

Condensed consolidated interim financial statements

For the nine-month period ended 31 October 2017

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 October 2017 Unaudited RM'000	31 October 2016 Unaudited RM'000	31 October 2017 Unaudited RM'000	31 October 2016 Unaudited RM'000
Revenue		127,089	122,092	444,078	409,824
Cost of sales		(84,329)	(89,131)	(330,919)	(320,225)
Gross profit		42,760	32,961	113,159	89,599
Interest income		1,222	1,346	2,899	3,379
Dividend income		5	5	8	8
Other gains and losses		(1,807)	1,766	(40)	3,759
Administrative expenses		(474)	(326)	(1,152)	(959)
Distribution costs		(477)	(537)	(1,142)	(1,408)
Other expenses		(9,545)	(8,061)	(27,133)	(22,212)
Finance costs		(631)	(742)	(1,802)	(1,912)
Share of results of associate		347	379	1,091	1,074
Share of results of joint venture		5,295	2,765	8,868	4,891
Profit before tax	8	36,695	29,556	94,756	76,219
Income tax expense	9	(8,017)	(5,814)	(22,207)	(16,957)
Profit for the period, net of tax, attributable to the owners of the Company		28,678	23,742	72,549	59,262
Other comprehensive (loss)/gain					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		(814)	2,088	(1,741)	(1,235)
Net fair value change in financial assets available-for-sale		131	-	(189)	-
Other comprehensive (loss)/gain for the period, net of tax		(683)	2,088	(1,930)	(1,235)
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		27,995	25,830	70,619	58,027
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	10	5.1	4.2	12.9	10.5

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

Condensed consolidated interim financial statements
For the nine-month period ended 31 October 2017
Condensed consolidated statement of financial position

		31 October 2017	31 January 2017
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	129,818	128,427
Goodwill	12	876	876
Other intangible assets	13	4,717	4,320
Investment in associate		22,042	22,039
Investment in joint venture		20,283	11,415
Deferred tax assets		833	881
		<u>178,569</u>	<u>167,958</u>
Current assets			
Inventories	14	47,611	43,126
Trade and other receivables		243,637	267,151
Financial assets held-for-trading	15	257	266
Financial assets available-for-sale	15	31,036	-
Tax recoverable		877	997
Cash and bank balances	16	399,368	430,204
		<u>722,786</u>	<u>741,744</u>
Total assets		<u>901,355</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		(8,478)	(6,737)
Properties revaluation reserve		34,703	34,703
Investments revaluation reserve		(189)	-
Retained earnings		223,992	184,301
Total equity		<u>437,784</u>	<u>400,023</u>
Non-current liabilities			
Loans and borrowings	18	2,171	959
Deferred tax liabilities		185	3,606
		<u>2,356</u>	<u>4,565</u>
Current liabilities			
Trade and other payables		402,990	440,184
Loans and borrowings	18	44,688	56,364
Other financial liabilities	15	336	13
Tax liabilities		13,201	8,553
		<u>461,215</u>	<u>505,114</u>
Total liabilities		<u>463,571</u>	<u>509,679</u>
Total equity and liabilities		<u>901,355</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 nine-month period ended 31 October 2017
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	Properties revaluation reserve RM'000	Investments revaluation reserve RM'000	Retained earnings RM'000	Total RM'000
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		37,551	-	-	-	(37,551)	-
At 31 October 2016		187,756	(8,024)	28,687	-	149,794	358,213
At 1 February 2017		187,756	(6,737)	34,703	-	184,301	400,023
Total comprehensive income		-	(1,741)	-	(189)	72,549	70,619
Dividends	20	-	-	-	-	(32,858)	(32,858)
At 31 October 2017		187,756	(8,478)	34,703	(189)	223,992	437,784

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 2017
Condensed consolidated statement of cash flows

