

PRESS RELEASE

FOR IMMEDIATE RELEASE

GEORGE KENT 1st QUARTER RESULTS ARE CREDIBLE

PUCHONG, 25 JUNE 2019 – George Kent (Malaysia) Berhad (“George Kent” or “the Group”) today announced a credible set of 1st Quarter financial results for the financial year ending 31 January 2020 (“FY2020”) as follows:

1st Quarter Financial Results (from February 2019 to April 2019):

- **Profit Before Tax of RM17.9 million**, from RM25.7 million in the previous corresponding quarter
- **Profit After Tax of RM13.5 million**, from RM21.5 million in the previous corresponding quarter

The results are credible, in spite of a small loss from LRT3 as construction work on the project has yet to begin in earnest. These results demonstrate the robustness of the Group’s businesses.

Demand for George Kent’s water meters, both domestic and export, exceeded forecasts during this period. The Group’s manufacturing facilities were able to meet this increased demand in a timely manner due to its investments to increase its production capacity.

The Group’s Engineering division’s margins and profits also improved on the back of more efficient management and execution.

Water Meter Business

Manufacture of Precision Water Meter Components

The Group currently imports its water meter components, which are assembled together with the brass housings it manufactures to become complete water meters. It is the Group’s plan to acquire the technology for the manufacturing of these precision components. This will allow for better control over its water meter supply and lower its production costs.

Expanded Export Market

The Group continues to invest to further strengthen its distribution base of over 40 countries around the world. The Group plans to commit further resources to open up new markets other than our existing markets.

Construction Business Fundamentals Intact

The Group, through our joint-venture company MRCB George Kent Sdn Bhd, signed on 25 January 2019 the revised contract for the RM11.4 billion LRT3 project. Preparations are underway for construction works to resume in earnest in the latter part of this year.

The Group continues to invest in its people to further strengthen its management.

Going Forward

Water Meters

The Group's focus continues to be on its long-stated Strategic Plan to broaden its income base. It aims to raise its Metering business' contribution to the Group's earnings to 50% in the short term, and to 75% in the medium to longer term. This will be achieved by allocating substantial resources to further expand the Metering business domestically and regionally, not just in increasing the number of water meters sold, but to increase the in-house manufactured content, some of which are imported currently. The Group's automated meter reading solution is undergoing pilot testing in several states with commercialisation set for later in 2019. The Group is also taking part in tenders under the non-revenue water initiative of Malaysia's water meter replacement programme. This should provide a boost to the Group's local water meter sales.

Engineering

The Group has a team dedicated to developing new opportunities in the Regional railway space, leveraging on its expertise as rail systems specialist in domestic railway projects. The Group's established network with international rail specialists will assist it in tapping into Regional projects requiring international collaborations through joint ventures or strategic alliances.

The Group's strong order book will provide earnings visibility for the next few years.

Chairman's Statement

Commenting on the Group's performance, Chairman Tan Sri Dato' Tan Kay Hock said:

"I am delighted with the credible results for the first quarter, given the fact that we made a small loss on LRT3 as construction work is only expected to begin towards the end of the year. This demonstrates the robustness of the Group's businesses. Our Metering division fulfilled increased orders during this period, whilst our effective project management and execution contributed to improved margins and profits for the Engineering division.

"I am encouraged by the increasingly strong demand for our water meters. We continue to add new markets. We are working towards manufacturing the imported precision components, in order for us to become an integrated water meter manufacturer. This will give us better control over our water meter supply and enhance our margins.

“Our expertise and experience as a Rail Systems Integrator place us in a favourable position to compete for domestic rail projects. We have a dedicated team to actively pursue railway opportunities in the Region. Similarly, with the successful completion of over 30 water infrastructure projects in the last 26 years, the Group is well-positioned to explore opportunities arising from the Malaysian Government's drive to resolve the country's non-revenue water issue.

“The Group is committed to delivering on our order book of over RM5 billion.”

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About George Kent (Malaysia) Berhad

George Kent is an established engineering and metering company in the water infrastructure, rail transportation and hospital construction industries. The Company specialises in the turnkey construction of water infrastructure and hospital projects, system works for rail transportation, and operation and maintenance of water treatment facilities.

Known for proven engineering excellence, George Kent has a strong track record of successfully completing high-value and technology-critical projects. The Company also manufactures and supplies water metering products and solutions for household, industrial and plant use. It operates one of the largest hot brass-forging plants in Southeast Asia for the production of internationally certified water meters, and supplies to water authorities in Malaysia and in the ASEAN region.

For more information, please visit www.georgekent.net.

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