

## Condensed consolidated interim financial statements

For the three-month period ended 30 April 2019

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

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30 April 2019 Unaudited RM'000	30 April 2018 Unaudited RM'000	30 April 2019 Unaudited RM'000	30 April 2018 Unaudited RM'000
<b>Revenue</b>		82,779	99,762	82,779	99,762
Cost of sales		(56,622)	(75,229)	(56,622)	(75,229)
<b>Gross profit</b>		26,157	24,533	26,157	24,533
Interest income		1,243	846	1,243	846
Other gains/losses		1,088	2,727	1,088	2,727
Administrative expenses		(514)	(529)	(514)	(529)
Distribution costs		(270)	(360)	(270)	(360)
Other expenses		(8,591)	(10,291)	(8,591)	(10,291)
Finance costs		(724)	(680)	(724)	(680)
Share of results of associate		170	221	170	221
Share of results of joint venture		(643)	9,222	(643)	9,222
<b>Profit before tax</b>	7	17,916	25,689	17,916	25,689
Income tax expense	8	(4,409)	(4,154)	(4,409)	(4,154)
<b>Profit for the period, attributable to the owners of the Company</b>		13,507	21,535	13,507	21,535
<b>Other comprehensive income/(loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Fair value gain on investments designated as at FVTOCI		856	-	856	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		76	74	76	74
Fair value loss on investments designated as at FVTOCI		(89)	(788)	(89)	(788)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		843	(714)	843	(714)
<b>Total comprehensive income for the period, attributable to the owners of the Company</b>		14,350	20,821	14,350	20,821
<b>Earnings per share attributable to the owners of the Company (sen):</b>					
Basic and diluted	9	2.5	3.8	2.5	3.8

*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 three-month period ended 30 April 2019**  
**Condensed consolidated statement of financial position**

		<b>30 April 2019</b>	<b>31 January 2019</b>
	<b>Note</b>	<b>Unaudited RM'000</b>	<b>Audited RM'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	124,108	125,345
Goodwill	11	876	876
Other intangible assets	12	4,828	4,492
Financial assets at FVTOCI	14	1,989	2,082
Investment in associate		21,709	21,498
Investment in joint venture		35,960	36,603
Deferred tax assets		12,120	12,119
		<u>201,590</u>	<u>203,015</u>
<b>Current assets</b>			
Inventories	13	56,316	57,364
Trade and other receivables		193,170	231,208
Financial assets at FVTPL	14	152	147
Financial assets at FVTOCI	14	33,943	32,625
Tax recoverable		9,827	8,744
Deposits, cash and bank balances	15	265,316	264,016
		<u>558,724</u>	<u>594,104</u>
<b>Total assets</b>		<u>760,314</u>	<u>797,119</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	16	187,756	187,756
Treasury shares		(26,175)	(25,749)
Foreign currency translation reserve		(11,069)	(11,145)
Properties revaluation reserve		33,931	33,931
Investment revaluation reserve		(1,500)	(2,462)
Retained earnings		297,760	303,300
<b>Total equity</b>		<u>480,703</u>	<u>485,631</u>
<b>Non-current liabilities</b>			
Trade and other payables		1,717	1,749
Loans and borrowings	17	618	707
		<u>2,335</u>	<u>2,456</u>
<b>Current liabilities</b>			
Trade and other payables		214,003	248,693
Loans and borrowings	17	62,373	59,421
Other financial liabilities	14	1	-
Tax liabilities		899	918
		<u>277,276</u>	<u>309,032</u>
<b>Total liabilities</b>		<u>279,611</u>	<u>311,488</u>
<b>Total equity and liabilities</b>		<u>760,314</u>	<u>797,119</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 three-month period ended 30 April 2019**  
**Condensed consolidated statement of changes in equity**

