

Condensed consolidated interim financial statements

For the three-month period ended 30 April 2018

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30 April 2018 Unaudited RM'000	30 April 2017 Unaudited RM'000	30 April 2018 Unaudited RM'000	30 April 2017 Unaudited RM'000
Revenue		99,762	129,422	99,762	129,422
Cost of sales		(75,229)	(95,498)	(75,229)	(95,498)
Gross profit		24,533	33,924	24,533	33,924
Interest income		846	756	846	756
Other gains and losses		2,727	(2,001)	2,727	(2,001)
Administrative expenses		(529)	(306)	(529)	(306)
Distribution costs		(360)	(236)	(360)	(236)
Other expenses		(10,291)	(8,141)	(10,291)	(8,141)
Finance costs		(680)	(590)	(680)	(590)
Share of results of associate		221	343	221	343
Share of results of joint venture		9,222	1,287	9,222	1,287
Profit before tax	7	25,689	25,036	25,689	25,036
Income tax expense	8	(4,154)	(6,540)	(4,154)	(6,540)
Profit for the period, net of tax, attributable to the owners of the Company		21,535	18,496	21,535	18,496
Other comprehensive gain/(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		74	(473)	74	(473)
Net fair value change in financial assets available-for-sale		(788)	(448)	(788)	(448)
Other comprehensive loss for the period, net of tax		(714)	(921)	(714)	(921)
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		20,821	17,575	20,821	17,575
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	9	3.8	3.3	3.8	3.3

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 2018
Condensed consolidated statement of financial position

		30 April 2018	31 January 2018
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	128,312	129,005
Goodwill	11	876	876
Other intangible assets	12	5,298	4,990
Investment in associate		20,523	20,246
Investment in joint venture		32,418	23,196
Deferred tax assets		2,218	2,242
		<u>189,645</u>	<u>180,555</u>
Current assets			
Inventories	13	48,336	47,708
Trade and other receivables		214,025	202,130
Financial assets held-for-trading	14	315	302
Financial assets available-for-sale	14	18,928	10,105
Tax recoverable		4,416	91
Deposits, cash and bank balances	15	396,742	510,612
		<u>682,762</u>	<u>770,948</u>
Total assets		<u>872,407</u>	<u>951,503</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	16	187,756	187,756
Foreign currency translation reserve		(11,606)	(11,680)
Properties revaluation reserve		35,140	35,140
Investments revaluation reserve		(801)	(13)
Retained earnings		257,952	264,580
Total equity		<u>468,441</u>	<u>475,783</u>
Non-current liabilities			
Trade and other payables		1,848	1,881
Loans and borrowings	17	2,209	2,120
		<u>4,057</u>	<u>4,001</u>
Current liabilities			
Trade and other payables		348,409	411,949
Loans and borrowings	17	51,015	54,320
Other financial liabilities	14	-	277
Tax liabilities		485	5,173
		<u>399,909</u>	<u>471,719</u>
Total liabilities		<u>403,966</u>	<u>475,720</u>
Total equity and liabilities		<u>872,407</u>	<u>951,503</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 2018
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 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
At 1 February 2018	187,756	(11,680)	35,140	(13)	264,580	475,783
Total comprehensive income	-	74	-	(788)	21,535	20,821
Dividends	-	-	-	-	(28,163)	(28,163)
At 30 April 2018	187,756	(11,606)	35,140	(801)	257,952	468,441

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 2018
Condensed consolidated statement of cash flows

