

Condensed consolidated interim financial statements

For the six-month period ended 31 July 2018

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		31 July 2018 Unaudited RM'000	31 July 2017 Unaudited RM'000	31 July 2018 Unaudited RM'000	31 July 2017 Unaudited RM'000
Revenue		112,933	187,567	212,695	316,989
Cost of sales		(75,764)	(151,092)	(150,993)	(246,590)
Gross profit		37,169	36,475	61,702	70,399
Interest income		1,267	921	2,113	1,677
Dividend income		5	3	5	3
Other gains and losses		2,050	3,768	4,777	1,767
Administrative expenses		(550)	(372)	(1,079)	(678)
Distribution costs		(333)	(429)	(693)	(665)
Other expenses		(14,331)	(9,447)	(24,622)	(17,588)
Finance costs		(735)	(581)	(1,415)	(1,171)
Share of results of associate		239	401	460	744
Share of results of joint venture		5,095	2,286	14,317	3,573
Profit before tax	7	29,876	33,025	55,565	58,061
Income tax expense	8	(5,296)	(7,650)	(9,450)	(14,190)
Profit for the period, net of tax, attributable to the owners of the Company		24,580	25,375	46,115	43,871
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		695	(454)	769	(927)
Net fair value change in financial assets available-for-sale		(517)	128	(1,305)	(320)
Net fair value gain on cash flow hedge		2	-	2	-
Other comprehensive gain/(loss) for the period, net of tax		180	(326)	(534)	(1,247)
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		24,760	25,049	45,581	42,624
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	9	4.4	4.5	8.2	7.8

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 six-month period ended 31 July 2018
Condensed consolidated statement of financial position

		31 July 2018	31 January 2018
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	127,290	129,005
Goodwill	11	876	876
Other intangible assets	12	5,556	4,990
Investment in associate		21,175	20,246
Investment in joint venture		7,513	23,196
Deferred tax assets		2,110	2,242
		<u>164,520</u>	<u>180,555</u>
Current assets			
Inventories	13	47,669	47,708
Trade and other receivables		255,052	202,130
Financial assets held-for-trading	14	287	302
Financial assets available-for-sale	14	39,222	10,105
Other financial assets	14	2	-
Tax recoverable		8,505	91
Deposits, cash and bank balances	15	368,405	510,612
		<u>719,142</u>	<u>770,948</u>
Total assets		<u>883,662</u>	<u>951,503</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	16	187,756	187,756
Treasury shares		(6,328)	-
Foreign currency translation reserve		(10,911)	(11,680)
Properties revaluation reserve		35,140	35,140
Investments revaluation reserve		(1,318)	(13)
Cash flow hedging reserve		2	-
Retained earnings		282,532	264,580
Total equity		<u>486,873</u>	<u>475,783</u>
Non-current liabilities			
Trade and other payables		1,816	1,881
Loans and borrowings	17	1,986	2,120
		<u>3,802</u>	<u>4,001</u>
Current liabilities			
Trade and other payables		328,560	411,949
Loans and borrowings	17	64,426	54,320
Other financial liabilities	14	-	277
Tax liabilities		1	5,173
		<u>392,987</u>	<u>471,719</u>
Total liabilities		<u>396,789</u>	<u>475,720</u>
Total equity and liabilities		<u>883,662</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 six-month period ended 31 July 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	Cash flow hedging reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
At 1 February 2017		187,756	(6,737)	34,703	-	-	-	184,301	400,023
Total comprehensive income		-	(927)	-	(320)	-	-	43,871	42,624
Dividends	20	-	-	-	-	-	-	(18,776)	(18,776)
At 31 July 2017		187,756	(7,664)	34,703	(320)	-	-	209,396	423,871
At 1 February 2018		187,756	(11,680)	35,140	(13)	-	-	264,580	475,783
Total comprehensive income		-	769	-	(1,305)	2	-	46,115	45,581
Dividends	19	-	-	-	-	-	-	(28,163)	(28,163)
Repurchase of treasury shares	17	-	-	-	-	-	(6,328)	-	(6,328)
At 31 July 2018		187,756	(10,911)	35,140	(1,318)	2	(6,328)	282,532	486,873

