

Condensed consolidated interim financial statements
For the nine-month period ended 31 October 2020
Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 October 2020	31 October 2019	31 October 2020	31 October 2019
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		78,910	72,914	188,381	253,414
Cost of sales		(52,977)	(53,786)	(135,936)	(182,265)
Gross profit		25,933	19,128	52,445	71,149
Interest income		472	1,347	1,520	4,014
Other (losses)/gains		(2,017)	2,240	2,712	2,994
Administrative expenses		(506)	(453)	(1,713)	(1,505)
Distribution costs		(356)	(314)	(698)	(897)
Other expenses		(6,927)	(8,663)	(21,028)	(27,579)
Finance costs		(692)	(895)	(2,242)	(2,461)
Share of results of associate		-	85	55	661
Share of results of joint venture		182	174	686	(61)
Profit before tax	7	16,089	12,649	31,737	46,315
Income tax expense	8	(5,440)	(2,392)	(8,621)	(11,497)
Profit for the period, attributable to the owners of the Company		10,649	10,257	23,116	34,818
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on investments designated at FVTOCI		(586)	228	(14)	609
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		(398)	429	201	143
Fair value gain/(loss) on investments designated at FVTOCI		84	59	(171)	560
Other comprehensive (loss)/income for the period, net of tax		(900)	716	16	1,312
Total comprehensive income for the period, attributable to the owners of the Company		9,749	10,973	23,132	36,130
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	9	2.0	1.9	4.4	6.5

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 2020
Condensed consolidated statement of financial position

		31 October 2020	31 January 2020
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	129,032	124,798
Right-of-use assets	11	1,512	1,931
Goodwill	12	876	876
Other intangible assets	13	22,110	21,558
Financial assets at FVTOCI	15	2,060	1,968
Investment in associate		4,062	15,141
Investment in joint venture		37,563	36,877
Deferred tax assets		1,578	1,578
		<u>198,793</u>	<u>204,727</u>
Current assets			
Inventories	14	40,979	50,831
Trade and other receivables		191,751	197,618
Financial assets at FVTPL	15	108	137
Financial assets at FVTOCI	15	34,190	33,531
Tax recoverable		16,718	20,023
Deposits, cash and bank balances	16	198,779	241,914
		<u>482,525</u>	<u>544,054</u>
Total assets		<u>681,318</u>	<u>748,781</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17	187,756	187,756
Treasury shares	17	(35,052)	(30,579)
Foreign currency translation reserve		(11,568)	(11,769)
Properties revaluation reserve		37,405	37,405
Investment revaluation reserve		(108)	(1,138)
Retained earnings		328,964	312,336
Total equity		<u>507,397</u>	<u>494,011</u>
Non-current liabilities			
Trade and other payables		1,521	1,620
Loans and borrowings	18	1,176	1,731
		<u>2,697</u>	<u>3,351</u>
Current liabilities			
Trade and other payables		97,365	187,311
Loans and borrowings	18	73,858	64,107
Tax liabilities		1	1
		<u>171,224</u>	<u>251,419</u>
Total liabilities		<u>173,921</u>	<u>254,770</u>
Total equity and liabilities		<u>681,318</u>	<u>748,781</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 2020
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	Investment revaluation reserve	Treasury shares	Retained earnings	Total
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2019	187,756	(11,145)	33,931	(2,462)	(25,749)	303,300	485,631
Total comprehensive income	-	143	-	1,169	-	34,818	36,130
Transfer upon disposal of investment	-	-	-	248	-	(248)	-
Dividends	20	-	-	-	-	(26,925)	(26,925)
Share buybacks	17	-	-	-	(901)	-	(901)
At 31 October 2019	187,756	(11,002)	33,931	(1,045)	(26,650)	310,945	493,935
At 1 February 2020	187,756	(11,769)	37,405	(1,138)	(30,579)	312,336	494,011
Total comprehensive income/(loss)	-	201	-	(185)	-	23,116	23,132
Transfer upon disposal of investment	-	-	-	1,215	-	(1,215)	-
Dividends	20	-	-	-	-	(5,273)	(5,273)
Share buybacks	17	-	-	-	(4,473)	-	(4,473)
At 31 October 2020	187,756	(11,568)	37,405	(108)	(35,052)	328,964	507,397

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 2020
Condensed consolidated statement of cash flows