	Note	9 months ended	
		31 October 2017	31 October 2016
		Unaudited RM'000	Unaudited RM'000
<u>Operating activities</u>			
Profit before tax		94,756	76,219
Adjustments for:			
Interest income		(2,899)	(3,379)
Finance costs		1,802	1,938
(Gain)/Loss on disposal of property, plant and equipment	11	(44)	10
Depreciation of property, plant and equipment		3,410	3,080
Amortisation of other intangible assets	13	135	107
Inventories written down	14	26	337
Reversal on inventories written down	14	(16)	(30)
Net fair value loss/(gain) on held-for-trading investment		48	(17)
Dividend income from available-for-sale investment		(641)	-
Unrealised loss/(gain) on foreign exchange		2,516	(2,525)
Share of results of associate		(1,091)	(1,074)
Share of results of joint venture		(8,868)	(4,891)
Unrealised loss/(gain) arising on financial liabilities designated as at fair value through profit or loss		323	(339)
Dividend income		(8)	(8)
Operating cash flows before changes in working capital		<u>89,449</u>	<u>69,428</u>
Changes in working capital:			
(Increase)/Decrease in inventories		(4,564)	6,923
Decrease/(Increase) in trade and other receivables		22,742	(137,124)
(Decrease)/Increase in trade and other payables		(45,485)	89,741
Total changes in working capital		<u>(27,307)</u>	<u>(40,460)</u>
Interest paid		(4,480)	(3,123)
Income tax paid		(20,656)	(15,282)
		<u>(25,136)</u>	<u>(18,405)</u>
Net cash generated from operating activities		<u>37,006</u>	<u>10,563</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(2,807)	(5,085)
Proceeds from disposal of property, plant and equipment		45	13
Acquisition of other intangible assets		(805)	(1,775)
Acquisition of financial assets available-for-sale		(30,165)	-
Interest income received		2,899	3,379
Dividend from associate		-	6,252
Dividend income received		7	8
Net cash (used in)/generated from investing activities		<u>(30,826)</u>	<u>2,792</u>
<u>Financing activities</u>			
Repayment of term loans		-	(3,813)
Drawdown of other bank borrowings		42,712	56,413
Repayment of other bank borrowings		(55,713)	(18,626)
Repayment of hire-purchase		(777)	(698)
Dividends paid		(18,776)	(10,514)
Net cash (used in)/generated from financing activities		<u>(32,554)</u>	<u>22,762</u>
Net change in cash and cash equivalents		(26,374)	36,117
Effect of foreign exchange rate changes		(5,655)	1,901
Cash and cash equivalents at 1 February		<u>430,204</u>	<u>238,875</u>
Cash and cash equivalents at 31 October*		<u>398,175</u>	<u>276,893</u>
* Cash and cash equivalents comprise the following at 31 October:			
Cash and bank balances		399,368	281,180
Bank overdrafts		(1,193)	(4,287)
Total cash and cash equivalents		<u>398,175</u>	<u>276,893</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 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 5 December 2017.

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 October 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 nine-month period ended 31 October 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							
31 October 2017							
Revenue:							
External customers	76,841	5,301	82,142	44,947	-	-	127,089
Results:							
Interest income	-	18	18	15	163	1,026	1,222
Depreciation and amortisation	64	57	121	865	-	308	1,294
Share of results of associate	-	347	347	-	-	-	347
Share of results of joint venture	5,295	-	5,295	-	-	-	5,295
Segment profit (Note A)	29,598	2,552	32,150	11,667	(1,843)	(5,279)	36,695
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	7,302	(169)	(3,039)	29,556