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 six-month period ended 31 July 2018
Condensed consolidated statement of cash flows

	6 months ended	
	31 July 2018	31 July 2017
	Unaudited	Unaudited
Note	RM'000	RM'000
<u>Operating activities</u>		
Profit before tax	55,565	58,061
Adjustments for:		
Interest income	(2,113)	(1,677)
Finance costs	1,415	1,171
Gain on disposal of property, plant and equipment	10 (112)	(44)
Depreciation of property, plant and equipment	2,524	2,162
Amortisation of other intangible assets	12 91	89
Reversal on inventories written down	13 (53)	(11)
Net fair value loss on held-for-trading investment	17	10
Dividend income from available-for-sale investment	(502)	(559)
Unrealised gain on foreign exchange	(4,482)	(124)
Share of results of associate	(460)	(744)
Share of results of joint venture	(14,317)	(3,573)
Unrealised gain arising on financial liabilities designated as at fair value through profit or loss	(277)	(28)
Dividend income	(5)	(3)
Operating cash flows before changes in working capital	<u>37,291</u>	<u>54,730</u>
Changes in working capital:		
Decrease/(Increase) in inventories	119	(8,391)
(Increase)/Decrease in trade and other receivables	(52,625)	46,275
Decrease in trade and other payables	(83,784)	(33,527)
Total changes in working capital	<u>(136,290)</u>	<u>4,357</u>
Interest paid	(1,621)	(3,807)
Income tax paid	(22,878)	(10,873)
Net cash (used in)/from operating activities	<u>(123,498)</u>	<u>44,407</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment	(447)	(1,932)
Proceeds from disposal of property, plant and equipment	242	45
Acquisition of other intangible assets	(654)	(859)
Acquisition of financial assets available-for-sale	(30,916)	(19,997)
Interest income received	2,113	1,677
Dividend from joint venture	30,000	-
Dividend income received	5	3
Net cash from/(used in) investing activities	<u>343</u>	<u>(21,063)</u>
<u>Financing activities</u>		
Drawdown of other bank borrowings	58,309	42,710
Repayment of other bank borrowings	(53,543)	(55,713)
Repayment of hire-purchase	(656)	(492)
Dividends paid	(28,163)	(18,776)
Repurchase of treasury shares	(6,328)	-
Net cash used in financing activities	<u>(30,381)</u>	<u>(32,271)</u>
Net change in cash and cash equivalents	(153,536)	(8,927)
Effect of foreign exchange rate changes	6,028	(1,626)
Cash and cash equivalents at 1 February	510,612	430,204
Cash and cash equivalents at 31 July*	<u>363,104</u>	<u>419,651</u>
* Cash and cash equivalents comprise the following:		
Cash and bank balances	368,405	422,940
Bank overdrafts	(5,301)	(3,289)
Total cash and cash equivalents	<u>363,104</u>	<u>419,651</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 six-month period ended 31 July 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 26 September 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

- 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 six-month period ended 31 July 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							
31 July 2018							
Revenue:							
External customers	74,900	5,012	79,912	33,021	-	-	112,933
Results:							
Interest income	-	18	18	-	178	1,071	1,267
Depreciation and amortisation	104	56	160	875	-	294	1,329
Share of results of associate	-	239	239	-	-	-	239
Share of results of joint venture	5,095	-	5,095	-	-	-	5,095
Segment profit (Note A)	26,952	2,007	28,959	6,504	1,827	(7,414)	29,876
3 months period ended							
31 July 2017							
Revenue:							
External customers	142,645	5,212	147,857	39,710	-	-	187,567
Results:							
Interest income	-	5	5	7	144	765	921
Depreciation and amortisation	52	59	111	771	-	290	1,172
Share of results of associate	-	401	401	-	-	-	401
Share of results of joint venture	2,286	-	2,286	-	-	-	2,286
Segment profit (Note A)	23,934	2,379	26,313	9,342	(766)	(1,864)	33,025

