

**Condensed consolidated interim financial statements**  
**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the financial period ended 30 September 2021**

		Current quarter 3 months ended 30 September 2021 Unaudited RM'000	Cumulative quarter 6 months ended 30 September 2021 Unaudited RM'000
	Note		
<b>Revenue</b>		79,686	140,965
Cost of sales		<u>(66,644)</u>	<u>(113,543)</u>
<b>Gross profit</b>		13,042	27,422
Interest income		482	854
Other losses		(8,748)	(6,619)
Administrative expenses		(559)	(1,131)
Distribution costs		(293)	(1,031)
Other expenses		(4,132)	(11,293)
Finance costs		(2,762)	(5,484)
Share of results of associate		(445)	(475)
Share of results of joint venture		<u>5,607</u>	<u>12,436</u>
<b>Profit before tax</b>	7	2,192	14,679
Income tax expense	8	<u>(2,059)</u>	<u>(2,752)</u>
<b>Profit for the period, attributable to the owners of the Company</b>		<u>133</u>	<u>11,927</u>
<b>Other comprehensive (loss)/income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on investments designated as at FVTOCI		(265)	(435)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation		8	39
Fair value loss on investments designated as at FVTOCI		<u>(398)</u>	<u>(394)</u>
<b>Other comprehensive loss for the period, net of tax</b>		<u>(655)</u>	<u>(790)</u>
<b>Total comprehensive (loss)/income for the period, attributable to the owners of the Company</b>		<u>(522)</u>	<u>11,137</u>
<b>Earnings per share attributable to the owners of the Company (sen):</b>			
Basic and diluted	9	<u>0.03</u>	<u>2.28</u>

*There is no comparative for the quarter ended 30 September 2021. Due to the change in the financial year end from 31 January to 31 March, the condensed consolidated statement of profit or loss and other comprehensive income for the current quarter ended 30 September 2021, being the second quarter of the financial year ending 31 March 2022, is not comparable with that of the second quarter of the previous financial period ended 31 March 2021.*

*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**  
**Condensed consolidated statement of financial position**  
**For the financial period ended 30 September 2021**

		<b>30 September 2021</b>	<b>31 March 2021</b>
	<b>Note</b>	<b>Unaudited RM'000</b>	<b>Audited RM'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	131,096	129,462
Right-of-use assets	11	1,068	1,330
Goodwill	12	876	876
Other intangible assets	13	23,478	21,865
Financial assets at FVTOCI	15	1,325	2,056
Investment in associate		6,544	3,469
Investment in joint venture		-	50,412
		<u>164,387</u>	<u>209,470</u>
<b>Current assets</b>			
Inventories	14	78,485	60,562
Trade and other receivables		182,742	183,984
Financial assets at FVTPL	15	106	146
Financial assets at FVTOCI	15	36,540	36,174
Assets held for sale	15	53,000	-
Tax recoverable		15,336	17,517
Deposits, cash and bank balances	16	306,962	340,639
		<u>673,171</u>	<u>639,022</u>
<b>Total assets</b>		<u>837,558</u>	<u>848,492</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	17(a)	187,756	187,756
Treasury shares	17(a)	(37,994)	(37,433)
Foreign currency translation reserve		(11,469)	(11,508)
Property revaluation reserve		37,405	37,405
Investment revaluation reserve		728	1,557
Retained earnings		353,441	346,741
<b>Total equity</b>		<u>529,867</u>	<u>524,518</u>
<b>Non-current liabilities</b>			
Other payables		1,779	1,879
Loans and borrowings	18	131,117	131,628
Deferred tax liabilities		2,850	2,850
		<u>135,746</u>	<u>136,357</u>
<b>Current liabilities</b>			
Trade and other payables		93,954	99,302
Loans and borrowings	18	77,987	88,314
Tax liabilities		4	1
		<u>171,945</u>	<u>187,617</u>
<b>Total liabilities</b>		<u>307,691</u>	<u>323,974</u>
<b>Total equity and liabilities</b>		<u>837,558</u>	<u>848,492</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**  
**Condensed consolidated statement of changes in equity**  
**For the financial period ended 30 September 2021**