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2017

6 Segment information (continued)

	Construct- ion RM'000	Infrastruct- ure RM'000	Engineer- ing RM'000	Metering RM'000	Others RM'000	Adjust- ments and elimina- tions RM'000	Per condensed consoli- dated financial statements RM'000
Cumulative quarter							
9 months period ended							
31 October 2017							
Revenue:							
External customers	309,396	15,572	324,968	119,110	-	-	444,078
Results:							
Interest income	-	36	36	33	436	2,394	2,899
Depreciation and amortisation	152	177	329	2,367	-	849	3,545
Share of results of associate	-	1,091	1,091	-	-	-	1,091
Share of results of joint venture	8,868	-	8,868	-	-	-	8,868
Segment profit (Note A)	73,148	7,351	80,499	30,712	(5,527)	(10,928)	94,756
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	19,263	(428)	(8,681)	76,219

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 2017 RM'000	31 October 2016 RM'000	31 October 2017 RM'000	31 October 2016 RM'000
Interest income	1,026	1,276	2,394	3,177
Finance costs	(631)	(748)	(1,802)	(1,938)
Other unallocated corporate expenses	(5,674)	(3,567)	(11,520)	(9,920)
	<u>(5,279)</u>	<u>(3,039)</u>	<u>(10,928)</u>	<u>(8,681)</u>

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2017

6 Segment information (continued)

Engineering

Revenue of RM82.14 million for the current quarter ended 31 October 2017 was 8% lower as compared to RM89.64 million for the corresponding quarter in 2016. Segment profit of RM32.15 million for the current quarter ended 31 October 2017 was 26% higher as compared to RM25.47 million for the corresponding quarter in 2016. Construction accounts for 94% of the revenue and 92% of segment profit of the Engineering Division. The higher segment profit was mainly contributed by the improvement in profit margin of certain projects.

Revenue of RM324.97 million for the current period ended 31 October 2017 was 3% higher as compared to RM316.25 million for the corresponding period in 2016 contributed by steady progress in our Engineering projects. Segment profit of RM80.5 million for the current period ended 31 October 2017 was 22% higher as compared to RM66.07 million for the period ended 31 October 2016 due to the higher revenue and segment profit margin.

Metering

Revenue of RM44.95 million for the current quarter ended 31 October 2017 was 39% higher compared to RM32.45 million for the corresponding quarter in 2016. Segment profit of RM11.66 million for the current quarter ended 31 October 2017 was 60% higher as compared to RM7.30 million for the corresponding quarter in 2016, in line with the higher revenue.

Revenue of RM119.11 million for the current period ended 31 October 2017 was 27% higher compared to RM93.58 million for the corresponding period in 2016. Segment profit of RM30.71 million for the current period ended 31 October 2017 was 59% higher as compared to RM19.26 million for the corresponding period in 2016 mainly due to the higher revenue and gross profit margin in the current period derived from both local and export sales of water meters, particularly to local authority in Selangor and to Singapore and Nepal.

Consolidated revenue

The Group mainly derives its revenue from Malaysia, ASEAN countries, Hong Kong 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 RM36.70 million (31 October 2016: RM29.56 million) was 24% higher. The higher profit before tax reported was in line with the higher profits contributed by both the Engineering and Metering divisions. Other losses mainly arising from unrealised loss on foreign exchange of RM2.64 million (31 October 2016: unrealised gain of RM0.58 million) on foreign currencies held.

The Group's profit before tax for the period ended 31 October 2017 of RM94.76 million (31 October 2016: RM76.22 million) was 24% higher. The higher profit before tax reported was in line with the higher revenue and profits contributed by both the Engineering and Metering divisions.