	Note	3 months ended	
		30 April 2018 Unaudited RM'000	30 April 2017 Unaudited RM'000
<u>Operating activities</u>			
Profit before tax		25,689	25,036
Adjustments for:			
Interest income		(846)	(756)
Finance costs		680	590
Gain on disposal of property, plant and equipment	10	-	(40)
Depreciation of property, plant and equipment		1,241	1,035
Amortisation of other intangible assets	12	45	44
Reversal on inventories written down	13	(6)	(6)
Net fair value (gain)/loss on held-for-trading investment		(14)	7
Dividend income from available-for-sale investment		(218)	(494)
Unrealised (gain)/loss on foreign exchange		(2,674)	1,220
Share of results of associate		(221)	(343)
Share of results of joint venture		(9,222)	(1,287)
Unrealised (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		(277)	709
Operating cash flows before changes in working capital		<u>14,177</u>	<u>25,715</u>
Changes in working capital:			
Increase in inventories		(617)	(5,851)
(Increase)/Decrease in trade and other receivables		(11,309)	35,617
Decrease in trade and other payables		(62,088)	(31,706)
Total changes in working capital		<u>(74,014)</u>	<u>(1,940)</u>
Interest paid		(852)	(3,196)
Income tax paid		(13,142)	(6,079)
Net cash (used in)/ from operating activities		<u>(73,831)</u>	<u>14,500</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(174)	(575)
Proceeds from disposal of property, plant and equipment		-	41
Acquisition of other intangible assets		(351)	(400)
Acquisition of financial assets available-for-sale		(9,697)	(19,997)
Dividend income received from available-for-sale investment		200	-
Interest income received		846	756
Net cash used in investing activities		<u>(9,176)</u>	<u>(20,175)</u>
<u>Financing activities</u>			
Drawdown of other bank borrowings		50,344	44,475
Repayment of other bank borrowings		(53,543)	(55,713)
Repayment of hire-purchase		(295)	(192)
Dividends paid		(28,163)	-
Net cash used in financing activities		<u>(31,657)</u>	<u>(11,430)</u>
Net change in cash and cash equivalents		(114,664)	(17,105)
Effect of foreign exchange rate changes		794	(3,791)
Cash and cash equivalents at 1 February		<u>510,612</u>	<u>430,204</u>
Cash and cash equivalents at 30 April*		<u>396,742</u>	<u>409,308</u>
* Cash and cash equivalents comprise the following:			
Cash and bank balances		396,742	410,177
Bank overdrafts		-	(869)
Total cash and cash equivalents		<u>396,742</u>	<u>409,308</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 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 12 June 2018.

2 Basis of preparation

These condensed consolidated interim financial statements are unaudited and had been prepared in compliance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2018.

Adoption of New and Revised Malaysian Financial Reporting Standards

During the current financial year, the Group has adopted all the new and revised Standards and Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after 1 February 2018 as follows:

The adoption of these new and revised Standards and Interpretation does not have any material impact on the amounts reported in the financial statements of the Group in the current and previous financial year.

- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers (and the related Clarifications)
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 140: Transfers of Investment Property
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

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

3 Changes in estimates

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

4 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 2018

5 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 2018							
Revenue:							
External customers	68,433	4,552	72,985	26,777	-	-	99,762
Results:							
Interest income	1	18	19	9	173	645	846
Depreciation and amortisation	92	54	146	842	-	298	1,286
Share of results of associate	-	221	221	-	-	-	221
Share of results of joint venture	9,222	-	9,222	-	-	-	9,222
Segment profit (Note A)	19,407	1,903	21,310	6,085	(128)	(1,578)	25,689
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

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2018

5 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
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income	645	603	645	603
Finance costs	(680)	(590)	(680)	(590)
Other unallocated corporate expenses	(1,543)	(3,798)	(1,543)	(3,798)
	<u>(1,578)</u>	<u>(3,785)</u>	<u>(1,578)</u>	<u>(3,785)</u>

Engineering

Revenue of RM72.99 million for the current quarter ended 30 April 2018 was 23% lower as compared to RM94.97 million for the corresponding quarter in 2017 attributed to the completion of a few projects in 2017. Furthermore, revenue was not recognised for the Light Rail Transit Line 3 (LRT3) project, which is based on equity accounting for the 50% interest in the project. Segment profit of RM21.31 million for the current quarter ended 30 April 2018 was 3% lower as compared to RM22.04 million for the corresponding quarter in 2017. The lower segment profit was mainly due to the share of profit from the LRT3 project which is presented after tax and the completion of a few projects in 2017. Construction accounts for 94% of the revenue and 91% of segment profit of the Engineering Division.

Metering

Revenue of RM26.78 million for the current quarter ended 30 April 2018 was 22% lower compared to RM34.45 million for the corresponding quarter in 2017. Segment profit of RM6.09 million for the current quarter ended 30 April 2018 was 37% lower as compared to RM9.70 million for the corresponding quarter in 2017, due to lower revenue and higher operating expenses.

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 RM25.69 million (30 April 2017: RM25.04 million) was 3% higher. Other gains mainly arose from unrealised gain on foreign exchange of RM2.67 million (30 April 2017: unrealised loss of RM1.22 million) on foreign currencies held.

