

Condensed consolidated interim financial statements

For the three-month period ended 30 April 2017

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30 April 2017 Unaudited RM'000	30 April 2016 Unaudited RM'000	30 April 2017 Unaudited RM'000	30 April 2016 Unaudited RM'000
Revenue		129,422	122,964	129,422	122,964
Cost of sales		(95,498)	(96,212)	(95,498)	(96,212)
Gross profit		33,924	26,752	33,924	26,752
Interest income		756	979	756	979
Other gains and losses		(2,001)	202	(2,001)	202
Administrative expenses		(306)	(320)	(306)	(320)
Distribution costs		(236)	(504)	(236)	(504)
Other expenses		(8,141)	(7,015)	(8,141)	(7,015)
Finance costs		(590)	(512)	(590)	(512)
Share of results of associate		343	329	343	329
Share of results of joint venture		1,287	374	1,287	374
Profit before tax	8	25,036	20,285	25,036	20,285
Income tax expense	9	(6,540)	(5,278)	(6,540)	(5,278)
Profit for the period, net of tax, attributable to the owners of the Company		18,496	15,007	18,496	15,007
Other comprehensive loss					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		(473)	(3,218)	(473)	(3,218)
Net fair value change in financial assets available-for-sale		(448)	-	(448)	-
Other comprehensive loss for the period, net of tax		(921)	(3,218)	(921)	(3,218)
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		17,575	11,789	17,575	11,789
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	10	4.9	4.0	4.9	4.0

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

Condensed consolidated interim financial statements
For the three-month period ended 30 April 2017
Condensed consolidated statement of financial position

		30 April 2017	31 January 2017
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	128,200	128,427
Goodwill	12	876	876
Other intangible assets	13	4,678	4,320
Investment in associate		22,082	22,039
Investment in joint venture		12,702	11,415
Deferred tax assets		868	881
		<u>169,406</u>	<u>167,958</u>
Current assets			
Inventories	14	48,964	43,126
Trade and other receivables		231,048	267,151
Financial assets held-for-trading	15	258	266
Financial assets available-for-sale	15	20,043	-
Tax recoverable		1,356	997
Cash and bank balances	16	410,177	430,204
		<u>711,846</u>	<u>741,744</u>
Total assets		<u>881,252</u>	<u>909,702</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17	187,756	187,756
Foreign currency translation reserve		(7,210)	(6,737)
Properties revaluation reserve		34,703	34,703
Investments revaluation reserve		(448)	-
Retained earnings		202,797	184,301
Total equity		<u>417,598</u>	<u>400,023</u>
Non-current liabilities			
Loans and borrowings	18	877	959
Deferred tax liabilities		3,606	3,606
		<u>4,483</u>	<u>4,565</u>
Current liabilities			
Trade and other payables		402,990	440,184
Loans and borrowings	18	46,318	56,364
Other financial liabilities	15	722	13
Tax liabilities		9,141	8,553
		<u>459,171</u>	<u>505,114</u>
Total liabilities		<u>463,654</u>	<u>509,679</u>
Total equity and liabilities		<u>881,252</u>	<u>909,702</u>

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

Condensed consolidated interim financial statements
For the three-month period ended 30 April 2017
Condensed consolidated statement of changes in equity

	Attributable to the owners of the Company					Total RM'000
	Non-Distributable			Distributable		
	Share capital RM'000	Foreign currency translation reserve RM'000	Properties revaluation reserve RM'000	Investments revaluation reserve RM'000	Retained earnings RM'000	
At 1 February 2016	150,205	(6,789)	28,687	-	149,863	321,966
Total comprehensive income	-	(3,218)	-	-	15,007	11,789
At 30 April 2016	150,205	(10,007)	28,687	-	164,870	333,755
At 1 February 2017	187,756	(6,737)	34,703	-	184,301	400,023
Total comprehensive income	-	(473)	-	(448)	18,496	17,575
At 30 April 2017	187,756	(7,210)	34,703	(448)	202,797	417,598

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

Condensed consolidated interim financial statements
For the three-month period ended 30 April 2017
Condensed consolidated statement of cash flows