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2018

5 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							
6 months period ended							
31 July 2018							
Revenue:							
External customers	143,333	9,564	152,897	59,798	-	-	212,695
Results:							
Interest income	1	36	37	-	360	1,716	2,113
Depreciation and amortisation	196	110	306	1,717	-	592	2,615
Share of results of associate	-	460	460	-	-	-	460
Share of results of joint venture	14,317	-	14,317	-	-	-	14,317
Segment profit (Note A)	46,359	3,910	50,269	12,589	1,699	(8,992)	55,565
6 months period ended							
31 July 2017							
Revenue:							
External customers	232,555	10,271	242,826	74,163	-	-	316,989
Results:							
Interest income	-	18	18	18	273	1,368	1,677
Depreciation and amortisation	88	120	208	1,502	-	541	2,251
Share of results of associate	-	744	744	-	-	-	744
Share of results of joint venture	3,573	-	3,573	-	-	-	3,573
Segment profit (Note A)	43,550	4,799	48,349	19,045	(3,684)	(5,649)	58,061

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 6 months ended	
	31 July 2018 RM'000	31 July 2017 RM'000	31 July 2018 RM'000	31 July 2017 RM'000
Interest income	1,071	765	1,716	1,368
Finance costs	(735)	(581)	(1,415)	(1,171)
Other unallocated corporate expenses	(7,750)	(2,048)	(9,293)	(5,846)
	<u>(7,414)</u>	<u>(1,864)</u>	<u>(8,992)</u>	<u>(5,649)</u>

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2018

6 Segment information (continued)

Engineering

Revenue of RM79.91 million for the current quarter ended 31 July 2018 was 46% lower as compared to RM147.86 million for the corresponding quarter in 2017. Segment profit of RM28.96 million for the current quarter ended 31 July 2018 was 10% higher as compared to RM26.31 million for the corresponding quarter in 2017. The higher segment profit was mainly attributed to the higher share of results of joint venture. Construction accounts for 94% of the revenue and 93% of segment profit of the Engineering Division.

Revenue of RM152.90 million for the period ended 31 July 2018 was 37% lower as compared to RM242.83 million for the corresponding period 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 RM50.27 million for the period ended 31 July 2018 was 4% higher as compared to RM48.35 million for the period ended 31 July 2017 due to the higher share of profit from the LRT3 project.

Metering

Revenue of RM33.02 million for the current quarter ended 31 July 2018 was 17% lower compared to RM39.71 million for the corresponding quarter in 2017. Segment profit of RM6.50 million for the current quarter ended 31 July 2018 was 30% lower as compared to RM9.34 million for the corresponding quarter in 2017, due to lower sales and gross profit margin.

Revenue of RM59.80 million for the period ended 31 July 2018 was 19% lower compared to RM74.16 million for the corresponding period in 2017. Segment profit of RM12.59 million for the period ended 31 July 2018 was 34% lower as compared to RM19.05 million for the corresponding period in 2017 mainly due to the lower sales in the current period.

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 RM29.88 million (31 July 2017: RM33.03 million) was 10% lower. Other gains mainly arose from unrealised gain on foreign exchange of RM1.81 million (31 July 2017: RM1.34 million) on foreign currencies held.

The Group's profit before tax for the period ended 31 July 2018 of RM55.57 million (31 July 2017: RM58.06 million) was 4% lower. The lower profit before tax reported was mainly attributed to lower profits contributed by Metering division. Other gains mainly arose from unrealised gain on foreign exchange of RM4.48 million (31 July 2017: RM0.12 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 six-month period ended 31 July 2018

