

Condensed consolidated interim financial statements

For the twelve-month period ended 31 January 2018

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 January 2018	31 January 2017	31 January 2018	31 January 2017
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
Revenue		172,912	189,141	616,990	598,965
Cost of sales		(95,988)	(130,200)	(426,907)	(450,425)
Gross profit		76,924	58,941	190,083	148,540
Interest income		1,059	1,333	3,958	4,712
Dividend income		118	1	126	9
Other gains and losses		(8,961)	6,426	(9,001)	10,185
Administrative expenses		(580)	(328)	(1,732)	(1,287)
Distribution costs		(772)	(429)	(1,914)	(1,837)
Other expenses		(9,787)	(8,706)	(36,920)	(30,918)
Finance costs		(621)	(765)	(2,423)	(2,677)
Share of results of associate		270	436	1,361	1,510
Share of results of joint venture		7,924	970	16,792	5,861
Profit before tax	8	65,574	57,879	160,330	134,098
Income tax expense	9	(13,690)	(15,862)	(35,897)	(32,819)
Profit for the period, net of tax, attributable to the owners of the Company		51,884	42,017	124,433	101,279
Other comprehensive gain/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		437	6,016	437	6,016
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		(3,201)	1,287	(4,942)	52
Net fair value change in financial assets available-for-sale		176	-	(13)	-
Other comprehensive (loss)/gain for the period, net of tax		(2,588)	7,303	(4,518)	6,068
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		49,296	49,320	119,915	107,347
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	10	9.2	7.5	22.1	18.0

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 twelve-month period ended 31 January 2018
Condensed consolidated statement of financial position

		31 January 2018	31 January 2017
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	129,005	128,427
Goodwill	12	876	876
Other intangible assets	13	4,990	4,320
Investment in associate		20,246	22,039
Investment in joint venture		23,207	11,415
Deferred tax assets		2,073	881
		<u>180,397</u>	<u>167,958</u>
Current assets			
Inventories	14	47,652	43,126
Trade and other receivables		202,434	267,151
Financial assets held-for-trading	15	302	266
Financial assets available-for-sale	15	10,105	-
Tax recoverable		177	997
Cash and bank balances	16	510,600	430,204
		<u>771,270</u>	<u>741,744</u>
Total assets		<u>951,667</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		(11,679)	(6,737)
Properties revaluation reserve		35,140	34,703
Investments revaluation reserve		(13)	-
Retained earnings		264,611	184,301
Total equity		<u>475,815</u>	<u>400,023</u>
Non-current liabilities			
Loans and borrowings	18	2,122	959
Deferred tax liabilities		-	3,606
		<u>2,122</u>	<u>4,565</u>
Current liabilities			
Trade and other payables		414,042	440,184
Loans and borrowings	18	54,317	56,364
Other financial liabilities	15	277	13
Tax liabilities		5,094	8,553
		<u>473,730</u>	<u>505,114</u>
Total liabilities		<u>475,852</u>	<u>509,679</u>
Total equity and liabilities		<u>951,667</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 twelve-month period ended 31 January 2018
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		-	52	6,016	-	101,279	107,347
Dividends	20	-	-	-	-	(29,290)	(29,290)
Bonus issue		37,551	-	-	-	(37,551)	-
At 31 January 2017		187,756	(6,737)	34,703	-	184,301	400,023
At 1 February 2017		187,756	(6,737)	34,703	-	184,301	400,023
Total comprehensive income		-	(4,942)	437	(13)	124,433	119,915
Dividends	20	-	-	-	-	(44,123)	(44,123)
At 31 January 2018		187,756	(11,679)	35,140	(13)	264,611	475,815

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 twelve-month period ended 31 January 2018
Condensed consolidated statement of cash flows