		Attributable to the owners of the Company						
		Non-Distributable				Distributable		
		Share capital	Foreign currency translation reserve	Property revaluation reserve	Investment revaluation reserve	Treasury shares	Retained earnings	Total
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	<b>At 1 April 2021</b>	187,756	(11,508)	37,405	1,557	(37,433)	346,741	524,518
	Total comprehensive income/(loss)	-	39	-	(829)	-	11,927	11,137
	Dividends	-	-	-	-	-	(5,227)	(5,227)
	Share buy-backs	-	-	-	-	(561)	-	(561)
	<b>At 30 September 2021</b>	<b>187,756</b>	<b>(11,469)</b>	<b>37,405</b>	<b>728</b>	<b>(37,994)</b>	<b>353,441</b>	<b>529,867</b>

*There is no comparative for the quarter ended 30 September 2021. Due to the change in the financial year end from 31 January to 31 March, the condensed consolidated statement of changes in equity for the current quarter ended 30 September 2021, being the second quarter of the financial year ending 31 March 2022, is not comparable with that of the second quarter of the previous financial period ended 31 March 2021.*

*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**  
**Condensed consolidated statement of cash flows**  
**For the financial period ended 30 September 2021**

	<b>Note</b>	<b>6 months ended 30 September 2021 Unaudited RM'000</b>
<u>Operating activities</u>		
<b>Profit before tax</b>		14,679
Adjustments for:		
Interest income		(854)
Finance costs		5,484
Gain on disposal of property, plant and equipment	10	(4)
Depreciation of property, plant and equipment		2,079
Depreciation of right-of-use assets		263
Amortisation of other intangible assets	13	860
Inventories written down	14	12
Loss on disposal of FVTPL investment		9
Fair value gain on financial assets at FVTPL		(6)
Impairment loss on assets held for sale		9,848
Unrealised loss on foreign exchange		76
Share of results of associate		475
Share of results of joint venture		(12,436)
Income derived from capital guaranteed fund		(790)
Dividend income from FVTOCI investment		(1,859)
Dividend income from FVTPL investment		(4)
<b>Operating profit before working capital changes</b>		<u>17,832</u>
Changes in working capital:		
Increase in inventories		(17,935)
Decrease in trade and other receivables		1,747
Increase in trade and other payables		2,534
Total changes in working capital		<u>(13,654)</u>
Income tax paid		(560)
<b>Net cash from operating activities</b>		<u>3,618</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment		(3,766)
Proceeds from disposal of property, plant and equipment		5
Acquisition of other intangible assets		(2,470)
Investment in associate		(4,000)
Purchase of financial assets at FVTOCI		(329)
Proceeds from disposal of FVTPL investment		37
Dividend income received from FVTPL investment		4
Dividend income received from FVTOCI investment		1,859
Interest income received		854
Income derived from capital guaranteed fund		790
<b>Net cash used in investing activities</b>		<u>(7,016)</u>
<u>Financing activities</u>		
Drawdown of other bank borrowings		67,426
Repayment of other bank borrowings		(79,758)
Repayment of lease liabilities		(407)
Interest paid		(3,655)
Dividends paid		(13,078)
Share buy-backs		(561)
<b>Net cash used in financing activities</b>		<u>(30,033)</u>
<b>Net change in cash and cash equivalents</b>		(33,431)
Effect of foreign exchange rate changes		(246)
<b>Cash and cash equivalents at 1 April</b>		<u>340,639</u>
<b>Cash and cash equivalents at 30 September*</b>		<u>306,962</u>
<b>* Cash and cash equivalents comprise the following:</b>		
Deposits, cash and bank balances		306,962
Bank overdraft		-
Total cash and cash equivalents		<u>306,962</u>

*There is no comparative for the quarter ended 30 September 2021. Due to the change in the financial year end from 31 January to 31 March, the condensed consolidated statement of cash flows for the current quarter ended 30 September 2021, being the second quarter of the financial year ending 31 March 2022, is not comparable with that of the second quarter of the previous financial period ended 31 March 2021.*

*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 financial period ended 30 September 2021**

#### **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 23 November 2021.

#### **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 March 2021.

#### **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 June 2020 as follows:

- Amendments to MFRS 16: COVID-19 - Related Rent Concessions
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2
- Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 2021

The adoption of the above Standards and Amendments did not result in significant changes in the accounting policies and have no 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**

The Group, at an Extraordinary General Meeting held on 8 June 2021, received shareholders' approval for the proposed diversification of the Group's existing business activities to include the manufacture, sale and distribution of gloves through the approval of an investment in a 40% equity interest in Dynacare Sdn. Bhd. ("Dynacare").

