

Condensed consolidated interim financial statements

For the nine-month period ended 31 October 2015

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 October 2015 Unaudited RM'000	31 October 2014 Unaudited RM'000	31 October 2015 Unaudited RM'000	31 October 2014 Unaudited RM'000
Revenue		96,936	96,031	270,623	235,933
Cost of sales		(79,853)	(80,240)	(218,160)	(195,661)
Gross profit		17,083	15,791	52,463	40,272
Interest income		772	131	1,654	1,318
Dividend income		4	47	13	93
Other gains and losses		12,034	(563)	16,265	165
Administrative expenses		(334)	(276)	(978)	(951)
Distribution costs		(261)	(199)	(751)	(848)
Other expenses		(12,208)	(4,309)	(25,083)	(12,769)
Finance costs		(888)	(666)	(2,071)	(1,705)
Share of results of associate		507	528	1,398	2,095
Profit before tax	8	16,709	10,484	42,910	27,670
Income tax expense	9	(4,637)	(3,256)	(12,496)	(7,872)
Profit for the period, net of tax, attributable to the owners of the Company		12,072	7,228	30,414	19,798
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		-	-	-	28,170
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		2,952	(331)	2,772	(1,155)
Net fair value gain/(loss) on cash flow hedge		114	(91)	1,501	(338)
Other comprehensive gain/(loss) for the period, net of tax		3,066	(422)	4,273	26,677
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		15,138	6,806	34,687	46,475
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	10	4.0	2.4	10.1	6.6

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 2015
Condensed consolidated statement of financial position

		31 October 2015	31 January 2015
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	120,938	121,345
Goodwill	12	876	876
Other intangible assets	13	1,921	1,145
Investment in associate		21,010	27,194
Investment in joint venture		5,000	-
Deferred tax assets		1,195	1,122
		<u>150,940</u>	<u>151,682</u>
Current assets			
Inventories	14	54,502	41,672
Trade and other receivables		261,920	246,159
Investment securities	15	239	2,380
Cash and bank balances	16	229,726	163,816
Other financial assets	15	-	6
Tax recoverable		-	702
		<u>546,387</u>	<u>454,735</u>
Total assets		<u>697,327</u>	<u>606,417</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17	150,205	150,205
Foreign currency translation reserve		(3,514)	(6,286)
Revaluation reserve		28,170	28,170
Cash flow hedging reserve		-	(1,501)
Retained earnings		134,709	116,612
Total equity		<u>309,570</u>	<u>287,200</u>
Non-current liabilities			
Loans and borrowings	18	1,387	5,373
Deferred tax liabilities		3,206	3,212
		<u>4,593</u>	<u>8,585</u>
Current liabilities			
Trade and other payables		324,038	255,681
Loans and borrowings	18	56,169	52,981
Other financial liabilities	15	-	1,165
Tax payable		2,957	805
		<u>383,164</u>	<u>310,632</u>
Total liabilities		<u>387,757</u>	<u>319,217</u>
Total equity and liabilities		<u>697,327</u>	<u>606,417</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 2015
Condensed consolidated statement of changes in equity

		Attributable to the owners of the Company						
		Non-Distributable			Distributable			
		Share capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Cash flow hedging reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2014		112,654	2,093	(8,450)	-	(1,709)	142,607	247,195
Total comprehensive income		-	-	(1,155)	28,170	(338)	19,798	46,475
Dividends	20	-	-	-	-	-	(15,020)	(15,020)
Bonus issue	17	37,551	(2,093)	-	-	-	(35,458)	-
At 31 October 2014		150,205	-	(9,605)	28,170	(2,047)	111,927	278,650
At 1 February 2015		150,205	-	(6,286)	28,170	(1,501)	116,612	287,200
Total comprehensive income		-	-	2,772	-	1,501	30,414	34,687
Dividends	20	-	-	-	-	-	(12,317)	(12,317)
At 31 October 2015		150,205	-	(3,514)	28,170	-	134,709	309,570