	12 months ended	
	31 January 2018	31 January 2017
Note	Unaudited RM'000	Audited RM'000
<u>Operating activities</u>		
Profit before tax	160,330	134,098
Adjustments for:		
Interest income	(3,958)	(4,712)
Finance costs	2,423	2,677
(Gain)/Loss on disposal of property, plant and equipment	11 (271)	32
Property, plant and equipment written off	23	-
Depreciation of property, plant and equipment	4,700	4,154
Amortisation of other intangible assets	13 181	179
Inventories written down	14 356	491
Reversal on inventories written down	14 (20)	(1,339)
Loss on disposal of available-for-sale investment	226	-
Net fair value gain on held-for-trading investment	(49)	(48)
Dividend income from available-for-sale investment	(750)	-
Unrealised loss/(gain) on foreign exchange	11,997	(4,376)
Share of results of associate	(1,361)	(1,510)
Share of results of joint venture	(16,792)	(5,861)
Unrealised loss/(gain) arising on financial liabilities designated as at fair value through profit or loss	263	(442)
Dividend income	(126)	(9)
Operating cash flows before changes in working capital	<u>157,172</u>	<u>123,334</u>
Changes in working capital:		
(Increase)/Decrease in inventories	(5,049)	5,639
Decrease/(Increase) in trade and other receivables	62,877	(32,478)
(Decrease)/Increase in trade and other payables	(16,092)	115,806
Total changes in working capital	<u>41,736</u>	<u>88,967</u>
Interest paid	(7,065)	(4,887)
Income tax paid	(43,659)	(28,162)
Net cash generated from operating activities	<u>148,184</u>	<u>179,252</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment	(2,970)	(5,437)
Proceeds from disposal of property, plant and equipment	354	16
Acquisition of other intangible assets	(1,122)	(1,935)
Proceeds from disposal of financial assets available-for-sale	20,230	-
Acquisition of financial assets available-for-sale	(30,201)	-
Interest income received	3,958	4,712
Dividend from associate	-	6,252
Dividend from joint venture	5,000	-
Dividend income received	125	9
Net cash (used in)/generated from investing activities	<u>(4,626)</u>	<u>3,617</u>
<u>Financing activities</u>		
Repayment of term loans	-	(3,813)
Drawdown of other bank borrowings	53,538	55,713
Repayment of other bank borrowings	(55,713)	(18,626)
Repayment of hire-purchase	(1,047)	(862)
Dividends paid	(44,123)	(29,290)
Net cash (used in)/generated from financing activities	<u>(47,345)</u>	<u>3,122</u>
Net change in cash and cash equivalents	96,213	185,991
Effect of foreign exchange rate changes	(15,817)	5,338
Cash and cash equivalents at 1 February	<u>430,204</u>	<u>238,875</u>
Cash and cash equivalents at 31 January*	<u>510,600</u>	<u>430,204</u>
* Cash and cash equivalents comprise the following at 31 January:		
Cash and bank balances	510,600	430,204
Total cash and cash equivalents	<u>510,600</u>	<u>430,204</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 twelve-month period ended 31 January 2018

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 19 March 2018.

2 Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 January 2018, 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 twelve-month period ended 31 January 2018

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 January 2018							
Revenue:							
External customers	134,662	4,971	139,633	33,279	-	-	172,912
Results:							
Interest income	21	20	41	(33)	147	904	1,059
Depreciation and amortisation	73	58	131	914	-	291	1,336
Share of results of associate	-	270	270	-	-	-	270
Share of results of joint venture	7,924	-	7,924	-	-	-	7,924
Segment profit (Note A)	72,360	1,625	73,985	5,493	(5,833)	(8,071)	65,574
3 months period ended							
31 January 2017							
Revenue:							
External customers	149,867	5,346	155,213	33,928	-	-	189,141
Results:							
Interest income	-	14	14	9	85	1,225	1,333
Depreciation and amortisation	38	63	101	784	-	261	1,146
Share of results of associate	-	436	436	-	-	-	436
Share of results of joint venture	970	-	970	-	-	-	970
Segment profit (Note A)	47,586	1,683	49,269	8,066	1,658	(1,114)	57,879