	Note	3 months ended	
		30 April 2017	30 April 2016
		Unaudited RM'000	Unaudited RM'000
<u>Operating activities</u>			
Profit before tax		25,036	20,285
Adjustments for:			
Interest income		(756)	(979)
Finance costs		590	521
Gain on disposal of property, plant and equipment	11	(40)	-
Depreciation of property, plant and equipment		1,035	991
Amortisation of other intangible assets	13	44	39
Reversal on inventories written down	14	(6)	(1)
Net fair value loss/(gain) on held-for-trading investment		7	(43)
Dividend income from available-for-sale investment		(494)	-
Unrealised loss/(gain) on foreign exchange		1,220	(342)
Share of results of associate		(343)	(329)
Share of results of joint venture		(1,287)	(374)
Unrealised loss/(gain) arising on financial liabilities designated as at fair value through profit or loss		709	(689)
Operating cash flows before changes in working capital		<u>25,715</u>	<u>19,079</u>
Changes in working capital:			
(Increase)/Decrease in inventories		(5,851)	7,636
Decrease/(Increase) in trade and other receivables		35,617	(47,177)
(Decrease)/Increase in trade and other payables		(31,706)	29,997
Total changes in working capital		<u>(1,940)</u>	<u>(9,544)</u>
Interest paid		(3,196)	(829)
Income tax paid		(6,079)	(4,103)
Net cash generated from operating activities		<u>14,500</u>	<u>4,603</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(575)	(1,931)
Proceeds from disposal of property, plant and equipment		41	-
Acquisition of other intangible assets		(400)	(643)
Acquisition of financial assets available-for-sale		(19,997)	-
Interest income received		756	979
Dividend from associate		-	6,252
Net cash (used in)/generated from investing activities		<u>(20,175)</u>	<u>4,657</u>
<u>Financing activities</u>			
Repayment of term loans		-	(763)
Drawdown of other bank borrowings		44,475	32,880
Repayment of other bank borrowings		(55,713)	(18,626)
Repayment of hire-purchase		(192)	(246)
Net cash (used in)/generated from financing activities		<u>(11,430)</u>	<u>13,245</u>
Net change in cash and cash equivalents		(17,105)	22,505
Effect of foreign exchange rate changes		(3,791)	(553)
Cash and cash equivalents at 1 February		430,204	238,875
Cash and cash equivalents at 30 April*		<u>409,308</u>	<u>260,827</u>
* Cash and cash equivalents comprise the following at 30 April:			
Cash and bank balances		410,177	262,290
Bank overdrafts		(869)	(1,463)
Total cash and cash equivalents		<u>409,308</u>	<u>260,827</u>

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2017

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 22 June 2017.

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 April 2017, 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 2017.

The consolidated financial statements of the Group for the financial year ended 31 January 2017 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 2017.

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 2017, except for the adoption of the following amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2017

- Amendments to MFRS 107: Disclosure Initiative
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to MFRSs: Annual Improvements to MFRSs 2014 - 2016 Cycle

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 three-month period ended 30 April 2017

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 infrastructure.

(b) Metering

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

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

	Construct- ion RM'000	Infrastruct- ure RM'000	Engineer- ing RM'000	Metering RM'000	Others RM'000	Adjust- ments and elimina- tions RM'000	Per condensed consoli- dated financial statements RM'000
Current quarter							
3 months period ended							
30 April 2017							
Revenue:							
External customers	89,910	5,059	94,969	34,453	-	-	129,422
Results:							
Interest income	-	13	13	11	129	603	756
Depreciation and amortisation	36	61	97	731	-	251	1,079
Share of results of associate	-	343	343	-	-	-	343
Share of results of joint venture	1,287	-	1,287	-	-	-	1,287
Segment profit (Note A)	19,616	2,420	22,036	9,703	(2,918)	(3,785)	25,036
3 months period ended							
30 April 2016							
Revenue:							
External customers	90,374	4,250	94,624	28,340	-	-	122,964
Results:							
Interest income	-	2	2	-	75	902	979
Depreciation and amortisation	48	59	107	670	-	253	1,030
Share of results of associate	-	329	329	-	-	-	329
Share of results of joint venture	374	-	374	-	-	-	374
Segment profit (Note A)	18,404	2,018	20,422	3,730	(549)	(3,318)	20,285

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2017

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		3 months ended	
	30 April	30 April	30 April	30 April
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income	603	902	603	902
Finance costs	(590)	(521)	(590)	(521)
Other unallocated corporate expenses	(3,798)	(3,699)	(3,798)	(3,699)
	<u>(3,785)</u>	<u>(3,318)</u>	<u>(3,785)</u>	<u>(3,318)</u>

Engineering

Revenue of RM94.97 million for the current quarter ended 30 April 2017 was slightly higher as compared to RM94.63 million for the corresponding quarter in 2016. Segment profit of RM22.04 million for the current quarter ended 30 April 2017 was 8% higher as compared to RM20.42 million for the corresponding quarter in 2016 due to the higher segment profit margin. Construction accounts for 95% of the revenue and 89% of segment profit of the Engineering Division.