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 2017

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 2017 RM'000	31 October 2016 RM'000	31 October 2017 RM'000	31 October 2016 RM'000
Interest income	(1,222)	(1,346)	(2,899)	(3,379)
Other income	(1,112)	(455)	(3,245)	(1,191)
Finance costs	631	748	1,802	1,938
Depreciation of property, plant and equipment	1,248	1,063	3,410	3,080
Amortisation of other intangible assets	46	33	135	107
Inventories written down	26	337	26	337
Reversal on inventories written down	(5)	(20)	(16)	(30)
Gain on disposal of property, plant and equipment	-	(3)	(44)	10
Net fair value loss/(gain) on held-for-trading investment	38	(9)	48	(17)
Dividend income from available-for-sale investment	(82)	-	(641)	-
Loss/(Gain) arising on financial liabilities designated as at FVTPL				
- realised	(16)	-	(10)	(7)
- unrealised	351	(126)	323	(339)
(Gain)/Loss on foreign exchange:				
- realised	(28)	(595)	1,085	302
- unrealised	2,640	(583)	2,516	(2,525)

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2017 RM'000	31 October 2016 RM'000	31 October 2017 RM'000	31 October 2016 RM'000
Current Tax:				
Malaysian tax	7,352	5,959	23,797	15,703
Foreign tax	674	612	1,863	2,004
	8,026	6,571	25,660	17,707
Overprovision in prior years:				
Malaysian tax	(32)	(743)	(32)	(743)
	7,994	5,828	25,628	16,964
Deferred tax	23	(14)	(3,421)	(7)
	8,017	5,814	22,207	16,957

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.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 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	
	3 months ended		9 months ended	
	31	31	31	31
	October	October	October	October
	2017	2016	2017	2016
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	28,678	23,742	72,549	59,262
Number of ordinary shares in issue ('000)	563,269	563,269	563,269	563,269
Basic/diluted earnings per share (sen)	5.1	4.2	12.9	10.5

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 2017, the Group acquired assets at a cost of RM5.36 million (31 October 2016: RM5.09 million).

Assets with carrying amount of RM1,000 (31 October 2016: RM23,000) were disposed of by the Group during the nine months period ended 31 October 2017, resulting in a gain on disposal of RM44,000 (31 October 2016: loss of RM10,000), 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 annually and whenever there is an indication that the goodwill may be impaired.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2017

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 2017	593	4,133	980	5,706
Additions	-	810	-	810
Transfer to Property, plant and equipment	-	(278)	-	(278)
At 31 October 2017	593	4,665	980	6,238
Accumulated amortisation:				
At 1 February 2017	428	76	882	1,386
Amortisation	43	55	37	135
At 31 October 2017	471	131	919	1,521
Carrying amount:				
At 1 February 2017	165	4,057	98	4,320
At 31 October 2017	122	4,534	61	4,717

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 2017, the Group recognised an inventories write down of RM26,000 (31 October 2016: RM337,000) and reversal of inventories write down of RM16,000 (31 October 2016: RM30,000). 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 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 31 October 2017				
Financial assets held-for-trading:				
- Quoted shares	257	257	-	-
Financial assets available-for-sale:				
- Quoted securities	31,036	31,036	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(336)	-	(336)	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	17,709	-	-	17,709
- Long-term leasehold land	921	-	-	921
- Long-term leasehold building	2,089	-	-	2,089
	<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:

	31 October 2017 RM'000	31 January 2017 RM'000
Short-term deposits	118,053	118,602
Cash in hand and at banks	281,315	311,602
	<hr/>	<hr/>
	399,368	430,204

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2017

17 Share capital, share premium and treasury shares

On 10 August 2017, the issued share capital of 375,512,710 shares have been subdivided into 563,269,065 split shares. 187,756,355 new ordinary shares in the Company have been credited as fully paid-up on the basis of every two existing shares into three split 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 2017 RM'000	31 January 2017 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	1,193	-
Revolving credits	32,645	41,959
Bankers' acceptance	9,889	13,718
Hire-purchase payables	961	687
	44,688	56,364
 Long-term borrowings		
Secured:		
Hire-purchase payables	2,171	959
	46,859	57,323

19 Provisions for costs of restructuring

Not applicable.

20 Dividends

The Directors have declared a second interim dividend of 2.0 sen per share (FY2017: 2.0 sen per share) based on the enlarged share capital of 563.27 million shares (FY2017: share capital of 375.51 million shares) amounting to RM11.27 million (FY2017: RM7.51 million) up 50% for the financial year ending 31 January 2018. The dividend will be paid on 12 January 2018 to shareholders whose names appear in the Record of Depositors on 20 December 2017.