	Note	9 months ended	
		31 October	31 October
		2020	2019
		Unaudited	Unaudited
		RM'000	RM'000
<u>Operating activities</u>			
Profit before tax		31,737	46,315
Adjustments for:			
Interest income		(1,520)	(4,014)
Finance costs		2,242	2,461
Gain on disposal of property, plant and equipment	10	(130)	(342)
Depreciation of property, plant and equipment		3,519	3,231
Depreciation of right-of-use assets		462	381
Amortisation of other intangible assets	13	246	222
Inventories written down	14	-	248
Reversal on inventories written down	14	-	(387)
Trade receivables written off		-	150
Reversal of impairment loss on trade receivables		-	(234)
Fair value loss on financial assets at FVTPL		29	7
Unrealised loss/(gain) on foreign exchange		15	(731)
Share of results of associate		(55)	(661)
Share of results of joint venture		(686)	61
Income derived from capital guaranteed fund		(97)	81
Dividend income from FVTOCI investment		(998)	(1,044)
Dividend income from FVTPL investment		(5)	(6)
Operating profit before working capital changes		<u>34,759</u>	<u>45,738</u>
Changes in working capital:			
Decrease in inventories		9,852	1,324
Decrease in trade and other receivables		17,051	15,199
Decrease in trade and other payables		(88,747)	(78,260)
Total changes in working capital		<u>(61,844)</u>	<u>(61,737)</u>
Income tax refunded		-	92
Income tax paid		(6,992)	(17,320)
		<u>(6,992)</u>	<u>(17,228)</u>
Net cash used in operating activities		<u>(34,077)</u>	<u>(33,227)</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(7,999)	(920)
Proceeds from disposal of property, plant and equipment		258	2,010
Acquisition of other intangible assets		(793)	(1,611)
Purchase of financial assets at FVTOCI		(5,575)	(2,378)
Proceeds from disposal of FVTOCI investment		4,845	3,357
Dividend income received from FVTPL investment		5	6
Dividend income received from FVTOCI investment		1,000	415
Interest income received		1,520	4,014
Income derived from capital guaranteed fund received		97	(81)
Net cash (used in)/from investing activities		<u>(6,642)</u>	<u>4,812</u>
<u>Financing activities</u>			
Drawdown of other bank borrowings		72,227	69,500
Repayment of other bank borrowings		(63,499)	(57,167)
Repayment of lease liabilities		(544)	(493)
Interest paid		(2,242)	(4,198)
Dividends paid		(5,273)	(26,925)
Share buybacks		(4,473)	(901)
Net cash used in financing activities		<u>(3,804)</u>	<u>(20,184)</u>
Net change in cash and cash equivalents		<u>(44,523)</u>	<u>(48,599)</u>
Effect of foreign exchange rate changes		1,388	690
Cash and cash equivalents at 1 February		<u>241,914</u>	<u>263,480</u>
Cash and cash equivalents at 31 October*		<u>198,779</u>	<u>215,571</u>
* Cash and cash equivalents comprise the following:			
Deposits, cash and bank balances		198,779	217,120
Bank overdraft		-	(1,549)
Total cash and cash equivalents		<u>198,779</u>	<u>215,571</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 2020

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 15 December 2020.

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 2020.

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 January 2020 as follows:

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139, MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101, MFRS 108: Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above Standards and Amendments 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 nine-month period ended 31 October 2020

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 2020							
Revenue:							
External customers	29,507	-	29,507	49,403	-	-	78,910
Results:							
Interest income	-	31	31	6	33	402	472
Depreciation and amortisation	14	22	36	1,123	-	255	1,414
Share of results of associate	-	-	-	-	-	-	-
Share of results of joint venture	182	-	182	-	-	-	182
Segment profit (Note A)	8,692	(210)	8,482	13,320	(1,495)	(4,218)	16,089
3 months period ended							
31 October 2019							
Revenue:							
External customers	39,848	23	39,871	33,043	-	-	72,914
Results:							
Interest income	-	43	43	53	144	1,107	1,347
Depreciation and amortisation	12	41	53	921	-	283	1,257
Share of results of associate	-	85	85	-	-	-	85
Share of results of joint venture	174	-	174	-	-	-	174
Segment profit (Note A)	9,445	(579)	8,866	5,974	711	(2,902)	12,649

Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 October 2020
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 2020							
Revenue:							
External customers	89,435	-	89,435	98,946	-	-	188,381
Results:							
Interest income	-	72	72	64	137	1,247	1,520
Depreciation and amortisation	44	67	111	3,347	-	769	4,227
Share of results of associate	-	55	55	-	-	-	55
Share of results of joint venture	686	-	686	-	-	-	686
Segment profit (Note A)	20,473	(787)	19,686	22,221	(303)	(9,867)	31,737
9 months period ended							
31 October 2019							
Revenue:							
External customers	151,926	8,293	160,219	93,195	-	-	253,414
Results:							
Interest income	7	124	131	195	541	3,147	4,014
Depreciation and amortisation	181	136	317	2,670	-	847	3,834
Share of results of associate	-	661	661	-	-	-	661
Share of results of joint venture	(61)	-	(61)	-	-	-	(61)
Segment profit (Note A)	40,213	2,067	42,280	15,293	819	(12,077)	46,315

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 9 months ended	
	31 October 2020 RM'000	31 October 2019 RM'000	31 October 2020 RM'000	31 October 2019 RM'000
Interest income	402	1,107	1,247	3,147
Finance costs	(692)	(895)	(2,242)	(2,461)
Other unallocated corporate expenses	(3,928)	(3,114)	(8,872)	(12,763)
	<u>(4,218)</u>	<u>(2,902)</u>	<u>(9,867)</u>	<u>(12,077)</u>

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2020

5 Segment information (continued)

Engineering

Revenue of RM29.51 million for the current quarter ended 31 October 2020 was 26% lower as compared to RM39.87 million for the corresponding quarter in 2019 mainly attributed to the lower revenue contribution towards the end of a project. Segment profit of RM8.49 million for the current quarter ended 31 October 2020 was 4% lower as compared to RM8.87 million for the corresponding quarter in 2019. The lower segment profit was mainly contributed by the lower revenue partly offset by cost savings realised during the current quarter.

Revenue of RM89.44 million for the current period ended 31 October 2020 was 44% lower as compared to RM160.22 million for the corresponding period in 2019 mainly attributed to the lower revenue contribution towards the end of a project. The two hospital projects' revenue was also affected by the suspension of construction activities upon the implementation of MCO on 18 March 2020 until the progressive resumption of works on 9 June 2020 and 11 June 2020. Segment profit of RM19.69 million for the period ended 31 October 2020 was 53% lower as compared to RM42.28 million for the period ended 31 October 2019 mainly due to the lower revenue.

Metering

Revenue of RM49.40 million for the current quarter ended 31 October 2020 was 49.98% higher compared to RM33.04 million for the corresponding quarter in 2019. The higher revenue is derived from both local sales to certain local authorities, local private sales as well as export sales. Segment profit of RM13.32 million for the current quarter ended 31 October 2020 was 123% higher as compared to RM5.97 million for the corresponding quarter in 2019 mainly due to the higher sales and gross profit margin in the current quarter. Gross profit margin is higher mainly due to lower cost of material as well as lower overhead expenses arising from cost savings measures in place.

Revenue of RM98.95 million for the period ended 31 October 2020 was 6% higher compared to RM93.20 million for the corresponding period in 2019. The higher revenue is derived from local private sales and export sales. Segment profit of RM22.22 million for the period ended 31 October 2020 was 45% higher as compared to RM15.29 million for the corresponding period in 2019 mainly due to the higher sales and gross profit margin. Gross profit margin is higher mainly due to lower cost of material as well as lower overhead expenses arising from cost savings measures in place.

Metering activities was also disrupted with the implementation of MCO on 18 March 2020. The Company was allowed to reactivate its production line on 20 April 2020, albeit on a limited scale. Subsequently, the Company joined other companies in the approved economic sectors in operating with full workforce capacity and without limitation in operating time effective 4 May 2020, again under strict labour movement conditions. The Company is now undertaking production in three shifts, taking care to continue adhering strictly to social distancing and hygiene measures at our production site and workers' quarters.

Consolidated revenue

The Group mainly derives its revenue from Malaysia and other ASEAN countries. 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 RM16.09 million (31 October 2019: RM12.65 million) was 27% higher. The higher profit before tax reported was mainly attributed to higher contribution from the Metering division. Other losses mainly arose from unrealised loss on foreign exchange of RM2.59 million (31 October 2019: gain of RM1.27 million) on foreign currencies held.