6 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 2018

7 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
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(846)	(756)	(846)	(756)
Other income	(1,471)	(1,034)	(1,471)	(1,034)
Finance costs	680	590	680	590
Depreciation of property, plant and equipment	1,241	1,035	1,241	1,035
Amortisation of other intangible assets	45	44	45	44
Reversal on inventories written down	(6)	(6)	(6)	(6)
Gain on disposal of property, plant and equipment	-	(40)	-	(40)
Net fair value (gain)/loss on held-for-trading investment	(14)	7	(14)	7
Dividend income from available-for-sale investment	(218)	(494)	(218)	(494)
Loss/(Gain) arising on financial liabilities designated as at FVTPL				
- realised	450	(43)	450	(43)
- unrealised	(277)	709	(277)	709
Loss/(Gain) on foreign exchange:				
- realised	1,477	1,676	1,477	1,676
- unrealised	(2,674)	1,220	(2,674)	1,220

8 Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30 April	30 April	30 April	30 April
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current Tax:				
Malaysian tax	3,600	5,916	3,600	5,916
Foreign tax	554	624	554	624
	<u>4,154</u>	<u>6,540</u>	<u>4,154</u>	<u>6,540</u>

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 (excluding the results of associate and joint venture which is equity accounted net of tax) was higher than the statutory tax rate mainly due to higher foreign tax rate and certain expenses not being deductible for tax purposes.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2018

9 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	3 months ended	3 months ended	3 months ended
	30 April	30 April	30 April	30 April
	2018	2017	2018	2017
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	21,535	18,496	21,535	18,496
Number of ordinary shares in issue ('000)	563,269	563,269	563,269	563,269
Basic/Diluted earnings per share (sen)	3.8	3.3	3.8	3.3

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

10 Property, plant and equipment

Acquisitions and disposals

During the period ended 30 April 2018, the Group acquired assets at a cost of RM0.62 million (30 April 2017: RM0.99 million).

No disposal of assets during the period ended 30 April 2018. Assets with carrying amount of RM1,000 were disposed of by the Group during the period ended 30 April 2017, resulting in a gain on disposal of RM40,000, recognised in profit or loss.

11 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 2018

12 Other intangible assets

	Computer software RM'000	Product development costs RM'000	Other development costs RM'000	Total RM'000
Cost:				
At 1 February 2018	593	4,984	980	6,557
Additions	-	353	-	353
At 30 April 2018	<u>593</u>	<u>5,337</u>	<u>980</u>	<u>6,910</u>
Accumulated amortisation:				
At 1 February 2018	486	150	931	1,567
Amortisation	14	19	12	45
At 30 April 2018	<u>500</u>	<u>169</u>	<u>943</u>	<u>1,612</u>
Carrying amount:				
At 1 February 2018	107	4,834	49	4,990
At 30 April 2018	<u>93</u>	<u>5,168</u>	<u>37</u>	<u>5,298</u>

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.

13 Inventories

During the period ended 30 April 2018, the Group recognised an reversal of inventories write down of RM6,000 (30 April 2017: RM6,000). The reversal of inventories write down are recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2018

14 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 2018				
Financial assets held-for-trading:				
- Quoted shares	315	315	-	-
Financial assets available-for-sale:				
- Quoted shares	18,928	18,928	-	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	18,013	-	-	18,013
- Long-term leasehold land	828	-	-	828
- Building on long-term leasehold land	1,474	-	-	1,474
	<hr/>			
At 31 January 2018				
Financial assets held for trading				
- Quoted shares	302	302	-	-
Financial assets available-for-sale:				
- Quoted shares	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
- Building on long-term leasehold land	1,489	-	-	1,489
	<hr/>			

15 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	30 April 2018 RM'000	31 January 2018 RM'000
Short-term deposits with licensed banks	120,684	160,485
Cash and bank balances	276,058	350,127
	<hr/>	
	396,742	510,612

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2018

16 Share capital and treasury shares

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

On 4 June 2018, the shareholders of the Company approved the Company's scheme to repurchase its own ordinary shares of up to 10% of its total number of issued shares ("Share Buy Back") effective from 4 June 2018 until the conclusion of the forthcoming 67th Annual General Meeting ("AGM") of the Company.

On 8 June 2018, the Company issued an addendum to the Notice of the 67th AGM of the Company together with a statement to shareholders and revised Form of Proxy to seek shareholders' approval for renewal of the Share Buy Back to be valid from the forthcoming 67th AGM until the next AGM.

The Directors may retain the shares so purchased as treasury shares or cancel them or a combination of both pursuant to Section 127 of the Companies Act, 2016.