	Attributable to the owners of the Company						
	Non-Distributable				Distributable		Total RM'000
	Share capital RM'000	Foreign currency translation reserve RM'000	Properties revaluation reserve RM'000	Investment revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	
<b>At 1 February 2018</b>	187,756	(11,680)	35,140	(13)	-	264,580	
Total comprehensive income	-	74	-	(788)	-	21,535	20,821
Dividends	19	-	-	-	-	(28,163)	(28,163)
<b>At 30 April 2018</b>	<b>187,756</b>	<b>(11,606)</b>	<b>35,140</b>	<b>(801)</b>	<b>-</b>	<b>257,952</b>	<b>468,441</b>
<b>At 1 February 2019</b>	187,756	(11,145)	33,931	(2,462)	(25,749)	303,300	485,631
Total comprehensive income	-	76	-	767	-	13,507	14,350
Transfer upon disposal of investment	-	-	-	195	-	(195)	-
Dividends	19	-	-	-	-	(18,852)	(18,852)
Share buybacks	16	-	-	-	(426)	-	(426)
<b>At 30 April 2019</b>	<b>187,756</b>	<b>(11,069)</b>	<b>33,931</b>	<b>(1,500)</b>	<b>(26,175)</b>	<b>297,760</b>	<b>480,703</b>

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

**Condensed consolidated interim financial statements**  
**For the three-month period ended 30 April 2019**  
**Condensed consolidated statement of cash flows**

	Note	3 months ended	
		30 April 2019	30 April 2018
		Unaudited RM'000	Unaudited RM'000
<u>Operating activities</u>			
<b>Profit before tax</b>		17,916	25,689
Adjustments for:			
Interest income		(1,243)	(846)
Finance costs		724	680
Gain on disposal of property, plant and equipment	10	(5)	-
Depreciation of property, plant and equipment		1,201	1,241
Amortisation of other intangible assets	12	42	45
Reversal on inventories written down	13	(181)	(6)
Impairment loss on trade and other receivables		150	-
Reversal of impairment loss on trade and other receivables		(234)	-
Fair value gain on financial assets at FVTPL		(5)	(14)
Unrealised gain on foreign exchange		(343)	(2,674)
Unrealised loss/(gain) arising on financial liabilities designated as at FVTPL		1	(277)
Share of results of associate		(170)	(221)
Share of results of joint venture		643	(9,222)
Dividend income from FVTOCI investment		(352)	(218)
<b>Operating profit before working capital changes</b>		<u>18,144</u>	<u>14,177</u>
Changes in working capital:			
Decrease/(Increase) in inventories		1,231	(617)
Decrease/(Increase) in trade and other receivables		38,270	(11,309)
Decrease in trade and other payables		(34,791)	(62,088)
Total changes in working capital		<u>4,710</u>	<u>(74,014)</u>
Interest paid		(747)	(852)
Income tax paid		(5,513)	(13,142)
		<u>(6,260)</u>	<u>(13,994)</u>
<b>Net cash from/(used in) operating activities</b>		<u>16,594</u>	<u>(73,831)</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(118)	(174)
Proceeds from disposal of property, plant and equipment		120	-
Acquisition of other intangible assets		(376)	(351)
Purchase of financial assets at FVTOCI		(2,363)	(9,697)
Proceeds from disposal of FVTOCI investment		2,230	-
Dividend income received from FVTOCI investment		-	200
Interest income received		1,243	846
<b>Net cash from/(used in) investing activities</b>		<u>736</u>	<u>(9,176)</u>
<u>Financing activities</u>			
Drawdown of other bank borrowings		61,533	50,344
Repayment of other bank borrowings		(58,508)	(53,543)
Repayment of hire-purchase		(180)	(295)
Dividends paid		(18,852)	(28,163)
Share buybacks		(426)	-
<b>Net cash used in financing activities</b>		<u>(16,433)</u>	<u>(31,657)</u>
<b>Net change in cash and cash equivalents</b>		897	(114,664)
Effect of foreign exchange rate changes		541	794
<b>Cash and cash equivalents at 1 February</b>		<u>263,480</u>	<u>510,612</u>
<b>Cash and cash equivalents at 30 April*</b>		<u>264,918</u>	<u>396,742</u>
<b>* Cash and cash equivalents comprise the following:</b>			
Deposits, cash and bank balances		265,316	396,742
Bank overdrafts		(398)	-
Total cash and cash equivalents		<u>264,918</u>	<u>396,742</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 three-month period ended 30 April 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 June 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 2019.

#### **Adoption of New and Revised Malaysian Financial Reporting Standards**

During the current financial period, 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 January 2019 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 16: Leases
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128: Long-term Interest in Associate and Joint Ventures
- IC Interpretation 23: Uncertainty over Income Tax Treatments
- Annual Improvements to MFRS Standards 2015 - 2017 Cycle

The adoption of the above Standards, Amendments, Interpretations and Annual Improvements to Standards 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.