On 9 June 2021, the Company subscribed for 2,000,000 ordinary shares of RM1.00 each, representing 40% equity interest in the share capital of Dynacare, for a cash consideration of RM2.0 million. Effective from that date, Dynacare became an associate of the Group.

On 12 July 2021, the issued and paid up share capital of Dynacare was increased to RM10.0 million by the additional allotment of 5,000,000 ordinary shares at an issue price of RM1.00 each. The Company subscribed for additional 2,000,000 ordinary shares of RM1.00 each for a cash consideration of RM2.0 million.

On 7 October 2021, the issued and paid up share capital of Dynacare was increased to RM17.0 million by the additional allotment of 7,000,000 ordinary shares at an issue price of RM1.00 each. The Company subscribed for additional 2,800,000 ordinary shares of RM1.00 each for a cash consideration of RM2.8 million.

Save for the above, there were no significant changes in the composition of the Group during the current interim period.

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 September 2021

#### 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
<b><u>Current quarter</u></b>							
<b>3 months period ended</b>							
<b>30 September 2021</b>							
<b>Revenue:</b>							
External customers	53,358	-	53,358	26,328	-	-	79,686
<b>Results:</b>							
Interest income	-	11	11	3	6	462	482
Depreciation and amortisation	13	21	34	1,290	-	235	1,559
Share of results of associate	-	9	9	-	(454)	-	(445)
Share of results of joint venture	5,607	-	5,607	-	-	-	5,607
Segment profit/(loss) (Note A)	324	(148)	176	7,210	(142)	(5,052)	2,192
<b><u>Cumulative quarter</u></b>							
<b>6 months period ended</b>							
<b>30 September 2021</b>							
<b>Revenue:</b>							
External customers	81,905	-	81,905	59,060	-	-	140,965
<b>Results:</b>							
Interest income	-	20	20	3	30	801	854
Depreciation and amortisation	26	43	69	2,650	-	483	3,202
Share of results of associate	-	(21)	(21)	-	(454)	-	(475)
Share of results of joint venture	12,436	-	12,436	-	-	-	12,436
Segment profit/(loss) (Note A)	7,479	(322)	7,157	17,172	(282)	(9,368)	14,679

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 September 2021

#### 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 3 months ended 30 September 2021 RM'000	Cumulative quarter 6 months ended 30 September 2021 RM'000
Interest income	462	801
Finance costs	(2,762)	(5,484)
Other unallocated corporate expenses	(2,752)	(4,685)
	<u>(5,052)</u>	<u>(9,368)</u>

##### Engineering

Revenue and segment profit for the quarter ended 30 September 2021 is RM53.36 million and RM0.18 million respectively.

Revenue and segment profit for the period ended 30 September 2021 is RM81.91 million and RM7.16 million respectively.

The segment's results for the quarter and the period ended 30 September 2021 were affected by the impact of the impairment loss of RM9.85 million arising from the decision to sell its investment in the LRT3 joint venture.

The disposal, for a cash consideration of RM53.00 million, provided an opportunity for the Group to monetise its investment in MRCB George Kent Sdn. Bhd. ("MRCBGK"). The Group had zero cost of investment upon receipt of a cash dividend of RM5.00 million declared by MRCBGK and had benefited from equity gains of RM62.85 million as at 30 September 2021.

##### Metering

Revenue and segment profit for the quarter ended 30 September 2021 is RM26.33 million and RM7.21 million respectively.

Revenue and segment profit for the period ended 30 September 2021 is RM59.06 million and RM17.17 million respectively.

The revenue and segment profit for the quarter and the period ended 30 September 2021 were affected by the 14 days closure in July 2021 on implementation of the Enhanced Movement Control Order (EMCO) in early July 2021. 60% workforce limitation was imposed after the lifting of the EMCO on 17 July 2021. 100% workforce was only reinstated on 17 August 2021.

##### Consolidated revenue

The Group mainly derives its revenue from Malaysia and other ASEAN countries. 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 is RM2.19 million. Included in the "Other losses" line item in the statements of profit or loss and other comprehensive income is impairment loss on assets held for sale of RM9.85 million.

The Group's profit before tax for the period ended 30 September 2021 of RM14.68 million is mainly derived from Metering division. Other losses mainly arose from impairment loss on assets held for sale of RM9.85 million.

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 September 2021

#### 6 Seasonality of operations

The Group's performance was not affected by any significant seasonal or cyclical factors.