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2018

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							
12 months period ended							
31 January 2018							
Revenue:							
External customers	444,058	20,543	464,601	152,389	-	-	616,990
Results:							
Interest income	21	56	77	-	583	3,298	3,958
Depreciation and amortisation	225	235	460	3,281	-	1,140	4,881
Share of results of associate	-	1,361	1,361	-	-	-	1,361
Share of results of joint venture	16,792	-	16,792	-	-	-	16,792
Segment profit (Note A)	145,508	8,976	154,484	36,205	(11,360)	(18,999)	160,330
12 months period ended							
31 January 2017							
Revenue:							
External customers	452,247	19,211	471,458	127,507	-	-	598,965
Results:							
Interest income	-	32	32	9	269	4,402	4,712
Depreciation and amortisation	166	247	413	2,883	-	1,037	4,333
Share of results of associate	-	1,510	1,510	-	-	-	1,510
Share of results of joint venture	5,861	-	5,861	-	-	-	5,861
Segment profit (Note A)	107,035	8,299	115,334	27,329	1,230	(9,795)	134,098

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 12 months ended	
	31 January 2018 RM'000	31 January 2017 RM'000	31 January 2018 RM'000	31 January 2017 RM'000
Interest income	904	1,225	3,298	4,402
Finance costs	(621)	(739)	(2,423)	(2,677)
Other unallocated corporate expenses	(8,354)	(1,600)	(19,874)	(11,520)
	<u>(8,071)</u>	<u>(1,114)</u>	<u>(18,999)</u>	<u>(9,795)</u>

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2018

6 Segment information (continued)

Engineering

Revenue of RM139.63 million for the current quarter ended 31 January 2018 was 10% lower as compared to RM155.21 million for the corresponding quarter in 2017. Segment profit of RM73.98 million for the current quarter ended 31 January 2018 was 50% higher as compared to RM49.26 million for the corresponding quarter in 2017. Construction accounts for 96% of the revenue and 98% of segment profit of the Engineering Division. The higher segment profit was mainly contributed by the improvement in profit margin of a project and higher share of results of joint venture.

Revenue of RM464.60 million for the year ended 31 January 2018 was marginally lower as compared to RM471.46 million for the corresponding period in 2017. Segment profit of RM154.48 million for the year ended 31 January 2018 was 34% higher as compared to RM115.33 million for the year ended 31 January 2017 due to the higher segment profit margin and higher share of results of joint venture.

Metering

Revenue of RM33.28 million for the current quarter ended 31 January 2018 was marginally lower compared to RM33.93 million for the corresponding quarter in 2017. Segment profit of RM5.50 million for the current quarter ended 31 January 2018 was 32% lower as compared to RM8.07 million for the corresponding quarter in 2017, due to lower gross profit margin and higher operating expenses.

Revenue of RM152.39 million for the year ended 31 January 2018 was 20% higher compared to RM127.51 million for the corresponding period in 2017. Segment profit of RM36.21 million for the year ended 31 January 2018 was 32% higher as compared to RM27.33 million for the corresponding period in 2017 mainly due to the higher revenue and gross profit margin in the current period derived from local sales of water meters, particularly to local authority in Johor and Selangor.

Consolidated revenue

The Group mainly derives its revenue from Malaysia, other 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 RM65.57 million (31 January 2017: RM57.88 million) was 13% higher. The higher profit before tax reported was in line with the higher profit contributed by the Engineering division. Other losses mainly arose from unrealised loss on foreign exchange of RM9.48 million (31 January 2017: unrealised gain of RM1.85 million) on foreign currencies held.