The Directors declared a first interim dividend of 2.5 sen per share (FY2017: 3.0 sen per share) on 28 September 2017 paid on 9 November 2017 based on the enlarged share capital which amounted to RM14.08 million (FY2017: RM11.27 million). In Ringgit term the two interim dividends will total RM25.35 million (FY2017: RM18.78 million) up 35% for the financial year ending 31 January 2018.

Explanatory notes pursuant to MFRS 134

For the nine-month period ended 31 October 2017

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 October 2017 RM'000	31 January 2017 RM'000
Approved and contracted for:		
Property, plant and equipment	362	136
Approved but not contracted for:		
Property, plant and equipment	64	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 nine months period ended 31 October:

	Cumulative quarter 9 months ended	
	31 October 2017 RM'000	31 October 2016 RM'000
Related companies: *		
Rental expenses for motor vehicle	57	33
Rental expenses for land	180	80
Purchase of air tickets	452	617
Share registration charges, secretarial and accounting fees	73	73

* 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 2017**

25 Performance review

	Current quarter 3 months ended			Cumulative quarter 9 months ended		
	31	31	Changes %	31	31	Changes %
	October 2017 RM'000	October 2016 RM'000		October 2017 RM'000	October 2016 RM'000	
Revenue	127,089	122,092	+ 4	444,078	409,824	+ 8
Profit before tax	36,695	29,556	+ 24	94,756	76,219	+ 24
Profit after tax	28,678	23,742	+ 21	72,549	59,262	+ 22

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

	Current quarter 3 months ended 31 October 2017 RM'000	Preceding quarter 3 months ended 31 July 2017 RM'000	Changes %
Revenue	127,089	187,567	- 32
Profit before tax	36,695	33,025	+ 11
Profit after tax	28,678	25,375	+ 13

The profit before taxation for the current quarter ended 31 October 2017 is 11% higher than the preceding quarter due to higher profit contributed by both the Engineering and Metering divisions.

27 Commentary on prospects

The Group has achieved yet another record quarter with pre-tax profit of RM36.70 million (31 October 2016: RM29.56 million) on the back of a record third quarter revenue of RM127.09 million (31 October 2016: RM122.09 million). The growth in earnings is derived from the improved performance of both the business divisions.

The Engineering division's growth was derived from on-going, completed as well as new projects secured in the previous year. The Metering division's growth was contributed by the increase in orders from both the local and export markets.

For the nine-months period, the pre-tax profit was a record RM94.76 million (31 October 2016: RM76.22 million) on the back of a record nine-months revenue of RM444.08 million (31 October 2016: RM409.82 million). With the consistent performance over the last nine months, barring unforeseen circumstances, the Group is poised for yet another year of good performance. With an already strong order book of RM5.83 billion, we will continue to assess new opportunities in both the Engineering and Metering sectors.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the nine-month period ended 31 October 2017**

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.

34 Derivative financial instruments

Details of derivative financial instruments outstanding as at 31 October 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 31 October 2017			
Foreign exchange option contracts	19,883	(336)	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 31 October 2017 and 31 January 2017.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the nine-month period ended 31 October 2017**

36 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 October 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 31 October 2017 RM'000	Previous financial year ended 31 January 2017 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries		
- Realised	13,885	(17,329)
- Unrealised	44,835	46,264
	<u>58,720</u>	<u>28,935</u>
Total share of profits from associate		
- Realised	27,832	26,741
Total share of profits from joint venture		
- Realised	15,283	6,415
	<u>101,835</u>	<u>62,091</u>
Add: Consolidation adjustments	122,157	122,210
Retained earnings as per financial statements	<u>223,992</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

5 December 2017