The Group's profit before tax for the period ended 31 October 2020 of RM31.74 million (31 October 2019: RM46.32 million) was 31% lower. The lower profit before tax reported was mainly attributed to lower contribution from the Engineering division.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2020

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 3 months ended		Cumulative quarter 9 months ended	
	31 October 2020 RM'000	31 October 2019 RM'000	31 October 2020 RM'000	31 October 2019 RM'000
Interest income	(472)	(1,347)	(1,520)	(4,014)
Dividend income from:				
- FVTPL investment	(3)	(2)	(5)	(6)
- FVTOCI investment	(365)	(374)	(998)	(1,044)
Other income	(108)	131	(319)	(323)
Finance costs	692	895	2,242	2,461
Gain on disposal of property, plant and equipment	(110)	(235)	(130)	(342)
Depreciation of property, plant and equipment	1,173	1,049	3,519	3,231
Depreciation of right-of-use assets	154	120	462	381
Amortisation of other intangible assets	87	88	246	222
Inventories written down	-	111	-	248
Reversal on inventories written down	-	1	-	(387)
Trade receivables written off	-	-	-	150
Reversal of impairment loss on trade receivables	-	-	-	(234)
Net fair value loss on FVTPL investment	6	2	29	7
Loss arising on financial liabilities designated at FVTPL:				
- realised	-	-	1	43
- unrealised	-	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	9	(344)	(1,305)	(364)
- unrealised	2,588	(1,268)	15	(731)

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2020

8 Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2020	31 October 2019	31 October 2020	31 October 2019
	RM'000	RM'000	RM'000	RM'000
Current Tax:				
Malaysian tax	3,745	2,723	7,116	9,824
Foreign tax	1,627	(330)	1,437	1,673
	<u>5,372</u>	<u>2,393</u>	<u>8,553</u>	<u>11,497</u>
Underprovision in prior years:				
Malaysian tax	-	-	68	-
	<u>5,372</u>	<u>2,393</u>	<u>8,621</u>	<u>11,497</u>
Deferred tax	-	(1)	-	-
	<u>5,372</u>	<u>2,392</u>	<u>8,621</u>	<u>11,497</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 withholding tax paid for dividend declared by a foreign associate.

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 9 months ended	
	31 October 2020	31 October 2019	31 October 2020	31 October 2019
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>10,649</u>	<u>10,257</u>	<u>23,116</u>	<u>34,818</u>
Weighted average number of ordinary shares (excluding Treasury Shares) for earnings per share computation ('000)	<u>527,191</u>	<u>538,465</u>	<u>529,286</u>	<u>538,599</u>
Basic/Diluted earnings per share (sen)	<u>2.0</u>	<u>1.9</u>	<u>4.4</u>	<u>6.5</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 nine-month period ended 31 October 2020

10 Property, plant and equipment

Acquisitions and disposals

During the period ended 31 October 2020, the Group acquired assets at a cost of RM8.0 million (31 October 2019: RM1.42 million).

Assets with carrying amount of RM128,000 (31 October 2019: RM1,668,000) were disposed of by the Group during the period ended 31 October 2020, resulting in a gain on disposal of RM130,000 (31 October 2019: RM342,000), recognised in profit or loss.

11 Right-of-use assets

Acquisitions and disposals

There were no acquisition and disposal during the current interim period.

12 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment is assessed annually and whenever there is an indication that the goodwill may be impaired.

13 Other intangible assets

	Computer software RM'000	License RM'000	Product development costs RM'000	Total RM'000
Cost:				
At 1 February 2020	720	12,061	9,849	22,630
Additions	27	-	770	797
At 31 October 2020	<u>747</u>	<u>12,061</u>	<u>10,619</u>	<u>23,427</u>
Accumulated amortisation:				
At 1 February 2020	605	-	467	1,072
Amortisation	32	-	213	245
At 31 October 2020	<u>637</u>	<u>-</u>	<u>680</u>	<u>1,317</u>
Carrying amount:				
At 1 February 2020	115	12,061	9,382	21,558
At 31 October 2020	<u>110</u>	<u>12,061</u>	<u>9,939</u>	<u>22,110</u>

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.

License

License considered to have finite useful lives, is stated at cost less any accumulated impairment losses and is amortised using the straight-line basis from the later of commencement of the contract to which it relates or when all the related machinery and equipment are ready for their intended use over the period of their expected benefit not exceeding 10 years.

