

Condensed consolidated interim financial statements

For the nine-month period ended 31 October 2016

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 October 2016	31 October 2015	31 October 2016	31 October 2015
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		122,092	96,936	409,824	270,623
Cost of sales		(89,131)	(79,853)	(320,225)	(218,160)
Gross profit		32,961	17,083	89,599	52,463
Interest income		1,346	772	3,379	1,654
Dividend income		5	4	8	13
Other gains and losses		1,766	12,034	3,759	16,265
Administrative expenses		(326)	(334)	(959)	(978)
Distribution costs		(537)	(261)	(1,408)	(751)
Other expenses		(8,061)	(12,208)	(22,212)	(25,083)
Finance costs		(742)	(888)	(1,912)	(2,071)
Share of results of associate		379	507	1,074	1,398
Share of results of joint venture		2,765	-	4,891	-
Profit before tax	8	29,556	16,709	76,219	42,910
Income tax expense	9	(5,814)	(4,637)	(16,957)	(12,496)
Profit for the period, net of tax, attributable to the owners of the Company		23,742	12,072	59,262	30,414
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		-	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		2,088	2,952	(1,235)	2,772
Net fair value gain on cash flow hedge		-	114	-	1,501
Other comprehensive income/(loss) for the period, net of tax		2,088	3,066	(1,235)	4,273
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		25,830	15,138	58,027	34,687
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	10	6.3	3.2	15.8	8.1

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

Condensed consolidated interim financial statements
For the nine-month period ended 31 October 2016
Condensed consolidated statement of financial position

		31 October 2016	31 January 2016
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	122,589	121,087
Goodwill	12	876	876
Other intangible assets	13	4,225	2,557
Investment in associate		20,700	20,158
Investment in joint venture		10,445	5,554
Deferred tax assets		1,280	1,321
		<u>160,115</u>	<u>151,553</u>
Current assets			
Inventories	14	40,625	47,911
Trade and other receivables		372,217	240,870
Investment securities	15	226	199
Tax recoverable		-	541
Cash and bank balances	16	281,180	241,645
		<u>694,248</u>	<u>531,166</u>
Total assets		<u>854,363</u>	<u>682,719</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17	187,756	150,205
Foreign currency translation reserve		(8,024)	(6,789)
Revaluation reserve		28,687	28,687
Retained earnings		149,794	149,863
Total equity		<u>358,213</u>	<u>321,966</u>
Non-current liabilities			
Loans and borrowings	18	795	1,240
Deferred tax liabilities		480	489
		<u>1,275</u>	<u>1,729</u>
Current liabilities			
Trade and other payables		425,211	325,523
Loans and borrowings	18	61,423	26,063
Other financial liabilities	15	115	455
Tax liabilities		8,126	6,983
		<u>494,875</u>	<u>359,024</u>
Total liabilities		<u>496,150</u>	<u>360,753</u>
Total equity and liabilities		<u>854,363</u>	<u>682,719</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 2016
Condensed consolidated statement of changes in equity

		Attributable to the owners of the Company					
		Non-Distributable			Distributable		
		Share capital RM'000	Foreign currency translation reserve RM'000	Revaluation reserve RM'000	Cash flow hedging reserve RM'000	Retained earnings RM'000	Total RM'000
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
At 1 February 2016		150,205	(6,789)	28,687	-	149,863	321,966
Total comprehensive income		-	(1,235)	-	-	59,262	58,027
Dividends	20	-	-	-	-	(21,780)	(21,780)
Bonus issue	17	37,551	-	-	-	(37,551)	-
At 31 October 2016		187,756	(8,024)	28,687	-	149,794	358,213

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 2016
Condensed consolidated statement of cash flows