Metering

Revenue of RM34.45 million for the current quarter ended 30 April 2017 was 22% higher compared to RM28.34 million for the corresponding quarter in 2016. Segment profit of RM9.70 million for the current quarter ended 30 April 2017 was 160% higher as compared to RM3.73 million for the corresponding quarter in 2016 mainly due to the higher revenue and gross profit margin in the current quarter derived from both local and export sales of water meters.

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 RM25.04 million (30 April 2016: RM20.29 million) was 23% 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 losses mainly arising from unrealised loss on foreign exchange of RM1.22 million (30 April 2016: unrealised gain of RM0.34 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 three-month period ended 30 April 2017

8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30 April	30 April	30 April	30 April
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(756)	(979)	(756)	(979)
Other income	(1,034)	(206)	(1,034)	(206)
Finance costs	590	521	590	521
Depreciation of property, plant and equipment	1,035	991	1,035	991
Amortisation of other intangible assets	44	39	44	39
Reversal on inventories written down	(6)	(1)	(6)	(1)
Gain on disposal of property, plant and equipment	(40)	-	(40)	-
Net fair value loss/(gain) on held-for-trading investment	7	(43)	7	(43)
Dividend income from available-for-sale investment	(494)	-	(494)	-
(Gain)/Loss arising on financial liabilities designated as at FVTPL				
- realised	(43)	-	(43)	-
- unrealised	709	(689)	709	(689)
Loss/(Gain) on foreign exchange:				
- realised	1,676	1,078	1,676	1,078
- unrealised	1,220	(342)	1,220	(342)

9 Income tax expenses

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30 April	30 April	30 April	30 April
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current Tax:				
Malaysian tax	5,916	4,448	5,916	4,448
Foreign tax	624	830	624	830
	6,540	5,278	6,540	5,278

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 was higher than the statutory tax rate mainly due to tax effect of non-tax deductible expenses.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2017

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 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	
	30 April 2017	30 April 2016	30 April 2017	30 April 2016
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	18,496	15,007	18,496	15,007
Number of ordinary shares in issue ('000)	375,513	375,513	375,513	375,513
Basic/diluted earnings per share (sen)	4.9	4.0	4.9	4.0

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 three months period ended 30 April 2017, the Group acquired assets at a cost of RM0.99 million (30 April 2016: RM1.93 million).

Assets with carrying amount of RM1,000 (30 April 2016: Nil) were disposed of by the Group during the three months period ended 30 April 2017, resulting in a gain on disposal of RM40,000 (30 April 2016: Nil), 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 annually and whenever there is an indication that the goodwill may be impaired.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2017

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 2017	593	4,133	980	5,706
Additions	-	402	-	402
At 30 April 2017	593	4,535	980	6,108
Accumulated amortisation:				
At 1 February 2017	428	76	882	1,386
Amortisation	14	18	12	44
At 30 April 2017	442	94	894	1,430
Carrying amount:				
At 1 February 2017	165	4,057	98	4,320
At 30 April 2017	151	4,441	86	4,678

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 three months ended 30 April 2017, the Group recognised a reversal of inventories write down of RM6,000 (30 April 2016: RM1,000) in profit or loss.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2017

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 30 April 2017				
Financial assets held-for-trading:				
- Quoted shares	258	258	-	-
Financial assets available-for-sale:				
- Quoted securities	20,043	20,043	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(722)	-	(722)	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	18,009	-	-	18,009
- Long-term leasehold land	959	-	-	959
- Long-term leasehold building	2,232	-	-	2,232
<hr/>				
At 31 January 2017				
Financial assets held for trading				
- Quoted shares	266	266	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(13)	-	(13)	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	18,155	-	-	18,155
- Long-term leasehold land	974	-	-	974
- Long-term leasehold building	2,295	-	-	2,295
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16 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	30 April 2017 RM'000	31 January 2017 RM'000
Short-term deposits	88,049	118,602
Cash in hand and at banks	322,128	311,602
	<hr/>	<hr/>
	410,177	430,204

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2017

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

	30 April 2017 RM'000	31 January 2017 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	869	-
Revolving credits	32,780	41,959
Bankers' acceptance	11,675	13,718
Hire-purchase payables	994	687
	<u>46,318</u>	<u>56,364</u>
Long-term borrowings		
Secured:		
Hire-purchase payables	877	959
	<u>47,195</u>	<u>57,323</u>

19 Provisions for costs of restructuring

Not applicable.

