

**Condensed consolidated interim financial statements**  
**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the financial period ended 30 June 2021**

	<b>Note</b>	<b>3 months ended 30 June 2021 Unaudited RM'000</b>
<b>Revenue</b>		61,279
Cost of sales		<u>(46,899)</u>
<b>Gross profit</b>		14,380
Interest income		372
Other gains		2,129
Administrative expenses		(572)
Distribution costs		(738)
Other expenses		(7,161)
Finance costs		(2,722)
Share of results of associate		(30)
Share of results of joint venture		<u>6,829</u>
<b>Profit before tax</b>	7	12,487
Income tax expense	8	<u>(693)</u>
<b>Profit for the period, attributable to the owners of the Company</b>		<u>11,794</u>
<b>Other comprehensive (loss)/income</b>		
Items that will not be reclassified subsequently to profit or loss:		
Fair value loss on investments designated as at FVTOCI		(170)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation		31
Fair value gain on investments designated as at FVTOCI		<u>4</u>
<b>Other comprehensive loss for the period, net of tax</b>		<u>(135)</u>
<b>Total comprehensive income for the period, attributable to the owners of the Company</b>		<u>11,659</u>
<b>Earnings per share attributable to the owners of the Company (sen):</b>		
Basic and diluted	9	<u>2.26</u>

*There is no comparative for the quarter ended 30 June 2021. Due to the change in the financial year end from 31 January to 31 March, the condensed consolidated statement of profit or loss and other comprehensive income for the current quarter ended 30 June 2021, being the first quarter of the financial year ending 31 March 2022, is not comparable with that of the first quarter of the previous financial period ended 31 March 2021.*

*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**  
**Condensed consolidated statement of financial position**  
**For the financial period ended 30 June 2021**

		30 June 2021	31 March 2021
	Note	Unaudited RM'000	Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	130,097	129,462
Right-of-use assets	11	1,171	1,330
Goodwill	12	876	876
Other intangible assets	13	21,836	21,865
Financial assets at FVTOCI	15	1,314	2,056
Investment in associate		5,442	3,469
Investment in joint venture		57,241	50,412
		<u>217,977</u>	<u>209,470</u>
<b>Current assets</b>			
Inventories	14	66,366	60,562
Trade and other receivables		179,198	183,984
Financial assets at FVTPL	15	148	146
Financial assets at FVTOCI	15	36,894	36,174
Tax recoverable		17,403	17,517
Deposits, cash and bank balances	16	322,352	340,639
		<u>622,361</u>	<u>639,022</u>
<b>Total assets</b>		<u>840,338</u>	<u>848,492</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	17(a)	187,756	187,756
Treasury shares	17(a)	(37,994)	(37,433)
Foreign currency translation reserve		(11,477)	(11,508)
Property revaluation reserve		37,405	37,405
Investment revaluation reserve		1,391	1,557
Retained earnings		353,308	346,741
<b>Total equity</b>		<u>530,389</u>	<u>524,518</u>
<b>Non-current liabilities</b>			
Other payables		1,812	1,879
Loans and borrowings	18	131,287	131,628
Deferred tax liabilities		2,850	2,850
		<u>135,949</u>	<u>136,357</u>
<b>Current liabilities</b>			
Trade and other payables		91,154	99,302
Loans and borrowings	18	82,845	88,314
Tax liabilities		1	1
		<u>174,000</u>	<u>187,617</u>
<b>Total liabilities</b>		<u>309,949</u>	<u>323,974</u>
<b>Total equity and liabilities</b>		<u>840,338</u>	<u>848,492</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**  
**Condensed consolidated statement of changes in equity**  
**For the financial period ended 30 June 2021**

		Attributable to the owners of the Company						
		Non-Distributable				Distributable		
		Share capital	Foreign currency translation reserve	Property 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
<b>At 1 April 2021</b>		187,756	(11,508)	37,405	1,557	(37,433)	346,741	524,518
Total comprehensive income/(loss)		-	31	-	(166)	-	11,794	11,659
Dividends	20	-	-	-	-	-	(5,227)	(5,227)
Share buy-backs	17	-	-	-	-	(561)	-	(561)
<b>At 30 June 2021</b>		<b>187,756</b>	<b>(11,477)</b>	<b>37,405</b>	<b>1,391</b>	<b>(37,994)</b>	<b>353,308</b>	<b>530,389</b>