#### 7 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended 30 September 2021 RM'000	Cumulative quarter 6 months ended 30 September 2021 RM'000
Interest income	(482)	(854)
Dividend income from:		
- FVTPL investment	(2)	(4)
- FVTOCI investment	(404)	(1,859)
Other income	(418)	(988)
Finance costs	2,762	5,484
Gain on disposal of property, plant and equipment	(4)	(4)
Depreciation of property, plant and equipment	998	2,079
Depreciation of right-of-use assets	131	263
Amortisation of other intangible assets	430	860
Inventories written down	-	12
Loss on disposal of FVTPL investment	9	9
Impairment loss on assets held for sale	9,848	9,848
Net fair value gain on FVTPL investment	(5)	(6)
(Gain)/Loss on foreign exchange:		
- realised	(153)	(453)
- unrealised	(123)	76
	<u>                    </u>	<u>                    </u>

#### 8 Income tax expense

	Current quarter 3 months ended 30 September 2021 RM'000	Cumulative quarter 6 months ended 30 September 2021 RM'000
Current Tax:		
Malaysian tax	2,015	2,752
Foreign tax	44	-
	<u>                    </u>	<u>                    </u>
	2,059	2,752

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 tax effect of certain expenses not being deductible for tax purposes.



## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 September 2021

#### 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 3 months ended 30 September 2021	Cumulative quarter 6 months ended 30 September 2021
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>133</u>	<u>11,927</u>
Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000)	<u>522,710</u>	<u>522,834</u>
Basic/Diluted earnings per share (sen)	<u>0.03</u>	<u>2.28</u>

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 September 2021, the Group acquired assets at a cost of RM3.77 million.

Assets with carrying amount of RM1,000 were disposed of by the Group during the period ended 30 September 2021, resulting in a gain on disposal of RM4,000, recognised in profit or loss.

#### 11 Right-of-use assets

##### Acquisitions and disposals

There were no acquisition and disposal during the current interim period.

#### 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 financial period ended 30 September 2021**

**13 Other intangible assets**

	<b>Computer software RM'000</b>	<b>License RM'000</b>	<b>Product develop- ment costs RM'000</b>	<b>Total RM'000</b>
<b>Cost:</b>				
At 1 April 2021	883	12,061	11,197	24,141
Additions	8	-	2,465	2,473
At 30 September 2021	<u>891</u>	<u>12,061</u>	<u>13,662</u>	<u>26,614</u>
<b>Accumulated amortisation:</b>				
At 1 April 2021	658	716	902	2,276
Amortisation	29	613	218	860
At 30 September 2021	<u>687</u>	<u>1,329</u>	<u>1,120</u>	<u>3,136</u>
<b>Carrying amount:</b>				
At 1 April 2021	225	11,345	10,295	21,865
At 30 September 2021	<u>204</u>	<u>10,732</u>	<u>12,542</u>	<u>23,478</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.

**License**

License, considered to have finite useful lives, is stated at cost less any accumulated impairment losses and is amortised using the straight-line basis from the later of commencement of the contract to which it relates or when the related machinery and equipment are ready for their intended use over the period of their expected benefit not exceeding 10 years.

**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.

**14 Inventories**

During the period ended 30 September 2021, the Group recognised inventories written down of RM12,000 in profit or loss. There was no reversal of inventories written down.

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 September 2021

#### 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 that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>At 30 September 2021</b>				
Financial assets at FVTPL:				
- Quoted equity securities	106	106	-	-
Financial assets at FVTOCI:				
- Quoted bonds	18,216	18,216	-	-
- Quoted equity securities	18,324	18,324	-	-
- Unquoted equity securities	1,325	-	1,325	-
Non-financial assets:				
- Assets held for sale	53,000	-	-	53,000
- Freehold land	91,350	-	-	91,350
- Building on freehold land	15,911	-	-	15,911
- Long-term leasehold land	1,159	-	-	1,159
- Building on long-term leasehold land	943	-	-	943
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<b>At 31 March 2021</b>				
Financial assets at FVTPL:				
- Quoted equity securities	146	146	-	-
Financial assets at FVTOCI:				
- Quoted bonds	17,480	17,480	-	-
- Quoted equity securities	18,694	18,694	-	-
- Unquoted equity securities	2,056	-	2,056	-
Non-financial assets:				
- Assets held for sale	-	-	-	-
- Freehold land	91,350	-	-	91,350
- Building on freehold land	15,750	-	-	15,750
- Long-term leasehold land	1,150	-	-	1,150
- Building on long-term leasehold land	959	-	-	959
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## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 September 2021

#### 16 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	30 September 2021 RM'000	31 March 2021 RM'000
Short-term deposits with licensed banks	51,728	51,750
Cash and bank balances	255,234	288,889
	306,962	340,639

#### 17 Debt and Equity Securities

##### (a) Share capital and treasury shares

At the 70th AGM of the Company held on 27 September 2021, shareholders' approval was obtained for the Share Buy-Back scheme to be renewed from 27 September 2021 until the conclusion of the next AGM of the Company to be convened in 2022.