7 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31 July 2018 RM'000	31 July 2017 RM'000	31 July 2018 RM'000	31 July 2017 RM'000
Interest income	(1,267)	(921)	(2,113)	(1,677)
Other income	(657)	(1,110)	(2,128)	(2,144)
Finance costs	735	581	1,415	1,171
Depreciation of property, plant and equipment	1,283	1,127	2,524	2,162
Amortisation of other intangible assets	46	45	91	89
Reversal on inventories written down	(47)	(5)	(53)	(11)
Gain on disposal of property, plant and equipment	(112)	(4)	(112)	(44)
Net fair value loss on held-for-trading investment	31	3	17	10
Dividend income from available-for-sale investment	(284)	(65)	(502)	(559)
Loss/(Gain) arising on financial liabilities designated as at FVTPL				
- realised	-	49	450	6
- unrealised	-	(737)	(277)	(28)
Loss/(Gain) on foreign exchange:				
- realised	775	(563)	2,252	1,113
- unrealised	(1,808)	(1,344)	(4,482)	(124)

8 Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31 July 2018 RM'000	31 July 2017 RM'000	31 July 2018 RM'000	31 July 2017 RM'000
Current Tax:				
Malaysian tax	4,564	10,529	8,164	16,445
Foreign tax	576	565	1,130	1,189
	5,140	11,094	9,294	17,634
Deferred tax	156	(3,444)	156	(3,444)
	5,296	7,650	9,450	14,190

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 lower than the statutory tax rate mainly due to certain income not being taxable for tax purposes.

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 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		6 months ended	
	31 July	31 July	31 July	31 July
	2018	2017	2018	2017
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	24,580	25,375	46,115	43,871
Weighted average number of ordinary shares (excluding Treasury Shares) for earnings per share computation ('000)	561,885	563,269	562,566	563,269
Basic/Diluted earnings per share (sen)	4.4	4.5	8.2	7.8

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 31 July 2018, the Group acquired assets at a cost of RM0.98 million (31 July 2017: RM3.14 million).

Assets with carrying amount of RM130,000 (31 July 2017: RM1,000) were disposed of by the Group during the six months period ended 31 July 2018, resulting in a gain on disposal of RM112,000 (31 July 2017: RM44,000), 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 six-month period ended 31 July 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	27	630	-	657
At 31 July 2018	<u>620</u>	<u>5,614</u>	<u>980</u>	<u>7,214</u>
Accumulated amortisation:				
At 1 February 2018	486	150	931	1,567
Amortisation	29	37	25	91
At 31 July 2018	<u>515</u>	<u>187</u>	<u>956</u>	<u>1,658</u>
Carrying amount:				
At 1 February 2018	107	4,834	49	4,990
At 31 July 2018	<u>105</u>	<u>5,427</u>	<u>24</u>	<u>5,556</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 31 July 2018, the Group recognised a reversal of inventories write down of RM53,000 (31 July 2017: RM11,000). The reversal of inventories write down are recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 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 31 July 2018				
Financial assets held-for-trading:				
- Quoted shares	287	287	-	-
Financial assets available-for-sale:				
- Quoted shares	39,222	39,222	-	-
Derivatives that are designated and effective as hedging instrument carried at fair value:				
- Foreign currency forward contracts	2	-	2	-
Non-financial assets:				
- Freehold land	87,700	-	-	87,700
- Building on freehold land	17,885	-	-	17,885
- Long-term leasehold land	846	-	-	846
- Building on long-term leasehold land	1,487	-	-	1,487
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

15 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 July 2018 RM'000	31 January 2018 RM'000
Short-term deposits with licensed banks	199,188	160,485
Cash and bank balances	169,217	350,127
	<u>368,405</u>	<u>510,612</u>

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2018

16 Share capital and treasury shares

At the EGM held on 4 June 2018, the Company's scheme to repurchase its own shares of up to 10% of its total number of issued shares ("Share Buy-Back") was approved by shareholders, effective from 4 June 2018 until the conclusion of the 67th AGM of the Company to be convened.

At the 67th AGM of the Company held on 9 July 2018, shareholders' approval was obtained for the Share Buy-Back scheme to be renewed from 9 July 2018 until the conclusion of the next AGM of the Company to be convened in 2019.