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 2015
Condensed consolidated statement of cash flows

	9 months ended	
	31 October	31 October
	2015	2014
	Unaudited	Unaudited
Note	RM'000	RM'000
<u>Operating activities</u>		
Profit before tax	42,910	27,670
Adjustments for:		
Interest income	(1,654)	(1,318)
Finance costs	2,116	1,705
Gain on disposal of property, plant and equipment	11 (148)	(223)
Gain on disposal of investment securities	(48)	(113)
Net fair value gain on held for trading investment securities	(10)	(221)
Amortisation of other intangible assets	13 104	55
Depreciation of property, plant and equipment	2,806	2,715
Inventories written down	14 120	-
Reversal on inventories written down	14 (583)	-
Unrealised (gain)/loss on foreign exchange	(10,882)	1,048
Share of results of associate	(1,398)	(2,095)
Unrealised loss/(gain) arising on financial liabilities designated as at fair value through profit or loss	6	(887)
Dividend income	(13)	(93)
Operating cash flows before changes in working capital	<u>33,326</u>	<u>28,243</u>
Changes in working capital:		
Increase in inventories	(12,287)	(8,805)
Increase in trade and other receivables	(6,613)	(53,412)
Increase/(decrease) in trade and other payables	63,876	(17,093)
Total changes in working capital	<u>44,976</u>	<u>(79,310)</u>
Interest paid	(2,941)	(2,327)
Income tax paid	(9,639)	(10,518)
Net cash used in operating activities	<u>(12,580)</u>	<u>(12,845)</u>
	<u>65,722</u>	<u>(63,912)</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment	(1,997)	(1,761)
Proceeds from disposal of property, plant and equipment	203	253
Acquisition of other intangible assets	(880)	(672)
Acquisition of joint venture	(5,000)	-
Acquisition of investment securities	(80)	(3,383)
Proceeds from disposal of investment securities	2,181	3,159
Interest income received	1,654	1,318
Dividend income received	12	63
Net cash used in investing activities	<u>(3,907)</u>	<u>(1,023)</u>
<u>Financing activities</u>		
Repayment of term loans	(2,288)	(2,287)
Drawdown of other bank borrowings	12,529	22,255
Repayment of hire-purchase	(779)	(632)
Dividend paid	(6,309)	(15,020)
Net cash generated from financing activities	<u>3,153</u>	<u>4,316</u>
Net change in cash and cash equivalents	64,968	(60,619)
Effect of foreign exchange rate changes	11,741	(1,264)
Cash and cash equivalents at 1 February	145,268	209,880
Cash and cash equivalents at 31 October*	<u>221,977</u>	<u>147,997</u>
* Cash and cash equivalents comprise the following at 31 October:		
Cash and bank balances	229,726	160,097
Bank overdrafts	(7,749)	(12,100)
Total cash and cash equivalents	<u>221,977</u>	<u>147,997</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 2015

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 14 December 2015.

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 October 2015, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2015.

The consolidated financial statements of the Group for the financial year ended 31 January 2015 are available upon request from the Company's registered office at 1115, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2015.

3 Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2015, except for the adoption of the following amendments to MFRSs:

Effective for financial periods beginning on or after 1 July 2014

- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
- Amendments to MFRSs: Annual Improvements to MFRSs 2010-2012 Cycle
- Amendments to MFRSs: Annual Improvements to MFRSs 2011-2013 Cycle

On 8 September 2015, the Malaysian Accounting Standards Board confirmed that the effective date of MFRS 15 *Revenue from Contracts with Customers* will be deferred to annual periods beginning on or after 1 January 2018.