	9 months ended	
	31 October 2016	31 October 2015
	Unaudited RM'000	Unaudited RM'000
Note		
<u>Operating activities</u>		
Profit before tax	76,219	42,910
Adjustments for:		
Interest income	(3,379)	(1,654)
Finance costs	1,938	2,116
Loss/(Gain) on disposal of property, plant and equipment	11 10	(148)
Depreciation of property, plant and equipment	3,080	2,806
Amortisation of other intangible assets	13 107	104
Inventories written down	14 337	120
Reversal on inventories written down	14 (30)	(583)
Gain on disposal of investment securities	-	(48)
Net fair value gain on investment securities	(17)	(10)
Unrealised gain on foreign exchange	(2,525)	(10,882)
Share of results of associate	(1,074)	(1,398)
Share of results of joint venture	(4,891)	-
Unrealised (gain)/loss arising on financial liabilities designated as at fair value through profit or loss	(339)	6
Dividend income	(8)	(13)
Operating cash flows before changes in working capital	69,428	33,326
Changes in working capital:		
Decrease/(Increase) in inventories	6,923	(12,287)
Increase in trade and other receivables	(137,124)	(6,613)
Increase in trade and other payables	89,741	63,876
Total changes in working capital	(40,460)	44,976
Interest paid	(3,123)	(2,941)
Income tax paid	(15,282)	(9,639)
Net cash generated from operating activities	10,563	65,722
<u>Investing activities</u>		
Purchase of property, plant and equipment	(5,085)	(1,997)
Proceeds from disposal of property, plant and equipment	13	203
Acquisition of other intangible assets	(1,775)	(880)
Purchase of joint venture	-	(5,000)
Acquisition of investment securities	-	(80)
Proceeds from disposal of investment securities	-	2,181
Interest income received	3,379	1,654
Dividend from associate	6,252	-
Dividend income received	8	12
Net cash generated from investing activities	2,792	(3,907)
<u>Financing activities</u>		
Repayment of term loans	(3,813)	(2,288)
Drawdown of other bank borrowings	56,413	42,965
Repayment of other bank borrowings	(18,626)	(30,436)
Repayment of hire-purchase	(698)	(779)
Dividends paid	(10,514)	(6,309)
Net cash generated from financing activities	22,762	3,153
Net change in cash and cash equivalents	36,117	64,968
Effect of foreign exchange rate changes	1,901	11,741
Cash and cash equivalents at 1 February	238,875	145,268
Cash and cash equivalents at 31 October*	276,893	221,977
* Cash and cash equivalents comprise the following at 31 October:		
Cash and bank balances	281,180	229,726
Bank overdrafts	(4,287)	(7,749)
Total cash and cash equivalents	276,893	221,977

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 2016

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 5 December 2016.

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 October 2016, 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 2016.

The consolidated financial statements of the Group for the financial year ended 31 January 2016 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 2016.

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 2016, except for the adoption of the following amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2016

- MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 127: Equity Method in Separate Financial Statements

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.

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 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 2016

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) Engineering

Engineering comprises mainly revenue derived from the execution of construction contracts and income derived from investments in 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 Investment 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 2016							
Revenue:							
External customers	84,815	4,823	89,638	32,454	-	-	122,092
Results:							
Interest income	-	14	14	-	56	1,276	1,346
Depreciation and amortisation	42	62	104	729	-	263	1,096
Share of results of associate	-	379	379	-	-	-	379
Share of results of joint venture	2,765	-	2,765	-	-	-	2,765
Segment profit (Note A)	23,077	2,385	25,462	7,296	(169)	(3,033)	29,556
3 months period ended							
31 October 2015							
Revenue:							
External customers	68,523	5,450	73,973	22,963	-	-	96,936
Results:							
Interest income	-	2	2	-	195	575	772
Depreciation and amortisation	49	77	126	619	-	251	996
Share of results of associate	-	507	507	-	-	-	507
Share of results of joint venture	-	-	-	-	-	-	-
Segment profit (Note A)	5,735	2,869	8,604	6,521	1,870	(286)	16,709