#### **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 three-month period ended 30 April 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
<b>Current quarter</b>							
<b>3 months period ended</b>							
<b>30 April 2019</b>							
<b>Revenue:</b>							
External customers	46,456	4,972	51,428	31,351	-	-	82,779
<b>Results:</b>							
Interest income	4	39	43	57	184	959	1,243
Depreciation and amortisation	84	51	135	831	-	277	1,243
Share of results of associate	-	170	170	-	-	-	170
Share of results of joint venture	(643)	-	(643)	-	-	-	(643)
Segment profit (Note A)	14,409	1,973	16,382	4,993	320	(3,779)	17,916
<b>3 months period ended</b>							
<b>30 April 2018</b>							
<b>Revenue:</b>							
External customers	68,433	4,552	72,985	26,777	-	-	99,762
<b>Results:</b>							
Interest income	1	18	19	9	173	645	846
Depreciation and amortisation	92	54	146	842	-	298	1,286
Share of results of associate	-	221	221	-	-	-	221
Share of results of joint venture	9,222	-	9,222	-	-	-	9,222
Segment profit (Note A)	19,407	1,903	21,310	6,085	(128)	(1,578)	25,689

## Explanatory notes pursuant to MFRS 134

### For the three-month period ended 30 April 2019

#### 5 Segment information (continued)

##### Note A

The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30 April	30 April	30 April	30 April
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income	1,016	645	1,016	645
Finance costs	(724)	(680)	(724)	(680)
Other unallocated corporate expenses	(4,071)	(1,543)	(4,071)	(1,543)
	<u>(3,779)</u>	<u>(1,578)</u>	<u>(3,779)</u>	<u>(1,578)</u>

##### Engineering

Revenue of RM51.43 million for the current quarter ended 30 April 2019 was 30% lower as compared to RM72.99 million for the corresponding quarter in 2018. Segment profit of RM16.38 million for the current quarter ended 30 April 2019 was 23% lower as compared to RM21.31 million for the corresponding quarter in 2018. The lower segment profit was mainly contributed by the lower revenue. Construction accounts for 90% of the revenue and 88% of segment profit of the Engineering Division.

##### Metering

Revenue of RM31.35 million for the current quarter ended 30 April 2019 was 17% higher compared to RM26.78 million for the corresponding quarter in 2018. Segment profit of RM4.99 million for the current quarter ended 30 April 2019 was 18% lower as compared to RM6.09 million for the corresponding quarter in 2018 mainly due to the lower gross profit margin in the current quarter.

##### 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 RM17.92 million (30 April 2018: RM25.69 million) was 30% 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 RM0.34 million (30 April 2018: RM2.67 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 three-month period ended 30 April 2019

#### 7 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30 April 2019 RM'000	30 April 2018 RM'000	30 April 2019 RM'000	30 April 2018 RM'000
Interest income	(1,243)	(846)	(1,243)	(846)
Dividend income from FVTOCI investment	(352)	(218)	(352)	(218)
Other income	(322)	(1,471)	(322)	(1,471)
Finance costs	724	680	724	680
Gain on disposal of property, plant and equipment	(5)	-	(5)	-
Depreciation of property, plant and equipment	1,201	1,241	1,201	1,241
Amortisation of other intangible assets	42	45	42	45
Reversal on inventories written down	(181)	(6)	(181)	(6)
Impairment loss on trade and other receivables	150	-	150	-
Reversal of impairment loss on trade receivables	(234)	-	(234)	-
Net fair value gain on FVTPL investment	(5)	(14)	(5)	(14)
Loss/(Gain) arising on financial liabilities designated as at FVTPL:				
- realised	-	450	-	450
- unrealised	1	(277)	1	(277)
Loss/(Gain) on foreign exchange:				
- realised	22	1,477	22	1,477
- unrealised	(343)	(2,674)	(343)	(2,674)

#### 8 Income tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30 April 2019 RM'000	30 April 2018 RM'000	30 April 2019 RM'000	30 April 2018 RM'000
Current Tax:				
Malaysian tax	3,783	3,600	3,783	3,600
Foreign tax	626	554	626	554
	<u>4,409</u>	<u>4,154</u>	<u>4,409</u>	<u>4,154</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 slightly lower than the statutory tax rate mainly due to certain income not being taxable for tax purposes.