*There is no comparative for the quarter ended 30 June 2021. Due to the change in the financial year end from 31 January to 31 March, the condensed consolidated statement of changes in equity for the current quarter ended 30 June 2021, being the first quarter of the financial year ending 31 March 2022, is not comparable with that of the first quarter of the previous financial period ended 31 March 2021.*

*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**  
**Condensed consolidated statement of cash flows**  
**For the financial period ended 30 June 2021**

	<b>3 months ended</b>
	<b>30 June 2021</b>
	<b>Unaudited</b>
	<b>RM'000</b>
<u>Note</u>	
<u>Operating activities</u>	
<b>Profit before tax</b>	12,487
Adjustments for:	
Interest income	(372)
Finance costs	2,722
Depreciation of property, plant and equipment	1,081
Depreciation of right-of-use assets	132
Amortisation of other intangible assets	430
Inventories written down	14 12
Fair value gain on financial assets at FVTPL	(1)
Unrealised loss on foreign exchange	199
Share of results of associate	30
Share of results of joint venture	(8,829)
Income derived from capital guaranteed fund	(375)
Dividend income from FVTOCI investment	(1,455)
Dividend income from FVTPL investment	(2)
<b>Operating profit before working capital changes</b>	<u>8,059</u>
Changes in working capital:	
Increase in inventories	(5,816)
Decrease in trade and other receivables	4,560
Decrease in trade and other payables	(5,474)
Total changes in working capital	<u>(6,730)</u>
Income tax paid	(576)
<b>Net cash from operating activities</b>	<u>753</u>
<u>Investing activities</u>	
Purchase of property, plant and equipment	(1,745)
Proceeds from disposal of property, plant and equipment	1
Acquisition of other intangible assets	(399)
Investment in associate	(2,000)
Purchase of financial assets at FVTOCI	(122)
Dividend income received from FVTPL investment	1
Dividend income received from FVTOCI investment	1,455
Interest income received	372
Income derived from capital guaranteed fund	375
<b>Net cash used in investing activities</b>	<u>(2,062)</u>
<u>Financing activities</u>	
Drawdown of other bank borrowings	71,068
Repayment of other bank borrowings	(79,758)
Repayment of lease liabilities	(194)
Interest paid	(848)
Dividends paid	(7,851)
Share buy-backs	(561)
<b>Net cash used in financing activities</b>	<u>(18,144)</u>
<b>Net change in cash and cash equivalents</b>	(19,453)
Effect of foreign exchange rate changes	63
<b>Cash and cash equivalents at 1 April</b>	<u>340,639</u>
<b>Cash and cash equivalents at 30 June*</b>	<u>321,249</u>
<b>* Cash and cash equivalents comprise the following:</b>	
Deposits, cash and bank balances	322,352
Bank overdraft	(1,103)
Total cash and cash equivalents	<u>321,249</u>

*There is no comparative for the quarter ended 30 June 2021. Due to the change in the financial year end from 31 January to 31 March, the condensed consolidated statement of cash flows for the current quarter ended 30 June 2021, being the first quarter of the financial year ending 31 March 2022, is not comparable with that of the first quarter of the previous financial period ended 31 March 2021.*

*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 financial period ended 30 June 2021**

#### **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 24 August 2021.

#### **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 March 2021.

#### **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 June 2020 as follows:

- Amendments to MFRS 16: COVID-19 - Related Rent Concessions
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2
- Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 2021

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**

The Group, at an Extraordinary General Meeting held on 8 June 2021, received shareholders' approval for the proposed diversification of the Group's existing business activities to include the manufacture, sale and distribution of gloves through the approval of an investment in a 40% equity interest in Dynacare Sdn. Bhd. ("Dynacare").

On 9 June 2021, the Company subscribed for 2,000,000 ordinary shares of RM1.00 each, representing 40% equity interest in the share capital of Dynacare, for a cash consideration of RM2.0 million. Effective from that date, Dynacare became an associate of the Group.

On 12 July 2021, the issued and paid up share capital of Dynacare was increased to RM10.0 million by the additional allotment of 5,000,000 ordinary shares of RM1.00 each at par, the authorised share capital of Dynacare is currently RM10.0 million divided into 10,000,000 ordinary shares of RM1.00 each. The Company subscribed for additional 2,000,000 ordinary shares of RM1.00 each for a cash consideration of RM2.0 million.