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2016

6 Segment information (continued)

	Construct- ion RM'000	Infrastruct- ure Investment 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 2016							
Revenue:							
External customers	302,380	13,865	316,245	93,579	-	-	409,824
Results:							
Interest income	-	18	18	-	184	3,177	3,379
Depreciation and amortisation	128	184	312	2,099	-	776	3,187
Share of results of associate	-	1,074	1,074	-	-	-	1,074
Share of results of joint venture	4,891	-	4,891	-	-	-	4,891
Segment profit (Note A)	59,449	6,616	66,065	19,237	(428)	(8,655)	76,219
9 months period ended							
31 October 2015							
Revenue:							
External customers	181,173	14,989	196,162	74,461	-	-	270,623
Results:							
Interest income	-	4	4	-	345	1,305	1,654
Depreciation and amortisation	145	219	364	1,820	-	726	2,910
Share of results of associate	-	1,398	1,398	-	-	-	1,398
Share of results of joint venture	-	-	-	-	-	-	-
Segment profit (Note A)	20,215	7,664	27,879	18,104	2,999	(6,072)	42,910

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 2016 RM'000	31 October 2015 RM'000	31 October 2016 RM'000	31 October 2015 RM'000
Finance costs	(742)	(888)	(1,912)	(2,071)
Other unallocated corporate expenses	(2,291)	602	(6,743)	(4,001)
	<u>(3,033)</u>	<u>(286)</u>	<u>(8,655)</u>	<u>(6,072)</u>

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2016

6 Segment information (continued)

Engineering

Revenue of RM89.64 million for the current quarter ended 31 October 2016 was 21% higher as compared to RM73.97 million for the corresponding quarter in 2015. Segment profit of RM25.47 million for the current quarter ended 31 October 2016 was 196% higher as compared to RM8.60 million for the corresponding quarter in 2015. Construction accounts for 95% of the revenue and 91% of segment profit of the Engineering Division. The higher revenue and segment profit was mainly contributed by the steady progress of the construction projects in hand.

Revenue of RM316.25 million for the current period ended 31 October 2016 was 61% higher as compared to RM196.16 million for the corresponding period in 2015 contributed by steady progress in our Engineering projects. Segment profit of RM66.07 million for the current period ended 31 October 2016 was 137% higher as compared to RM27.88 million for the period ended 31 October 2015 due to the higher revenue.

Metering

Revenue of RM32.45 million for the current quarter ended 31 October 2016 was 41% higher compared to RM22.96 million for the corresponding quarter in 2015. Segment profit of RM7.30 million for the current quarter ended 31 October 2016 was 12% higher as compared to RM6.52 million for the corresponding quarter in 2015. The lower segment profit margin is mainly due to realised loss on foreign exchange of RM0.23 million (31 October 2015: realised gain of RM1.02 million) on settlement.

Revenue of RM93.58 million for the current period ended 31 October 2016 was 26% higher compared to RM74.46 million for the corresponding period in 2015. Segment profit of RM19.24 million for the current period ended 31 October 2016 was 6% higher as compared to RM18.10 million for the corresponding period in 2015. The lower segment profit margin is mainly due to realised loss on foreign exchange of RM1.16 million (31 October 2015: realised gain of RM1.72 million) on settlement.

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.

Consolidated profit before tax

The Group's current quarter profit before tax of RM29.56 million (31 October 2015: RM16.71 million) was 77% higher. The higher profit before tax reported was in line with the higher revenue and profits contributed by both the Engineering and the Metering divisions. Other gains and losses was lower mainly due to lower realised gain on foreign exchange of RM0.60 million (31 October 2015: RM3.16 million) on settlement and lower unrealised gain on foreign exchange of RM0.58 million (31 October 2015: RM8.55 million) on foreign currencies held.

The Group's profit before tax for the period ended 31 October 2016 of RM76.22 million (31 October 2015: RM42.91 million) was 78% higher. The higher profit before tax reported was in line with the higher revenue and profits contributed by both the Engineering and Metering divisions. Other gains and losses was lower mainly due to realised loss on foreign exchange of RM0.30 million (31 October 2015: realised gain of RM4.83 million) on settlement and lower unrealised gain on foreign exchange of RM2.53 million (31 October 2015: RM10.88 million) on foreign currencies held.