## Explanatory notes pursuant to MFRS 134

### For the three-month period ended 30 April 2019

#### 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		3 months ended	
	30 April	30 April	30 April	30 April
	2019	2018	2019	2018
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	13,507	21,535	13,507	21,535
Weighted average number of ordinary shares (excluding Treasury Shares) for earnings per share computation ('000)	538,720	563,269	538,720	563,269
Basic/Diluted earnings per share (sen)	2.5	3.8	2.5	3.8

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 30 April 2019, the Group acquired assets at a cost of RM0.12 million (30 April 2018: RM0.62 million).

Assets with carrying amount of RM115,000 (30 April 2018: Nil) were disposed of by the Group during the period ended 30 April 2019, resulting in a gain on disposal of RM5,000 (30 April 2018: Nil), recognised in profit or loss.

## Explanatory notes pursuant to MFRS 134

### For the three-month period ended 30 April 2019

#### 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 develop- ment costs RM'000	Total RM'000
<b>Cost:</b>			
At 1 February 2019	676	4,593	5,269
Additions	-	378	378
At 30 April 2019	676	4,971	5,647
<b>Accumulated amortisation:</b>			
At 1 February 2019	549	228	777
Amortisation	18	24	42
At 30 April 2019	567	252	819
<b>Carrying amount:</b>			
At 1 February 2019	127	4,365	4,492
At 30 April 2019	109	4,719	4,828

#### 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.

## Explanatory notes pursuant to MFRS 134

### For the three-month period ended 30 April 2019

#### 13 Inventories

During the period ended 30 April 2019, the Group recognised a reversal of inventories write down of RM181,000 (30 April 2018: RM6,000). The 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
<b>At 30 April 2019</b>				
Financial assets at FVTPL:				
- Quoted equity securities	152	152	-	-
Financial assets at FVTOCI:				
- Quoted bonds	15,074	15,074	-	-
- Quoted equity securities	18,869	18,869	-	-
- Unquoted equity securities	1,989	-	1,989	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(1)	-	(1)	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	16,825	-	-	16,825
- Long-term leasehold land	839	-	-	839
- Building on long-term leasehold land	1,414	-	-	1,414
<b>At 31 January 2019</b>				
Financial assets at FVTPL:				
- Quoted equity securities	147	147	-	-
Financial assets at FVTOCI:				
- Quoted bonds	13,191	13,191	-	-
- Quoted equity securities	19,434	19,434	-	-
- Unquoted 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

## Explanatory notes pursuant to MFRS 134

### For the three-month period ended 30 April 2019

#### 15 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	30 April 2019 RM'000	31 January 2019 RM'000
Short-term deposits with licensed banks	188,936	138,152
Cash and bank balances	76,380	125,864
	<u>265,316</u>	<u>264,016</u>

#### 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 30 April 2019, the Company repurchased a total of 24,651,900 of its shares from the open market for a total consideration of RM26,175,294. Subsequent to 30 April 2019 and up to date of this announcement, there were no repurchase of shares from the open market. 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

	30 April 2019 RM'000	31 January 2019 RM'000
<b>Short-term borrowings</b>		
Secured:		
Bank overdrafts	398	536
Revolving credits	47,895	48,409
Bankers' acceptance	10,763	9,060
Invoice Financing	2,776	783
Hire-purchase payables	541	633
	<u>62,373</u>	<u>59,421</u>
<b>Long-term borrowings</b>		
Secured:		
Hire-purchase payables	618	707
	<u>62,991</u>	<u>60,128</u>

## Explanatory notes pursuant to MFRS 134

### For the three-month period ended 30 April 2019

#### 18 Provisions for costs of restructuring

Not applicable.

#### 19 Dividend

No interim ordinary dividend has been declared for the financial period ended 30 April 2019 (30 April 2018: Nil).

Three interim dividends have been paid for the financial year ended 31 January 2019. The first, second and third interim dividends of 2.0 sen per share on 555,498,165 shares (FY2018: 2.5 sen per share on 563,269,065 shares), 1.5 sen per share on 540,837,265 shares (FY2018: 2.0 sen per share on 563,269,065 shares) and 3.5 sen per share on 538,617,165 shares (FY2018: 5.0 sen per share on 563,269,065 shares) were paid on 1 November 2018, 29 January 2019 and 30 April 2019 respectively.