Save for the above, there were no significant changes in the composition of the Group during the current interim period.

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 June 2021

#### 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 June 2021</b>							
<b>Revenue:</b>							
External customers	28,547	-	28,547	32,732	-	-	61,279
<b>Results:</b>							
Interest income	-	9	9	-	24	339	372
Depreciation and amortisation	13	22	35	1,360	-	248	1,643
Share of results of associate	-	(30)	(30)	-	-	-	(30)
Share of results of joint venture	6,829	-	6,829	-	-	-	6,829
Segment profit/(loss) (Note A)	7,155	(174)	6,981	9,962	(140)	(4,316)	12,487

#### 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:

	<b>3 months ended</b>
	<b>30 June 2021</b>
	<b>RM'000</b>
Interest income	339
Finance costs	(2,722)
Other unallocated corporate expenses	(1,933)
	<u>(4,316)</u>

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 June 2021

#### 5 Segment information (continued)

##### Engineering

Revenue of RM28.55 million for the quarter ended 30 June 2021 is derived from projects in progress. Segment profit of RM6.98 million mainly contributed by the share of results of joint venture.

Projects' revenue was affected by the work force reduction under the various Movement Control Orders which resulted in slower work progress of the projects.

##### Metering

Revenue and segment profit for the quarter ended 30 June 2021 was RM32.73 million and RM9.96 million respectively. The limitation in workforce resulting from the SOPs in place under the various Movement Control Orders has resulted in lower production of the water meters.

##### 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 is RM12.52 million mainly derived from Metering division and share of results of joint venture. Other gains mainly attributed to dividend income from FVTOCI investment of RM1.46 million.

#### 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:

	<b>3 months ended 30 June 2021 RM'000</b>
Interest income	(372)
Dividend income from:	
- FVTPL investment	(2)
- FVTOCI investment	(1,455)
Other income	(570)
Finance costs	2,722
Depreciation of property, plant and equipment	1,081
Depreciation of right-of-use assets	132
Amortisation of other intangible assets	430
Inventories written down	12
Net fair value gain on FVTPL investment	(1)
(Gain)/Loss on foreign exchange:	
- realised	(300)
- unrealised	199
	<u>199</u>

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 June 2021

#### 8 Income tax expense

	3 months ended 30 June 2021 RM'000
Current Tax:	
Malaysian tax	737
Foreign tax	(44)
	<u>693</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 lower than the statutory tax rate mainly due to tax effect of utilisation of deferred tax assets previously not recognised.

#### 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:

	3 months ended 30 June 2021
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>11,794</u>
Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000)	<u>522,959</u>
Basic/Diluted earnings per share (sen)	<u>2.26</u>

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 June 2021, the Group acquired assets at a cost of RM1.75 million.

Assets with carrying amount of RM1,000 were disposed of by the Group during the period ended 30 June 2021, resulting in no gain or loss on disposal recognised in profit or loss.

#### 11 Right-of-use assets

##### Acquisitions and disposals

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



## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 June 2021

#### 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 develop- ment costs RM'000	Total RM'000
<b>Cost:</b>				
At 1 April 2021	883	12,061	11,197	24,141
Additions	8	-	393	401
At 30 June 2021	891	12,061	11,590	24,542
<b>Accumulated amortisation:</b>				
At 1 April 2021	658	716	902	2,276
Amortisation	15	306	109	430
At 30 June 2021	673	1,022	1,011	2,706
<b>Carrying amount:</b>				
At 1 April 2021	225	11,345	10,295	21,865
At 30 June 2021	218	11,039	10,579	21,836

#### 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 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.

#### 14 Inventories

During the period ended 30 June 2021, the Group recognised inventories written down of RM12,000 in profit or loss. There was no reversal of inventories written down.