As at 30 September 2021, the Company repurchased a total of 40,559,200 of its shares from the open market for a total consideration of RM37,993,992. Subsequent to 30 September 2021 and up to date of this announcement, no shares were repurchased from the open market. 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.

##### (b) Bond payables

###### Status of Sukuk Wakalah Programme

On 26 March 2021, the Company announced that it has completed its inaugural issuance of the Islamic Medium Term Notes (iMTN) of RM132.00 million in nominal value under the iMTN Programme with the periodic distribution rate of 5.5% p.a.. The tenure of the iMTN is 5 years. It is rated A+/S (stable) by Malaysian Rating Corporation Berhad.

The cumulative drawdown of the facility at the end of the reporting period are as follows:

Date of drawdown	Amount of drawdown RM'000	Repayment RM'000	Amount outstanding RM'000
26 March 2021	132,000	-	132,000

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

**Explanatory notes pursuant to MFRS 134**  
**For the financial period ended 30 September 2021**

**18 Loans and borrowings**

	<b>30</b>	<b>31 March</b>
	<b>September</b>	<b>2021</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short-term borrowings</b>		
Secured:		
Revolving credits	47,638	47,638
Bankers' acceptance	12,756	39,758
Invoice Financing	16,570	-
Lease liabilities	833	819
	<u>77,797</u>	<u>88,215</u>
Unsecured:		
Bond	193	99
	<u>77,990</u>	<u>88,314</u>
<b>Long-term borrowings</b>		
Secured:		
Lease liabilities	521	907
Unsecured:		
Bond	130,593	130,721
	<u>131,114</u>	<u>131,628</u>
	<u>209,104</u>	<u>219,942</u>

**19 Provisions for costs of restructuring**

Not applicable.

**20 Dividend**

The Board of Directors have declared an interim dividend of 1.0 sen per share for FY2022, payable on 29 December 2021 to shareholders whose names appear in the Record of Depositors on 8 December 2021, being the Book Closure Date ("BCD").

On the assumption that as announced to date, the treasury shares of 40,559,200 (which are not entitled to dividends), remained the same as at BCD, the dividend pay-out on 522,709,865 shares will amount to approximately RM5.23 million.

**21 Commitments**

Capital expenditure as at the reporting date is as follows:

	<b>30</b>	<b>31 March</b>
	<b>September</b>	<b>2021</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Approved and contracted for:</b>		
Property, plant and equipment	2,768	4,419
	<u>2,768</u>	<u>4,419</u>
<b>Approved but not contracted for:</b>		
Property, plant and equipment	66	-
	<u>66</u>	<u>-</u>

## Explanatory notes pursuant to MFRS 134

### For the financial period ended 30 September 2021

#### 22 Contingencies

Apart from what was reported in our announcement for the period ended 30 June 2021 on 24 August 2021, nothing has changed except that:

- (i) Customs has filed its appeal to the Court of Appeal and the matter is fixed for case management at the Court of Appeal on 23 November 2021;
- (ii) in respect of Customs Bill of Demand for RM28.8 million, the application for judicial review application is rescheduled for case management on 24 November 2021; and
- (iii) in respect of the other Bill of Demand for RM33.3 million against the Company, the Judicial review application is fixed for hearing on 15 December 2021.

Save for the above, there were no other material contingent liabilities or contingent assets.

#### 23 Provision of Financial Assistance

Pursuant to paragraph 8.23(1)(ii) of Bursa Malaysia Securities Berhad's Listing Requirements, the financial assistance provided by the Company is as follows:

The Company and its joint venture partner, each ultimately holding 50% of the total issued and paid up share capital of MRCB George Kent Sdn. Bhd. (the "Contractor") have on 22 March 2019 issued their respective parent company guarantee to Prasarana Malaysia Berhad ("Prasarana"), to guarantee the due performance and all obligations, duties and undertakings of the Contractor for the construction and completion of the Project known as Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia.