7 Seasonality of operations

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

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2016

8 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 2016 RM'000	31 October 2015 RM'000	31 October 2016 RM'000	31 October 2015 RM'000
Interest income	(1,346)	(772)	(3,379)	(1,654)
Other income (including investment income)	(455)	(140)	(1,191)	(344)
Finance costs	748	891	1,938	2,116
Depreciation of property, plant and equipment	1,063	963	3,080	2,806
Amortisation of other intangible assets	33	33	107	104
Gain on disposal of investment securities	-	-	-	(48)
(Gain)/Loss on disposal of property, plant and equipment	(3)	(12)	10	(148)
Net fair value (gain)/loss on investment securities	(9)	9	(17)	(10)
Inventories written down	337	60	337	120
Reversal on inventories written down	(20)	(80)	(30)	(583)
(Gain)/Loss arising on financial liabilities designated as at FVTPL				
- realised	-	(16)	(7)	(21)
- unrealised	(126)	(164)	(339)	6
(Gain)/Loss on foreign exchange:				
- realised	(595)	(3,163)	302	(4,831)
- unrealised	(583)	(8,552)	(2,525)	(10,882)

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2016 RM'000	31 October 2015 RM'000	31 October 2016 RM'000	31 October 2015 RM'000
Current Tax:				
Malaysian tax	5,959	2,909	15,703	7,787
Foreign tax	612	711	2,004	3,687
	6,571	3,620	17,707	11,474
(Over)/Underprovision in prior years:				
Malaysian tax	(743)	1,028	(743)	1,028
	5,828	4,648	16,964	12,502
Deferred tax	(14)	(11)	(7)	(6)
	5,814	4,637	16,957	12,496

Domestic income tax is calculated at the Malaysian statutory rate of 24% (31 October 2015: 24%) 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 quarter was lower than the statutory tax rate mainly due to the effect of share of results of associate and joint venture, which were presented net of tax.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2016

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		Cumulative quarter	
	3 months ended		9 months ended	
	31	31	31	31
	October	October	October	October
	2016	2015	2016	2015
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	23,742	12,072	59,262	30,414
Number of ordinary shares in issue ('000)	375,513	375,513	375,513	375,513
Basic/diluted earnings per share (sen)	6.3	3.2	15.8	8.1

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

11 Property, plant and equipment

Acquisitions and disposals

During the nine months period ended 31 October 2016, the Group acquired assets at a cost of RM5.09 million (31 October 2015: RM2.54 million).

Assets with carrying amount of RM23,000 (31 October 2015: RM55,000) were disposed of by the Group during the nine months period ended 31 October 2016, resulting in a loss on disposal of RM10,000 (31 October 2015: gain of RM148,000), 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.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2016

13 Other intangible assets

	Computer software RM'000	Product development costs RM'000	Other development costs RM'000	Total RM'000
Cost:				
At 1 February 2016	583	2,201	980	3,764
Additions	8	1,767	-	1,775
At 31 October 2016	591	3,968	980	5,539
Accumulated amortisation:				
At 1 February 2016	358	16	833	1,207
Amortisation	53	17	37	107
At 31 October 2016	411	33	870	1,314
Carrying amount:				
At 1 February 2016	225	2,185	147	2,557
At 31 October 2016	180	3,935	110	4,225

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.

14 Inventories

During the nine months ended 31 October 2016, the Group recognised an inventories write down of RM337,000 (31 October 2015: RM120,000) and reversal of inventories write down of RM30,000 (31 October 2015: RM583,000). The inventories write down and reversal of inventories write down are recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2016

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 2016				
Financial assets held for trading:				
- Quoted shares	226	226	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(115)	-	(115)	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,569	-	-	19,569
- Long-term leasehold land	928	-	-	928
- Long-term leasehold building	2,214	-	-	2,214
At 31 January 2016				
Financial assets held for trading				
- Quoted shares	199	199	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(455)	-	(455)	-
Non-financial assets:				
- Freehold land	80,365	-	-	80,365
- Building on freehold land	19,935	-	-	19,935
- Long-term leasehold land	958	-	-	958
- Long-term leasehold building	1,917	-	-	1,917

16 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 October 2016 RM'000	31 January 2016 RM'000
Short-term deposits	120,875	143,410
Cash in hand and at banks	160,305	98,235
	<u>281,180</u>	<u>241,645</u>

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2016

17 Share capital, share premium and treasury shares

On 21 September 2016, bonus shares of 75,102,542 new ordinary shares of RM0.50 each in the Company have been credited as fully paid-up on the basis of one bonus share for every four existing shares. Accordingly, the earnings per share figures have been adjusted retrospectively to enable a fair comparison.