During the current quarter ended 31 July 2018, the Company repurchased a total of 5,270,900 of its shares from the open market for a total consideration of RM6,327,531. Subsequent to 31 July 2018 and up to date of this announcement, a total of 1,300,000 shares were repurchased from the open market for a total consideration of RM1,654,442. All these repurchased shares are being held as Treasury Shares in accordance with Section 127 of the Companies Act, 2016 and no Treasury Shares have been cancelled or resold to date. The repurchase of these shares were financed by internally generated funds.

Save for the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current interim period.

17 Interest-bearing loans and borrowings

	31 July 2018 RM'000	31 January 2018 RM'000
Short-term borrowings		
Secured:		
Bank overdrafts	5,301	-
Revolving credits	50,882	42,506
Bankers' acceptance	7,121	10,708
Hire-purchase payables	1,122	1,106
	64,426	54,320
 Long-term borrowings		
Secured:		
Hire-purchase payables	1,986	2,120
	66,412	56,440

18 Provisions for costs of restructuring

Not applicable.

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2018

19 Dividend

The Directors have declared an interim dividend of 2.0 sen per share for FY2019 (FY2018: 2.5 sen per share), payable on 1 November 2018 to shareholders whose names appear in the Record of Depositors on 12 October 2018, being the Book Closure Date (“BCD”).

On the assumption that as announced to date, the Treasury Shares of 6,570,900 (which are not entitled to dividends), remained the same as at BCD, the dividend pay-out on 556,698,165 shares will amount to approximately RM11.13 million (FY2018: RM14.08 million on 563,269,065 shares).

20 Commitments

Capital expenditure as at the reporting date is as follows:

	31 July 2018 RM'000	31 January 2018 RM'000
Approved and contracted for:		
Property, plant and equipment	654	315
Approved but not contracted for:		
Property, plant and equipment	590	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 31 July:

	Cumulative quarter 6 months ended	
	31 July 2018 RM'000	31 July 2017 RM'000
Related companies: *		
Rental expenses for motor vehicle	60	38
Rental expenses for land	240	120
Purchase of air tickets	673	322
Share registration charges, secretarial and accounting fees	42	48

* 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 six-month period ended 31 July 2018**

24 Performance review

	Current quarter 3 months ended			Cumulative quarter 6 months ended		
	31 July 2018	31 July 2017	Changes	31 July 2018	31 July 2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	112,933	187,567	- 40	212,695	316,989	- 33
Profit before tax	29,876	33,025	- 10	55,565	58,061	- 4
Profit after tax	24,580	25,375	- 3	46,115	43,871	+ 5

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 31 July 2018 RM'000	Preceding quarter 3 months ended 30 April 2018 RM'000	Changes %
Revenue	112,933	99,762	+ 13
Profit before tax	29,876	25,689	+ 16
Profit after tax	24,580	21,535	+ 14

The profit before taxation for the current quarter ended 31 July 2018 is 16% higher than the preceding quarter due to higher profit contributed by the Engineering division.

26 Commentary on prospects

The second quarter's results are credible in spite of the progress of work being affected by the restructuring of the LRT3 project. Negotiations are ongoing to redesign the project, and construction is anticipated to resume by second half of 2019.

The Group continues to focus on its long-stated strategic plan to broaden its income base by channeling substantial resources to further expand the Metering business. The Metering business contributes substantially to the Group's profit, and now exports to over 40 countries around the world.

The Group's order book, currently standing at just over RM5 billion, will continue to provide earnings visibility over the next few years. The Group is also continuing to explore opportunities in the Regional railway space, leveraging on the expertise it has cultivated through its participation as the rail systems specialist in past domestic MRT and LRT projects. The Group's extensive network with global rail specialists stands it in good stead for projects that require international collaborations through joint ventures or other forms of strategic alliances.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the six-month period ended 31 July 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 31 July 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 assets/(liabilities) RM'000	Maturity
At 31 July 2018			
Foreign currency forward contracts	308	2	Less than 1 year
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.

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

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 31 July 2018 and 31 January 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

26 September 2018