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

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2015

4 Changes in estimates

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

5 Changes in composition of the Group

There were no other changes in the composition of the Group during the current interim period save for the following:

- (a) On 17 September 2015, the Company incorporated a wholly-owned subsidiary, George Kent Rail Sdn Bhd (“GKR”). GKR has an authorised share capital of RM400,000 and an initial issued and fully paid up capital of RM2.00. The principal activity of GKR is that of an investment and management company.
- (b) On 22 October 2015, GKR acquired 1 ordinary share of RM1.00 each, representing 50% equity interest in the share capital of MRCB George Kent Sdn Bhd (“MRCGK”), for a cash consideration of RM1.00. Effective from that date MRCGK became a joint venture of the Group. MRCGK was appointed to act as the Project Delivery Partner for the implementation of the Construction and Completion of Light Rail Transit Line 3 from Bandar Utama to Johan Setia.
- (c) On 30 October 2015, the issued and paid up share capital of GKR was increased to RM5,000,000 by the additional allotment of 4,999,998 ordinary shares of RM1.00 each at par to the Company, the authorised share capital of GKRSB is currently RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each.
- (d) On 30 October 2015, the authorised share capital of MRCGK was increased from RM400,000 divided into 400,000 ordinary shares of RM1.00 each to RM25,000,000 divided into 12,500,000 ordinary shares of RM1.00 each and 12,500,000 redeemable preference shares of RM1.00 each. The issued and paid up share capital of MRCGK was increased from RM2.00 to RM10,000,000 with the allotment of 9,999,998 ordinary shares of RM1.00 each for a cash consideration of RM4,999,999 each from the Company and MRCB Builders Sdn Bhd (formerly known as Gelanggang Harapan Construction Sdn Bhd).

6 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) Metering

Metering comprises mainly revenue derived from the production, marketing and trading of water related product and services.

(b) Engineering

Engineering comprises mainly revenue derived from the execution of construction contracts and income derived from investments in infrastructure.

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.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2015

6 Segment information (continued)

	Metering RM'000	Engineering RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
<u>Current quarter</u>					
3 months period ended 31 October 2015					
Revenue:					
External customers	22,963	73,973	-	-	96,936
Results:					
Interest income	-	2	195	575	772
Depreciation and amortisation	619	126	-	251	996
Share of results of associate	-	507	-	-	507
Segment profit (Note A)	6,521	8,424	1,870	(106)	16,709
3 months period ended 31 October 2014					
Revenue:					
External customers	23,032	72,999	-	-	96,031
Results:					
Interest income	-	-	93	38	131
Depreciation and amortisation	608	116	-	212	936
Share of results of associate	-	528	-	-	528
Segment profit (Note A)	5,004	8,805	(61)	(3,264)	10,484
<u>Cumulative quarter</u>					
9 months period ended 31 October 2015					
Revenue:					
External customers	74,461	196,162	-	-	270,623
Results:					
Interest income	-	4	345	1,305	1,654
Depreciation and amortisation	1,820	364	-	726	2,910
Share of results of associate	-	1,398	-	-	1,398
Segment profit (Note A)	18,104	27,864	2,999	(6,057)	42,910
9 months period ended 31 October 2014					
Revenue:					
External customers	71,886	164,047	-	-	235,933
Results:					
Interest income	-	-	288	1,030	1,318
Depreciation and amortisation	1,858	284	-	628	2,770
Share of results of associate	-	2,095	-	-	2,095
Segment profit (Note A)	14,637	20,861	(569)	(7,259)	27,670

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2015

6 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		9 months ended	
	31 October	31 October	31 October	31 October
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Finance costs	(891)	(666)	(2,116)	(1,705)
Net gain/(loss) on foreign exchange	11,715	(1,287)	15,713	(2,081)
Net gain/(loss) arising on financial liabilities designated as at FVTPL	180	(36)	15	517
Unallocated corporate expenses	(11,110)	(1,275)	(19,669)	(3,990)
	<u>(106)</u>	<u>(3,264)</u>	<u>(6,057)</u>	<u>(7,259)</u>

Metering

Revenue of RM22.96 million for the current quarter ended 31 October 2015 is slightly lower compared to RM23.03 million for the corresponding quarter in 2014. However, segment profit of RM6.52 million for the current quarter ended 31 October 2015 is 30% higher as compared to RM5.00 million for the corresponding quarter in 2014.