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 June 2021

#### 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
<b>At 30 June 2021</b>				
Financial assets at FVTPL:				
- Quoted equity securities	148	148	-	-
Financial assets at FVTOCI:				
- Quoted bonds	17,563	17,563	-	-
- Quoted equity securities	19,331	19,331	-	-
- Unquoted equity securities	1,314	-	1,314	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Building on freehold land	15,584	-	-	15,584
- Long-term leasehold land	1,153	-	-	1,153
- Building on long-term leasehold land	950	-	-	950
<b>At 31 March 2021</b>				
Financial assets at FVTPL:				
- Quoted equity securities	146	146	-	-
Financial assets at FVTOCI:				
- Quoted bonds	17,480	17,480	-	-
- Quoted equity securities	18,694	18,694	-	-
- Unquoted equity securities	2,056	-	2,056	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Building on freehold land	15,750	-	-	15,750
- Long-term leasehold land	1,150	-	-	1,150
- Building on long-term leasehold land	959	-	-	959

#### 16 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	30 June 2021 RM'000	31 March 2021 RM'000
Short-term deposits with licensed banks	54,615	51,750
Cash and bank balances	267,737	288,889
	322,352	340,639

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 June 2021

#### 17 Debt and Equity Securities

##### (a) 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 30 June 2021, the Company repurchased a total of 40,559,200 of its shares from the open market for a total consideration of RM37,993,992. Subsequent to 30 June 2021 and up to date of this announcement, no shares were repurchased 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.

##### (b) Bond payables

###### Status of Sukuk Wakalah Programme

On 26 March 2021, the Company announced that it has completed its inaugural issuance of the Islamic Medium Term Notes (iMTN) of RM132.00 million in nominal value under the iMTN Programme with the periodic distribution rate of 5.5% p.a.. The tenure of the iMTN is 5 years. It is rated A+*is* (stable) by Malaysian Rating Corporation Berhad.

The cumulative drawdown of the facility at the end of the reporting period are as follows:

Date of drawdown	Amount of drawdown RM'000	Repayment RM'000	Amount outstanding RM'000
26 March 2021	132,000	-	132,000

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

	30 June 2021 RM'000	31 March 2021 RM'000
<b>Short-term borrowings</b>		
Secured:		
Bank overdraft	1,103	-
Revolving credits	47,749	47,638
Bankers' acceptance	31,068	39,758
Lease liabilities	812	819
	80,732	88,215
Unsecured:		
Bond	1,909	99
	82,641	88,314
<b>Long-term borrowings</b>		
Secured:		
Lease liabilities	706	907
Unsecured:		
Bond	130,785	130,721
	131,491	131,628
	214,132	219,942

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 June 2021

#### 19 Provisions for costs of restructuring

Not applicable.

#### 20 Dividend

No interim ordinary dividend has been declared for the financial period ended 30 June 2021.

Three interim dividends have been paid for the financial period ended 31 March 2021. The first, second and third dividends of 1.0 sen per share on 527,256,265 shares, 1.5 sen per share on 523,409,865 shares and 1.0 sen per share on 522,709,865 shares were paid on 22 October 2020, 28 April 2021 and 28 July 2021 respectively.

In Ringgit term, the total dividend for the financial period ended 31 March 2021 was RM18.35 million.

#### 21 Commitments

Capital expenditure as at the reporting date is as follows:

	30 June 2021 RM'000	31 March 2021 RM'000
<b>Approved and contracted for:</b>		
Property, plant and equipment	3,875	4,419
<b>Approved but not contracted for:</b>		
Property, plant and equipment	126	-

#### 22 Contingencies

Apart from what was reported in our announcement for the period ended 31 March 2021 on 21 June 2021, nothing has changed except that:

(i) the Customs' appeal to the High Court was heard on 21 April 2021 and fixed for decision on 14 June 2021. On 14 June 2021, the High Court delivered its decision wherein it dismissed Customs' appeal to the High Court. This means that the High Court has affirmed the decision of the Customs Appeal Tribunal. Customs has filed its appeal to the Court of Appeal and the matter is fixed for case management on 6 September 2021.

(ii) in respect of Customs Bill of Demand for RM28.8 million, the application for judicial review application is rescheduled for case management on 8 September 2021; and

(iii) in respect of the other Bill of Demand for RM33.3 million against the Company, the Company has filed an application for leave to file a judicial review against Customs' decision to issue the said Bill of Demand. On 16 February 2021, the Court granted leave to the Company to commence judicial review proceedings against Customs. The Court has on 13 April 2021 granted a stay of the Bill of Demand. Judicial review application was fixed for case management on 7 September 2021.

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

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 June 2021

#### 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 30 June:

	<b>3 months ended 30 June 2021 RM'000</b>
Related companies: *	
Purchase of motor vehicle	87
Share registration charges and secretarial fees	12
	<u>          99</u>

\* 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.