The Group's profit before tax for the year ended 31 January 2018 of RM160.33 million (31 January 2017: RM134.10 million) was 20% 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 arose from unrealised loss on foreign exchange of RM12.00 million (31 January 2017: unrealised gain of RM4.38 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 twelve-month period ended 31 January 2018

8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 January 2018 RM'000	31 January 2017 RM'000	31 January 2018 RM'000	31 January 2017 RM'000
Interest income	(1,059)	(1,333)	(3,958)	(4,712)
Other income	(1,196)	(969)	(4,441)	(2,160)
Finance costs	621	739	2,423	2,677
Depreciation of property, plant and equipment	1,290	1,074	4,700	4,154
Amortisation of other intangible assets	46	72	181	179
Inventories written down	330	154	356	491
Reversal on inventories written down	(4)	(1,309)	(20)	(1,339)
Loss on disposal of available-for-sale investment	226	-	226	-
(Gain)/Loss on disposal of property, plant and equipment	(227)	22	(271)	32
Net fair value gain on held-for-trading investment	(97)	(31)	(49)	(48)
Dividend income from available-for-sale investment	(109)	-	(750)	-
Loss/(Gain) arising on financial liabilities designated as at FVTPL				
- realised	245	(37)	235	(44)
- unrealised	(60)	(103)	263	(442)
Loss/(Gain) on foreign exchange:				
- realised	580	(3,458)	1,665	(3,156)
- unrealised	9,481	(1,851)	11,997	(4,376)

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 January 2018 RM'000	31 January 2017 RM'000	31 January 2018 RM'000	31 January 2017 RM'000
Current Tax:				
Malaysian tax	13,898	9,505	37,695	25,208
Foreign tax	1,441	3,133	3,304	5,137
	15,339	12,638	40,999	30,345
Overprovision in prior years:				
Malaysian tax	-	(282)	(32)	(1,025)
	15,339	12,356	40,967	29,320
Deferred tax	(1,649)	3,506	(5,070)	3,499
	13,690	15,862	35,897	32,819

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 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 twelve-month period ended 31 January 2018

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		12 months ended	
	31	31	31	31
	January	January	January	January
	2018	2017	2018	2017
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	51,884	42,017	124,433	101,279
Number of ordinary shares in issue ('000)	563,269	563,269	563,269	563,269
Basic/diluted earnings per share (sen)	9.2	7.5	22.1	18.0

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 year ended 31 January 2018, the Group acquired assets at a cost of RM5.91 million (31 January 2017: RM5.85 million).

Assets with carrying amount of RM83,000 (31 January 2017: RM48,000) were disposed of by the Group during the year ended 31 January 2018, resulting in a gain on disposal of RM271,000 (31 January 2017: loss of RM32,000), 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 twelve-month period ended 31 January 2018

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	-	1,129	-	1,129
Transfer to Property, plant and equipment	-	(278)	-	(278)
At 31 January 2018	593	4,984	980	6,557
Accumulated amortisation:				
At 1 February 2017	428	76	882	1,386
Amortisation	58	74	49	181
At 31 January 2018	486	150	931	1,567
Carrying amount:				
At 1 February 2017	165	4,057	98	4,320
At 31 January 2018	107	4,834	49	4,990

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 year ended 31 January 2018, the Group recognised an inventories write down of RM356,000 (31 January 2017: RM491,000) and reversal of inventories write down of RM20,000 (31 January 2017: RM1,339,000). The inventories write down and reversal of inventories write down are recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2018

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 January 2018				
Financial assets held-for-trading:				
- Quoted shares	302	302	-	-
Financial assets available-for-sale:				
- Quoted securities	10,105	10,105	-	-
Financial liabilities carried at FVTPL:				
- Foreign exchange option contracts	(277)	-	(277)	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	18,155	-	-	18,155
- Long-term leasehold land	825	-	-	825
- Long-term leasehold building	1,489	-	-	1,489
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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
	<hr/>			

16 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 January 2018 RM'000	31 January 2017 RM'000
Short-term deposits	158,600	118,602
Cash in hand and at banks	352,000	311,602
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	510,600	430,204

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2018

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 January 2018 RM'000	31 January 2017 RM'000
Short-term borrowings		
Secured:		
Revolving credits	42,506	41,959
Bankers' acceptance	10,708	13,718
Hire-purchase payables	1,103	687
	<u>54,317</u>	<u>56,364</u>
Long-term borrowings		
Secured:		
Hire-purchase payables	2,122	959
	<u>56,439</u>	<u>57,323</u>

19 Provisions for costs of restructuring

Not applicable.