Revenue of RM74.46 million for the current period ended 31 October 2015 is 4% higher compared to RM71.89 million for the corresponding period in 2014. Segment profit of RM18.10 million for the current period ended 31 October 2015 is 24% higher as compared to RM14.64 million for the corresponding period in 2014 mainly due to the higher revenue and gross profit margin in the current quarter. Gross profit margin is higher mainly attributed to the effect of foreign exchange rate on export sales.

Engineering

Revenue of RM73.97 million for the current quarter ended 31 October 2015 is slightly higher as compared to RM73.00 million for the corresponding quarter in 2014. However, segment profit of RM8.42 million for the current quarter ended 31 October 2015 is 4% lower as compared to RM8.81 million for the corresponding quarter in 2014.

Revenue of RM196.16 million for the current period ended 31 October 2015 is 20% higher as compared to RM164.05 million for the corresponding period in 2014 contributed by steady progress in our Engineering projects. Segment profit of RM27.86 million for the current period ended 31 October 2015 is 34% higher as compared to RM20.86 million for the period ended 31 October 2014 due to the higher revenue and gross profit margin. Gross profit margin is higher due to higher weightage on revenue from certain projects with relatively higher profit margin.

Consolidated revenue

The operations for the Group are mainly based in Malaysia, with the regional activities in the ASEAN countries 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.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2015

6 Segment information (continued)

Consolidated profit before tax

The Group's current quarter profit before tax of RM16.71 million (31 October 2014: RM10.48 million) is 59% higher. This includes net gain on foreign exchange of RM11.72 million (31 October 2014: net loss of RM1.29 million) of which RM3.16 million (31 October 2014: loss of RM0.44 million) is realised gain. The increase in other expenses is mainly contributed by higher salaries and related expenses to support the continuous expansion of the Group. The other main factors which have affected the Group's profit before tax have been stated above.

7 Seasonality of operations

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

8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	31 October	31 October	31 October	31 October
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(772)	(131)	(1,654)	(1,318)
Other income (including investment income)	(140)	(832)	(344)	(1,378)
Finance costs	891	666	2,116	1,705
Depreciation of property, plant and equipment	963	924	2,806	2,715
Amortisation of other intangible assets	33	12	104	55
Gain on disposal of investment securities	-	(153)	(48)	(113)
Gain on disposal of property, plant and equipment	(12)	(198)	(148)	(223)
Net fair value loss/(gain) on investment securities	9	223	(10)	(221)
Inventories written down	60	-	120	-
Reversal on inventories written down	(80)	-	(583)	-
(Gain)/loss arising on financial liabilities designated as at FVTPL				
- realised	(16)	34	(21)	370
- unrealised	(164)	2	6	(887)
(Gain)/loss on foreign exchange:				
- realised	(3,163)	438	(4,831)	1,033
- unrealised	(8,552)	849	(10,882)	1,048

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2015

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2015 RM'000	31 October 2014 RM'000	31 October 2015 RM'000	31 October 2014 RM'000
Current Tax:				
Malaysian tax	3,925	2,086	8,803	5,445
Foreign tax	711	499	3,687	1,736
	<u>4,636</u>	<u>2,585</u>	<u>12,490</u>	<u>7,181</u>
Deferred tax	1	671	6	691
	<u>4,637</u>	<u>3,256</u>	<u>12,496</u>	<u>7,872</u>

Domestic income tax is calculated at the Malaysian statutory rate of 24% (31 October 2014: 25%) of the estimated assessable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate for the current period is higher than the statutory tax rate mainly due to withholding tax paid/payable for dividend declared by a foreign subsidiary and an associate.

10 Earnings Per Share

Basic 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.