In Ringgit term, the total dividend for the financial year ended 31 January 2019 was RM38.08 million (FY2018: RM53.51 million).

#### 20 Commitments

Capital expenditure as at the reporting date is as follows:

	30 April 2019 RM'000	31 January 2019 RM'000
<b>Approved and contracted for:</b>		
Property, plant and equipment	1,062	1,054
<b>Approved but not contracted for:</b>		
Property, plant and equipment	24	24

#### 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. The appeal was heard before the Customs Appeal Tribunal on 29 May 2019 and the decision is scheduled on 2 August 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.

## Explanatory notes pursuant to MFRS 134

### For the three-month period ended 30 April 2019

#### 22 Provision of Financial Assistance

Pursuant to paragraph 8.23(1)(ii) of Bursa Malaysia Securities Berhad's Listing Requirements, the financial assistance provided by the Company is as follows:

The Company and its joint venture partner, each ultimately holding 50% of the total issued and paid up share capital of MRCB George Kent Sdn Bhd (the "Contractor") have on 22 March 2019 issued their respective parent company guarantee to Prasarana Malaysia Berhad, to guarantee the due performance and all obligations, duties and undertakings of the Contractor for the construction and completion of the Project known as Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia.

As at reporting date, the aforementioned parent company guarantee has not been called as the Contractor is fulfilling its performance and obligations under the Project.

The Directors are of the opinion that the issue of the parent company guarantee by the Company is in its ordinary course of business.

#### 23 Related party transactions

The Group had the following transactions with related parties during the period ended 30 April:

	Cumulative quarter	
	3 months ended	
	30 April	30 April
	2019	2018
	RM'000	RM'000
Related companies: *		
Rental expenses for motor vehicle	-	49
Rental expenses for land	120	120
Purchase of air tickets	58	362
Share registration charges, secretarial and accounting fees	36	29
		<hr/>

\* 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 three-month period ended 30 April 2019**

**25 Performance review**

	Current quarter 3 months ended			Cumulative quarter 3 months ended		
	30 April 2019	30 April 2018	Changes	30 April 2019	30 April 2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	82,779	99,762	- 17	82,779	99,762	- 17
Profit before tax	17,916	25,689	- 30	17,916	25,689	- 30
Profit after tax	13,507	21,535	- 37	13,507	21,535	- 37

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

**26 Comment on material change in profit before taxation**

	Current quarter 3 months ended 30 April 2019	Preceding quarter 3 months ended 31 January 2019	Changes
	RM'000	RM'000	%
Revenue	82,779	115,385	- 28
Profit before tax	17,916	37,579	- 52
Profit after tax	13,507	19,658	- 31

The profit before taxation for the current quarter ended 30 April 2019 is 52% lower than the preceding quarter due to lower profit contributed by the Engineering division.

**27 Commentary on prospects**

The first quarter's results are credible. Our Metering division was able to meet the higher demand. Our Engineering division's margins and profits had improved due to more efficient management and execution.

The continued robustness of our underlying businesses should enable us to continue performing credibly for the rest of this financial year.

**Metering**

The expansion of our manufacturing capacity to cater for growing local and regional demand, especially in the Automated Meter Reading segment, is progressing well.

**Engineering**

We continue to invest substantial resources to facilitate the timely delivery of our projects.

Our order book of over RM5 billion provides earnings visibility for the next few years. The Group continues to seek opportunities in the Regional railway space, leveraging on its expertise as Rail Systems Integrator in domestic railway projects and its established network with global rail specialists.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:  
 Chapter 9, Appendix 9B, Part A  
 For the three-month period ended 30 April 2019**

**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 19 for details.

**34 Derivative financial instruments**

Details of derivative financial instruments outstanding as at 30 April 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
<b>At 30 April 2019</b>			
Foreign currency forward contracts	502	(1)	Less than 1 year
<b>At 31 January 2019</b>			
Foreign exchange option contracts	-	-	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 30 April 2019 and 31 January 2019.



**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:  
Chapter 9, Appendix 9B, Part A  
For the three-month period ended 30 April 2019**

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

The auditors' report on the financial statements for the financial year ended 31 January 2019 was not qualified.

BY ORDER OF THE BOARD

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

25 June 2019