20 Dividends

No interim ordinary dividend has been declared for the financial period ended 30 April 2017 (30 April 2016: Nil).

Subject to Shareholders' approval at the forthcoming Annual General Meeting, the Directors have recommended a final dividend of 5.0 sen per share (FY2016: 3.5 sen per share) on the enlarged 375.51 million shares (FY2016: 300.41 million shares) amounting to RM18.78 million (FY2016: RM10.51 million) for the financial year ended 31 January 2017. In Ringgit term, the total dividend for the financial year ended 31 January 2017 will be RM37.56 million (FY2016: RM21.03 million), up by 79%.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2017

21 Commitments

Capital expenditure as at the reporting date is as follows:

	30 April 2017 RM'000	31 January 2017 RM'000
Approved and contracted for:		
Property, plant and equipment	311	136
Approved but not contracted for:		
Property, plant and equipment	1	207

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 three months period ended 30 April:

	Cumulative quarter 3 months ended	
	30 April 2017 RM'000	30 April 2016 RM'000
Related companies: *		
Rental expenses for motor vehicle	14	11
Rental expenses for land	60	-
Purchase of air tickets	86	149
Share registration charges, secretarial and accounting fees	25	18

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

24 Events after the reporting period

There were no material event subsequent to the end of current interim period.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the three-month period ended 30 April 2017**

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 30 April 2017 is 57% lower than the preceding quarter due to lower revenue and profit attributed to project related works.

27 Commentary on prospects

The Group posted another strong first quarter results with revenue of RM129.42 million and pre-tax profit of RM25.04 million. This was achieved on the back of better performance of both the Engineering and Metering divisions.

During the quarter, the Company secured a major contract for the supply and delivery of water meters. Together with contracts secured by the Engineering division in the last financial year, the order book has grown to RM6.1 billion. We will continue to grow our already strong order book and deliver the projects in hand towards meeting our customers' expectations and continue to improve shareholders' value. The Board is optimistic of FY2018 as our strong order book provides sustainable earnings visibility going forward.

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

On 21 April 2017, the Company obtained approval from Bursa Malaysia Securities Berhad for a proposed share split involving the subdivision of every 2 existing shares into 3 split shares held on an entitlement date to be determined later. This proposed share split will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current interim period do not reflect this proposed share split. The proposed share split is not expected to have any impact on the total value of ordinary shares held by shareholders in the Company.

Save as disclosed above, there were no corporate proposals announced but not completed as at the date of issue of these interim financial statements.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the three-month period ended 30 April 2017**

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.

34 Derivative financial instruments

Details of derivative financial instruments outstanding as at 30 April 2017 measured at their fair values together with their corresponding contract/notional amounts classified by the remaining period of maturity are as follows:

Types of derivatives	Contract/notional values RM'000	Net fair value liabilities RM'000	Maturity
At 30 April 2017			
Foreign exchange option contracts	19,722	(722)	Less than 1 year
At 31 January 2017			
Foreign exchange option contracts	3,335	(13)	Less than 1 year

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's payables denominated in currencies other than the functional currencies of the Company. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

35 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have gains/losses arising from fair value changes of financial liabilities (other than derivative financial instruments) as at 30 April 2017 and 31 January 2017.

Explanatory notes pursuant to Bursa Malaysia Listing Requirements:

Chapter 9, Appendix 9B, Part A

For the three-month period ended 30 April 2017

36 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 April 2017 and 31 January 2017 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 30 April 2017 RM'000	Previous financial year ended 31 January 2017 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries		
- Realised	3,416	(17,329)
- Unrealised	42,385	46,264
	<u>45,801</u>	<u>28,935</u>
Total share of profits from associate		
- Realised	27,084	26,741
Total share of profits from joint venture		
- Realised	7,702	6,415
	<u>80,587</u>	<u>62,091</u>
Add: Consolidation adjustments	122,210	122,210
Retained earnings as per financial statements	<u>202,797</u>	<u>184,301</u>

37 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2017 was not qualified.

BY ORDER OF THE BOARD

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

22 June 2017