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 2015	31 October 2014	31 October 2015	31 October 2014
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>12,072</u>	<u>7,228</u>	<u>30,414</u>	<u>19,798</u>
Number of ordinary shares in issue ('000)	<u>300,410</u>	<u>300,410</u>	<u>300,410</u>	<u>300,410</u>
Basic/diluted earnings per share (sen)	<u>4.0</u>	<u>2.4</u>	<u>10.1</u>	<u>6.6</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 2015

11 Property, plant and equipment

Acquisitions and disposals

During the nine months period ended 31 October 2015, the Group acquired assets at a cost of RM2.54 million (31 October 2014: RM2.87 million).

Assets with carrying amount of RM55,000 (31 October 2014: RM30,000) were disposed of by the Group during the nine months period ended 31 October 2015, resulting in a gain on disposal of RM148,000 (31 October 2014: RM223,000), recognised in profit or loss.

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 whenever there is an indication that the intangible asset may be impaired.

13 Other intangible assets

	Computer software RM'000	Product develop- ment costs RM'000	Other develop- ment costs RM'000	Total RM'000
Cost:				
At 1 February 2015	471	764	980	2,215
Additions	111	769	-	880
At 31 October 2015	582	1,533	980	3,095
Accumulated amortisation:				
At 1 February 2015	286	-	784	1,070
Amortisation	54	13	37	104
At 31 October 2015	340	13	821	1,174
Carrying amount:				
At 1 February 2015	185	764	196	1,145
At 31 October 2015	242	1,520	159	1,921

Computer software

Computer software are stated at cost less any accumulated impairment losses and are amortised on a straight-line basis over the estimated economic useful lives at the annual rate of 20%. The amortisation of computer software is recognised in profit or loss.

Product development costs

Product development costs relate to costs incurred in the development of new products, considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised over the period of expected benefit not exceeding 10 years on straight-line basis. The amortisation of product development costs is recognised in profit or loss.

Other development costs

Other development costs considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised using the straight-line basis from the commencement of the contract to which they relate over the period of their expected benefit not exceeding 20 years. The amortisation of other development costs is recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2015

14 Inventories

During the nine months ended 31 October 2015, the Group recognised an inventories write down of RM120,000 (31 October 2014: Nil) and reversal of inventories write down of RM583,000 (31 October 2014: Nil). The inventories write down and reversal of inventories write down are recognised in profit or loss.

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/(liabilities) that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 October 2015				
Financial assets held for trading:				
- Quoted shares	239	239	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	-	-	-	-
Derivatives that are designated and effective as hedging instrument carried at fair value:				
- Foreign currency forward contracts	-	-	-	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,374	-	-	19,374
- Long-term leasehold land	1,031	-	-	1,031
- Long-term leasehold building	2,085	-	-	2,085
At 31 January 2015				
Financial assets held for trading				
- Quoted shares	2,380	2,380	-	-
Financial assets carried at FVTPL:				
- Foreign exchange option contracts	6	-	6	-
Derivatives that are designated and effective as hedging instrument carried at fair value:				
- Foreign currency forward contracts	(1,165)	-	(1,165)	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,697	-	-	19,697
- Long-term leasehold land	968	-	-	968
- Long-term leasehold building	2,031	-	-	2,031

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2015

16 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 October 2015 RM'000	31 January 2015 RM'000
Short-term deposits	109,956	70,279
Cash in hand and at banks	119,770	93,537
	<u>229,726</u>	<u>163,816</u>

17 Share capital, share premium and treasury shares

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current interim period.