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 nine-month period ended 31 October 2020

14 Inventories

There were no inventories write down and reversal of inventories write down (31 October 2019: inventories write down of RM248,000 and reversal of inventories write down of RM387,000) recognised in profit or loss during the current interim period.

15 Fair value hierarchy

The Group used the following hierarchy for determining the fair value of all instruments carried at fair value:

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Input that are based on observable market data
- Level 3 - Input that are not based on observable market data

As at the reporting date, the Group held the following assets that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 October 2020				
Financial assets at FVTPL:				
- Quoted equity securities	108	108	-	-
Financial assets at FVTOCI:				
- Quoted bonds	17,090	17,090	-	-
- Quoted equity securities	17,100	17,100	-	-
- Unquoted equity securities	2,060	-	2,060	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Building on freehold land	16,038	-	-	16,038
- Long-term leasehold land	1,163	-	-	1,163
- Building on long-term leasehold land	988	-	-	988
At 31 January 2020				
Financial assets at FVTPL:				
- Quoted equity securities	137	137	-	-
Financial assets at FVTOCI:				
- Quoted bonds	16,415	16,415	-	-
- Quoted equity securities	17,116	17,116	-	-
- Unquoted equity securities	1,968	-	1,968	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Building on freehold land	16,360	-	-	16,360
- Long-term leasehold land	1,171	-	-	1,171
- Building on long-term leasehold land	1,030	-	-	1,030

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2020

16 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 October 2020 RM'000	31 January 2020 RM'000
Short-term deposits with licensed banks	62,181	104,180
Cash and bank balances	136,598	137,734
	<u>198,779</u>	<u>241,914</u>

17 Share capital and treasury shares

At the 69th AGM of the Company held on 29 July 2020, shareholders' approval was obtained for the Share Buy-Back scheme to be renewed from 29 July 2020 until the conclusion of the next AGM of the Company to be convened in 2021.

As at 31 October 2020, the Company repurchased a total of 36,657,900 of its shares from the open market for a total consideration of RM35,052,330. Subsequent to 31 October 2020 and up to date of this announcement, a total of 676,300 shares were repurchased from the open market for a total consideration of RM533,887. 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.

18 Loans and borrowings

	31 October 2020 RM'000	31 January 2020 RM'000
Short-term borrowings		
Secured:		
Bank overdraft	-	-
Revolving credits	47,784	48,657
Bankers' acceptance	21,879	14,481
Invoice Financing	3,377	-
Lease liabilities	818	969
	<u>73,858</u>	<u>64,107</u>
Long-term borrowings		
Secured:		
Lease liabilities	1,176	1,731
	<u>75,034</u>	<u>65,838</u>

19 Provisions for costs of restructuring

Not applicable.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2020

20 Dividend

The Company has paid a dividend totalling RM5.27 million (FY2020: two dividends totalling RM13.44 million) for the period under review. The Board of Directors does not propose paying a further dividend for the period under review.

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 October 2020 RM'000	31 January 2020 RM'000
Approved and contracted for:		
Property, plant and equipment	3,813	6,224
Approved but not contracted for:		
Property, plant and equipment	1	235

22 Contingencies

Apart from what was reported in our announcement for the second quarter of the financial year, dated 14 September 2020, nothing has changed except that:

- (i) the Custom's appeal to the High Court has been adjourned to a date to be fixed.
- (ii) the Company's application on judicial review proceedings was fixed for hearing on 11 Nov 2020. On 30 Sept 2020 Customs filed an application to Stay the Judicial Review pending disposal of Customs appeal to the Tribunal's decision to the High Court. GKM opposed the stay application. The Stay application was heard on 8 Dec 2020 wherein the Court granted Customs stay of our Judicial Review application until the disposal of Customs appeal. The hearing of the Judicial Review application will now be postponed to a date to be fixed after the Customs appeal is heard; and
- (iii) the Company has filed an application for leave to file judicial review against Custom's decision to issue the Bill of Demand against the Company. The case is scheduled to be heard on 15 December 2020.

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

Explanatory notes pursuant to MFRS 134 For the nine-month period ended 31 October 2020

23 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.