20 Dividends

The Directors have declared a third interim dividend of 5.0 sen per share (FY2017: final dividend of 5.0 sen per share) on the enlarged 563.27 million shares (FY2017: 375.51 million shares) amounting to RM28.16 million (FY2017: RM18.78 million) up 50% for the financial year ended 31 January 2018. The dividend will be paid on 25 April 2018 to shareholders whose names appear in the Record of Depositors on 5 April 2018.

Two interim dividends have been paid for the financial year ended 31 January 2018. The first and second interim dividends of 2.5 sen per share (FY2017: 3.0 sen per share) and 2.0 sen per share (FY2017: 2.0 sen per share) respectively on the enlarged share capital amounting to RM25.35 million (FY2017: RM18.78 million) were paid on 9 November 2017 and 12 January 2018 respectively.

In Ringgit term, the total dividend for the financial year ended 31 January 2018 will be RM53.51 million (FY2017: RM37.56 million), up by 43%.

Explanatory notes pursuant to MFRS 134

For the twelve-month period ended 31 January 2018

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 January 2018 RM'000	31 January 2017 RM'000
Approved and contracted for:		
Property, plant and equipment	315	136
Approved but not contracted for:		
Property, plant and equipment	551	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 year ended 31 January:

	Cumulative quarter 12 months ended	
	31 January 2018 RM'000	31 January 2017 RM'000
Related companies: *		
Rental expenses for motor vehicle	72	98
Rental expenses for land	300	140
Purchase of air tickets	780	760
Share registration charges, secretarial and accounting fees	125	119

* 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 twelve-month period ended 31 January 2018**

25 Performance review

	Current quarter 3 months ended			Cumulative quarter 12 months ended		
	31	31	Changes %	31	31	Changes %
	January 2018 RM'000	January 2017 RM'000		January 2018 RM'000	January 2017 RM'000	
Revenue	172,912	189,141	- 9	616,990	598,965	+ 3
Profit before tax	65,574	57,879	+ 13	160,330	134,098	+ 20
Profit after tax	51,884	42,017	+ 23	124,433	101,279	+ 23

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 January 2018 RM'000	Preceding quarter 3 months ended 31 October 2017 RM'000	Changes %
Revenue	172,912	127,089	+ 36
Profit before tax	65,574	36,695	+ 79
Profit after tax	51,884	28,678	+ 81

The profit before taxation for the current quarter ended 31 January 2018 is 79% higher than the preceding quarter due to higher profit contributed by both the Engineering and Metering divisions.

27 Commentary on prospects

The Group capped off the last quarter with a record profit before tax of RM65.57 million (31 January 2017: RM57.88 million) and profit after tax of RM51.88 million (31 January 2017: RM42.02 million) on the back of a revenue of RM172.91 million (31 January 2017: RM189.14 million). The higher earnings is derived from the improved performance of the Engineering division.

The Engineering division's improved performance was derived from on-going, completed as well as new projects secured in the previous year. The Metering division's lower earnings was contributed by lower gross profit margin and higher operating expenses.

For the twelve-months period, the profit before tax and profit after tax of RM160.33 million (31 January 2017: RM134.10 million) and RM124.43 million (31 January 2017: RM101.28 million) respectively was another record on the back of a record twelve-months revenue of RM616.99 million (31 January 2017: RM598.97 million). With the smooth execution of the on-going projects, barring unforeseen circumstances, the Group anticipates another year of good performance. With an already strong order book of RM5.6 billion, we are continuing 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 twelve-month period ended 31 January 2018**

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 January 2018 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 January 2018			
Foreign exchange option contracts	6,780	(277)	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 January 2018 and 31 January 2017.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 January 2018**

36 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

19 March 2018