Save for the above, 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 2016 RM'000	31 January 2016 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	4,287	2,770
Revolving credits	38,200	16,600
Bankers' acceptance	11,810	2,026
Term loans	6,525	3,813
Hire-purchase payables	601	854
	<u>61,423</u>	<u>26,063</u>
Long-term borrowings		
Secured:		
Hire-purchase payables	795	1,240
	<u>795</u>	<u>1,240</u>
	<u>62,218</u>	<u>27,303</u>

19 Provisions for costs of restructuring

Not applicable.

20 Dividends

The Directors have declared a second interim dividend of 2.0 sen per share (FY2016: 1.5 sen per share) on the enlarged share capital of 375.51 million shares (FY2016: share capital of 300.41 million shares). In Ringgit term, this amounts to RM7.51 million (FY2016: RM4.51 million) an increase of 66% compared to the previous corresponding quarter. The dividend will be paid on 13 January 2017 to shareholders whose names appear in the Record of Depositors on 21 December 2016.

The Directors declared a first interim dividend of 3.0 sen per share (FY2016: 2.0 sen per share) on 27 September 2016 paid on 10 November 2016 on the enlarged share capital which amounted to RM11.27 million (FY2016: RM6.01 million). In Ringgit term the two interim dividends will total RM18.78 million (FY2016: RM10.51 million) an increase of 78% compared to the previous corresponding period.

The total dividend paid for the previous financial year ended 31 January 2016 was RM21.03 million. The final dividend of 3.5 sen per share for the financial year ended 31 January 2016 was approved by shareholders of the Company on 30 June 2016 and paid on 2 August 2016.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2016

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 October 2016 RM'000	31 January 2016 RM'000
Approved and contracted for:		
Property, plant and equipment	239	2,671
Approved but not contracted for:		
Property, plant and equipment	273	11

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 2016 RM'000	31 October 2015 RM'000
Related companies: *		
Rental expenses for motor vehicle	33	3
Rental expenses for land	80	-
Purchase of air tickets	617	443
Share registration charges, secretarial and accounting fees	73	62

* 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 2016**

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

The profit before taxation for the current quarter ended 31 October 2016 is 12% higher than the preceding quarter due to higher revenue and profit attributed to project related works.

27 Commentary on prospects

The Group has announced yet another record quarter with pre-tax profit of RM29.56 million on the back of a record third quarter revenue of RM122.09 million. The cumulative nine months result was another record with pre-tax profit of RM76.22 million on the back of a record revenue of RM409.82 million.

The pre-tax profit of RM76.22 million was 8% higher than the whole of last financial year ended 31 January 2016. The Directors are optimistic that in view of the results for the nine months that we are on track for another record year.

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

Not applicable.

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

Not applicable.

30 Profit forecast or profit guarantee

Not applicable.

31 Corporate proposals

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

32 Changes in material litigation

There was no outstanding material litigation as at the date of this report.

33 Dividend payable

Please refer to Note 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 2016**

34 Derivative financial instruments

Details of derivative financial instruments outstanding as at 31 October 2016 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 assets/(liabilities)	Maturity
	RM'000	RM'000	
At 31 October 2016			
Foreign exchange option contracts	12,476	(115)	Less than 1 year
At 31 January 2016			
Foreign exchange option contracts	12,368	(455)	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 2016 and 31 January 2016.

36 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 October 2016 and 31 January 2016 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 31 October 2016 RM'000	Previous financial year ended 31 January 2016 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(52,325)	(43,924)
- Unrealised	48,159	45,792
	(4,166)	1,868
Total share of profits from associate		
- Realised	26,305	25,231
Total share of profits from joint venture		
- Realised	5,445	554
	27,584	27,653
Add: Consolidation adjustments	122,210	122,210
Retained earnings as per financial statements	149,794	149,863

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the nine-month period ended 31 October 2016**

37 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2016 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH (*MACS00400*)
GAN LEE MEI (*MA/CSA7057081*)
Company Secretaries

5 December 2016