 RM'000	January 2018 RM'000		January 2019 RM'000	January 2018 RM'000	
Revenue	114,503	172,916	- 34	430,748	616,994	- 30
Profit before tax	36,152	65,539	- 45	126,407	160,295	- 21
Profit after tax	18,249	51,853	- 65	84,918	124,402	- 32

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 January 2019 RM'000	Preceding quarter 3 months ended 31 October 2018 RM'000	Changes %
Revenue	114,503	103,550	+ 11
Profit before tax	36,152	34,690	+ 4
Profit after tax	18,249	20,554	- 11

The profit before taxation for the current quarter ended 31 January 2019 is 4% higher than the preceding quarter due to higher profit contributed by the Engineering division.

26 Commentary on prospects

For the final quarter of the financial year, the Group reported profit after tax of RM18.25 million (Q4FY2018: RM51.85 million). For the full year, profit after tax was RM84.92 million (FY2018: RM124.40 million).

The current year's performance is credible in spite of the re-timing of income recognition arising from the re-modelling of LRT3 project to a fixed price contract by the Government.

We are optimistic of the prospects ahead of us as our underlying businesses are robust.

Metering

The Group continues to expand its manufacturing capacity to cater for the growing demand, both locally and regionally especially in the Automated Meter Reading (AMR) segment. To broaden its income base, substantial resources are being allocated to expand its already strong global distribution network of over 40 countries to encompass new markets worldwide.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 January 2019**

26 Commentary on prospects (continued)

Engineering

On 25th January 2019, the Group's 50%-owned LRT 3 project joint venture company, MRCB George Kent Sdn Bhd ("JV Co") signed the largest turnkey contract with the Government for RM11.4 billion. The Group is also continuing with the construction of the two Government hospital projects of over RM500 million in contract value.

With over 30 water infrastructure projects completed in the last 26 years, the Group is well-positioned to explore new opportunities in the water infrastructure sector.

Orderbook of over RM5 billion provides earnings visibility to the Group over the next few years. The Group continues to seek new opportunities in the regional railway space, leveraging on its expertise as rail systems specialist in domestic railway projects and its established network with international rail specialists.

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.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the twelve-month period ended 31 January 2019**

33 Derivative financial instruments

Details of derivative financial instruments outstanding as at 31 January 2019 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 January 2019			
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.

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 January 2019 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

25 March 2019