18 Interest-bearing loans and borrowings

	31 October 2015 RM'000	31 January 2015 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	7,749	18,548
Revolving credits	33,000	21,000
Bankers' acceptance	9,965	9,436
Term loans	4,575	3,050
Hire-purchase payables	880	947
	<u>56,169</u>	<u>52,981</u>
Long-term borrowings		
Secured:		
Term loans	-	3,813
Hire-purchase payables	1,387	1,560
	<u>1,387</u>	<u>5,373</u>
	<u>57,556</u>	<u>58,354</u>

19 Provisions for costs of restructuring

Not applicable.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2015

20 Dividends

The final single-tier dividend of 2.1 sen per share for the financial year ended 31 January 2015 was approved by the Shareholders of the Company on 30 June 2015 and paid on 5 August 2015. The total dividend for the financial year ended 31 January 2015 of RM15.92 million is marginally higher than the previous year.

On 29 September 2015, the Directors had declared a first interim single-tier dividend of 2.0 sen per share (FY2015: 2.0 sen per share) which amounted to RM6.01 million (FY2015: RM6.01 million) for the financial year ending 31 January 2016 and paid on 12 November 2015.

The Directors now declare a second interim single-tier dividend of 1.5 sen per share (FY2015: 1.2 sen per share). The dividend will be paid on 26 January 2016 to shareholders whose names appear in the Record of Depositors on 5 January 2016. In Ringgit term, the total interim dividend for the year will be RM10.51 million which will be 9% higher when compared to the total interim dividend of RM9.61 million paid for the corresponding period last year.

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 October 2015 RM'000	31 January 2015 RM'000
Approved and contracted for:		
Property, plant and equipment	2,812	58
Approved but not contracted for:		
Property, plant and equipment	4	184

22 Contingencies

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

23 Related party transactions

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

	Cumulative quarter 9 months ended	
	31 October 2015 RM'000	31 October 2014 RM'000
Related companies: *		
Rental of motor vehicle	(9)	(9)
Rental of motor vehicle	3	-
Purchase of air tickets	443	333
Professional and share registration charges	62	85

* 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 nine-month period ended 31 October 2015**

25 Performance review

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

26 Comment on material change in profit before taxation

There is no material change in the profit before taxation.

27 Commentary on prospects

The order book stands at RM5.5 billion. The group will continue with its efforts to further grow its order book and to enhance the capability, achieve greater efficiency and increase productivity of the manufacturing facilities.

The Light Rail Transit Line 3 ("LRT 3") Project is not expected to have any significant effect on the earnings of the Group for the financial year ending 31 January 2016 but is expected to contribute positively to the future earnings of the Group.

The group has announced cumulative nine months ended 31 October 2015 profit before tax of RM42.9 million which is RM2.6 million higher than the whole of last financial year ended 31 January 2015. The Board is optimistic of another good year for the financial year ending 31 January 2016.

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

In relation to the copyright infringement case reported previously, the Company has agreed to accept from the defendant the sum of RM499,314 as full and final settlement sum pursuant to the judgement awarded in favour of the Company. With conclusion of this litigation, the Group ceased to have any outstanding material litigation.

33 Dividend payable

Please refer to Note 20 for details.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the nine-month period ended 31 October 2015**

34 Derivative financial instruments

Details of derivative financial instruments outstanding as at 31 October 2015 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	Net fair value (liabilities)/assets	Maturity
	RM'000	RM'000	
At 31 October 2015			
Foreign exchange option contracts	-	-	Less than 1 year
Foreign currency forward contracts	-	-	Less than 1 year
At 31 January 2015			
Foreign exchange option contracts	3,784	6	Less than 1 year
Foreign currency forward contracts	24,341	(1,165)	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 31 October 2015 and 31 January 2015.

36 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 October 2015 and 31 January 2015 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants.

	Current quarter ended	Previous financial year ended
	31 October 2015	31 January 2015
	RM'000	RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(65,312)	(78,315)
- Unrealised	53,018	40,673
	(12,294)	(37,642)
Total share of profits from associate		
- Realised	24,760	32,011
- Unrealised	-	-
	12,466	(5,631)
Add: Consolidation adjustments	122,243	122,243
Retained earnings as per financial statements	134,709	116,612

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the nine-month period ended 31 October 2015**

37 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2015 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH
(MACS00400)

Company Secretary
14 December 2015