24 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 2020 RM'000	31 October 2019 RM'000
Related companies: *		
Rental expenses for land	-	360
Purchase of air tickets	20	477
Share registration charges, secretarial and accounting fees	90	123

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

25 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 2020**

26 Performance review

	Current quarter 3 months ended			Cumulative quarter 9 months ended		
	31 October 2020	31 October 2019	Changes %	31 October 2020	31 October 2019	Changes %
	RM'000	RM'000		RM'000	RM'000	
Revenue	78,910	72,914	+ 8	188,381	253,414	- 26
Profit before tax	16,089	12,649	+ 27	31,737	46,315	- 31
Profit after tax	10,649	10,257	+ 4	23,116	34,818	- 34

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

27 Comment on material change in profit before taxation

	Current quarter 3 months ended 31 October 2020 RM'000	Preceding quarter 3 months ended 31 July 2020 RM'000	Changes %
Revenue	78,910	70,161	+ 12
Profit before tax	16,089	11,634	+ 38
Profit after tax	10,649	8,741	+ 22

The profit before taxation for the current quarter ended 31 October 2020 is 38% higher than the preceding quarter due to higher profit contributed by Metering divisions.

28 Commentary on prospects

The Group's commendable Q3FY2021 results were primarily due to strong water meter sales in the Group's local and export markets. In spite of the people movement controls implemented domestically since 18 March 2020 and in many countries abroad since early in the year, water meter orders continued unabated. This demonstrates the robustness of the Metering Business. However, production was affected in the earlier stages of the Movement Control Order (MCO), resulting in an order backlog. The Group in Q3FY2021 continued to adhere to prevailing SOPs whilst gradually restoring its manufacturing capacity to clear the backlog and cater for new orders from local and regional water authorities. The Metering division will continue to do well in the remaining quarter of the financial year and beyond. There are plans to increase the capacity further.

Construction activities ceased completely during the MCO but were restarted mid-June 2020 following the completion of mandatory foreign worker health screenings. In Q3FY2021, the Group continued to accelerate its progress on the two hospital projects with its increased adaptation to the SOPs.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the nine-month period ended 31 October 2020**

28 Commentary on prospects (continued)

Metering

Local and overseas demand for the Group's renowned water meters continues to outstrip supply. In Q3FY2021, the Group continued to adhere to the Malaysian Government's SOPs in gradually restoring its manufacturing capacity to clear its backlog of orders and cater for new orders. The Group will continue to comply with any changes to government guidelines in managing its production activities.

It is the Group's strategy to become a one-stop purveyor of water meters. We are actively expanding our product portfolio through partnerships with other manufacturers. The enlarged range will give us a stronger footing to penetrate more markets globally.

The Group's long-term license agreement with Honeywell enhances our control over component supply and production costs. It also gives us the right to sell water meters to 15 new territories in Asia. Production has commenced in stages.

The Group's proprietary Smart Metering technology is undergoing real-world tests through POCs and pilot projects with state water authorities. We are pursuing other such opportunities both in Malaysia and the region.

Engineering

The Group continued to adapt to prevailing SOPs in Q3FY2021 as it accelerated progress on Hospital Tanjung Karang and Hospital Endokrin Putrajaya.

Jabatan Kerja Raya has approved one of the Group's Extension of Time applications in the quarter under review, in acknowledgement of the disruptions caused by the MCO. The Group will continue to work closely with the Department in managing the delivery timelines for the two hospitals.

The Group is dedicated to developing new opportunities in the Regional railway space, leveraging on our expertise as rail systems specialist in domestic railway projects. Our established network with international rail specialists will assist us in tapping into Regional projects requiring international collaborations through joint ventures or strategic alliances.

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

Not applicable.

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

Not applicable.

31 Profit forecast or profit guarantee

Not applicable.

32 Corporate proposals

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

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the nine-month period ended 31 October 2020**

33 Changes in material litigation

Apart from what was reported in our announcement for the first quarter of the financial year dated 23 June 2020, nothing has changed.

Save for the above, there was no outstanding material litigation as at the date of this report.

34 Dividend payable

Please refer to Note 20 for details.

35 Derivative financial instruments

There were no derivative financial instruments outstanding as at 31 October 2020 and 31 January 2020.

The Group enter into foreign currency contracts which were 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.

36 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 2020 and 31 January 2020.

37 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2020 was not qualified.

BY ORDER OF THE BOARD

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

15 December 2020