#### 26 Change of financial year end and disclosure of comparatives

In the previous financial period, the Group had change its financial year end from 31 January to 31 March. Due to the change, the performance of the quarter ended 30 June 2021, being the first quarter of the current financial year ending 31 March 2022, is not comparable with that of the first quarter of the previous financial period ended 31 March 2021 (i.e. February to April 2020). As such, no comparative figures are presented.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:  
 Chapter 9, Appendix 9B, Part A  
 For the financial period ended 30 June 2021**

**27 Performance review**

	<b>3 months ended 30 June 2021 RM'000</b>
Revenue	61,279
Profit before tax	12,487
Profit after tax	<u>11,794</u>

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

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

	<b>Current quarter 3 months ended 30 June 2021 RM'000</b>	<b>Preceding period 2 months ended 31 March 2021 RM'000</b>	<b>Changes %</b>
Revenue	61,279	34,618	+ 77
Profit before tax	12,487	10,601	+ 18
Profit after tax	<u>11,794</u>	<u>11,334</u>	+ 4

The profit before taxation for the quarter ended 30 June 2021 is 18% higher than the preceding period mainly due to 3 months in current quarter compare to 2 months in preceding period.

**29 Commentary on prospects**

The Group's profit after tax for the quarter ended 30 June 2021 was attributable to strong sales of its water meters worldwide. The Group continued to receive water meter orders in spite of a slowdown in economic activities worldwide due to the COVID-19 pandemic. This demonstrates the strength and resilience of the Metering Business. The Group continued to adhere to prevailing SOPs in managing its production activities.

The Group also continued to work on the two hospital projects with strict compliance with government SOPs.

**Metering**

In spite of the production disruptions caused by Malaysia's Movement Control Order (MCO), the Metering Business continued to perform commendably due to strong global demand for the Group's water meters. The Group continued to adhere to the Malaysian Government's SOPs as it optimised its capacity to fulfil orders in the quarter under review.

The Government had on 10 May 2021 announced that it will impose a nationwide lockdown until 7 June 2021. The order was extended to 28 June 2021. The Government has since announced on 15 August 2021 the lifting of restrictions for economic activities under the various phases of the National Recovery Plan with effect from 16 August 2021. The Group's production is now operating at 100% capacity.

It is the Group's strategy to continue to develop the markets for our existing water meters which is the market leader globally. To complement our existing range of water meters by increasing the product portfolio, our R&D team is collaborating with partners and specialists to commercialise a range of other water meters, including Smart Meters. The enlarged portfolio will accelerate the expansion of our global market footprint.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:  
Chapter 9, Appendix 9B, Part A  
For the financial period ended 30 June 2021**

**29 Commentary on prospects (continued)**

**Engineering**

The Group continued to adapt to prevailing SOPs in the quarter under review as it worked on Hospital Tanjung Karang and Hospital Endokrin Putrajaya. The Group continues to liaise closely with JKR in managing the delivery timelines for the two hospitals.

The Ampang LRT2 project is completed and is now awaiting the closing out and payment of the final account.

At an Extraordinary General Meeting held on 8 June 2021, the shareholders approved the design and build of a glove manufacturing plant ("Plant") in Lumut Port Industrial Park, Perak, for a contract sum of approximately RM624.1 million. The Plant will be owned and operated by Dynacare Sdn. Bhd., which is a 40% associate of the Group. The Plant is in an advanced stage of construction. Commercial production is expected to commence next month.

The Group continues to develop new opportunities in the Regional railway space, leveraging on its established network with international rail specialists and expertise as a rail systems specialist in domestic railway projects.

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

Not applicable.

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

Not applicable.

**32 Profit forecast or profit guarantee**

Not applicable.

**33 Corporate proposals**

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

**34 Changes in material litigation**

Apart from what was reported in our announcement for the period ended 31 March 2021 on 21 June 2021, there are no changes.

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

**35 Dividend payable**

Please refer to Note 20 for details.

**36 Derivative financial instruments**

There were no derivative financial instruments outstanding as at 30 June 2021 and 31 March 2021.

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.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:**

**Chapter 9, Appendix 9B, Part A**

**For the financial period ended 30 June 2021**

**37 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 June 2021 and 31 March 2021.

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

The auditors' report on the financial statements for the financial year ended 31 March 2021 was not qualified.

BY ORDER OF THE BOARD

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

24 August 2021