17 Interest-bearing loans and borrowings

	30 April 2018 RM'000	31 January 2018 RM'000
Short-term borrowings		
Secured:		
Revolving credits	42,005	42,506
Bankers' acceptance	7,844	10,708
Hire-purchase payables	1,166	1,106
	<u>51,015</u>	<u>54,320</u>
Long-term borrowings		
Secured:		
Hire-purchase payables	2,209	2,120
	<u>53,224</u>	<u>56,440</u>

18 Provisions for costs of restructuring

Not applicable.

19 Dividends

No interim ordinary dividend has been declared for the financial period ended 30 April 2018 (30 April 2017: Nil).

Three interim dividends have been paid for the financial year ended 31 January 2018. The first, second and third interim dividends of 2.5 sen per share (FY2017: 3.0 sen per share), 2.0 sen per share (FY2017: 2.0 sen per share) and 5.0 sen per share (FY2017: final dividend of RM5.0 sen per share) respectively on the enlarged share capital were paid on 9 November 2017, 12 January 2018 and 25 April 2018 respectively.

In Ringgit term, the total dividend for the financial year ended 31 January 2018 was RM53.51 million (FY2017: RM37.55 million), up by 42%.

Explanatory notes pursuant to MFRS 134

For the three-month period ended 30 April 2018

20 Commitments

Capital expenditure as at the reporting date is as follows:

	30 April 2018 RM'000	31 January 2018 RM'000
Approved and contracted for:		
Property, plant and equipment	409	315
Approved but not contracted for:		
Property, plant and equipment	522	551

21 Contingencies

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

22 Related party transactions

The Group had the following transactions with related parties during the period ended 30 April:

	Cumulative quarter 3 months ended	
	30 April 2018 RM'000	30 April 2017 RM'000
Related companies: *		
Rental expenses for motor vehicle	49	14
Rental expenses for land	120	60
Purchase of air tickets	362	86
Share registration charges, secretarial and accounting fees	29	25

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

23 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 2018**

24 Performance review

	Current quarter 3 months ended			Cumulative quarter 3 months ended		
	30 April 2018	30 April 2017	Changes	30 April 2018	30 April 2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	99,762	129,422	- 23	99,762	129,422	- 23
Profit before tax	25,689	25,036	+ 3	25,689	25,036	+ 3
Profit after tax	21,535	18,496	+ 16	21,535	18,496	+ 16

Explanatory comment on the performance of each of the Group's business activities is provided in Note 5.

25 Comment on material change in profit before taxation

	Current quarter 3 months ended 30 April 2018 RM'000	Preceding quarter 3 months ended 31 January 2018 RM'000	Changes %
Revenue	99,762	172,916	- 42
Profit before tax	25,689	65,539	- 61
Profit after tax	21,535	51,853	- 58

The profit before taxation for the current quarter ended 30 April 2018 is 61% lower than the preceding quarter due to lower profit contributed by both the Engineering and Metering divisions.

26 Commentary on prospects

The Group has achieved yet another record set of first-quarter results. Notably, profit after tax registered at RM21.54 million, up 16% from RM18.50 million in the previous corresponding period. Construction projects were executed well and on time. The Metering business contributed significantly having grown at a compounded annual growth rate (CAGR) of 24% over the last three years. George Kent has positioned itself to tap on growth opportunities in Smart Metering. The potential growth for the Group from Smart Metering is significant considering it being the first mover and a market leader in the Region.

The Group's balance sheet remained strong with a net cash position of RM343.52 million with a healthy order book. Its outstanding order book of RM5.38 billion will continue to provide earnings visibility in the medium term. The Group remains optimistic for the rest of the year.

Going forward, with a strong balance sheet, the Group will increase its resources substantially, in terms of manpower and financial resources, to further accelerate growth in metering and other water-related businesses as well as concessions through M&As and strategic partnerships. This is in line with the Group's long-stated Strategic Plan to broaden its income base by substantially increasing the income from the Metering and other water-related businesses and investments.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the three-month period ended 30 April 2018**

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

Not applicable.

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

Not applicable.

29 Profit forecast or profit guarantee

Not applicable.

30 Corporate proposals

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

31 Changes in material litigation

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

32 Dividend payable

Please refer to Note 19 for details.

33 Derivative financial instruments

Details of derivative financial instruments outstanding as at 30 April 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 30 April 2018			
Foreign exchange option contracts	-	-	-
At 31 January 2018			
Foreign exchange option contracts	6,780	(277)	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.

34 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 2018 and 31 January 2018.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the three-month period ended 30 April 2018**

35 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2018 was not qualified.

BY ORDER OF THE BOARD

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

12 June 2018