With the completion of the sale of 50% equity interest in MRCB George Kent Sdn. Bhd. ("MRCBGK") on 13 October 2021, the Group ceased forthwith to have the investment in the joint venture under MRCBGK and the Company is also released and discharged from its liabilities and obligations under the parent company guarantee dated 22 March 2019 given to Prasarana.

Save for the above, there were no other material provision of financial assistance.

#### 24 Related party transactions

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

	Cumulative quarter 6 months ended 30 September 2021 RM'000
Related companies: *	
Purchase of motor vehicle	87
Share registration charges and secretarial fees	26
	<hr/>

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

#### 25 Events after the reporting period

On 13 October 2021, sale of 50% equity interest in MRCBGK by George Kent Rail Sdn. Bhd., a wholly-owned subsidiary of the Company was completed upon receipt of a banker's cheque for RM53.0 million for full settlement of the Disposal Consideration.

Save for the above, there were no material event subsequent to the end of current interim period.

#### 26 Change of financial year end and disclosure of comparatives

In the previous financial period, the Group had change its financial year end from 31 January to 31 March. Due to the change, the performance of the quarter ended 30 September 2021, being the second quarter of the current financial year ending 31 March 2022, is not comparable with that of the second quarter of the previous financial period ended 31 March 2021 (i.e. May to July 2020). As such, no comparative figures are presented.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:  
 Chapter 9, Appendix 9B, Part A  
 For the financial period ended 30 September 2021**

**27 Performance review**

	Current quarter 3 months ended 30 September 2021 RM'000	Cumulative quarter 6 months ended 30 September 2021 RM'000
Revenue	79,686	140,965
Profit before tax	2,192	14,679
Profit after tax	<u>133</u>	<u>11,927</u>

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

**28 Comment on material change in profit before taxation**

	Current quarter 3 months ended 30 September 2021 RM'000	Preceding quarter 3 months ended 30 June 2021 RM'000	Changes %
Revenue	79,686	61,279	+ 30
Profit before tax	2,192	12,487	- 82
Profit after tax	<u>133</u>	<u>11,794</u>	- 99

The profit before taxation for the quarter ended 30 September 2021 is 82% lower than the preceding quarter mainly attributed to the impairment loss on assets held for sale of RM9.85 million.

**29 Commentary on prospects**

The Group continues to perform creditably in the current quarter despite the impact of Movement Control Order implemented by the Government on 1 June 2021 and the Enhanced Movement Control Order for the State of Selangor from 3 July 2021 to 16 July 2021. Temporary suspension of operation and limitation in workforce had affected our production ability to meet demands for our meters and slowed the site progress of our construction projects. After the temporary suspension, the production capacity was at 60%. In spite of this, Revenue for the current quarter was 30% higher than preceding quarter. Profit before tax was on par with the preceding quarter if not for the one-off impairment of RM9.85 million from the disposal of the investment in MRCBGK. The Operations remain robust.

**Metering**

Despite the disruption in operations due to the various measures imposed as mentioned above, the Group's order book for its water meters remains healthy. The Group began to fulfil these orders when it resumed operations with 60% workforce after the lifting of the EMCO on 17 July 2021 and subsequently with full 100% workforce after the Group achieved the full-vaccination rate of 80% on 17 August 2021. Concerted efforts were channelled to address the backlog of orders as well as cater for new orders from local and regional water authorities.

The Group has also resumed its AMR POC (Proof of Concept) pilot projects with water authorities and private companies which have been put on hold during the MCO.

As part of its strategy, the Group will continue to broaden its customer base and develop new markets as well as increase its product portfolio. The Group's new Class 'D' Volumetric water meter is now ready to be launched in both the domestic and regional markets.

## **Explanatory notes pursuant to Bursa Malaysia Listing Requirements:**

### **Chapter 9, Appendix 9B, Part A**

**For the financial period ended 30 September 2021**

#### **29 Commentary on prospects (continued)**

##### **Engineering**

The Group had in August 2021 gradually resumed construction works for Hospital Tanjung Karang and Hospital Endokrin Putrajaya projects after the numerous disruptions at site caused by the FMCO. The Group will continue to liaise closely with the Public Works Department (JKR) in managing the delivery timelines for the two hospitals. The construction progress of the Dynacare glove manufacturing plant was similarly impacted by the FMCO. However, efforts are being employed to expedite the work progress with the first dipping line target to commence operation in early December 2021.

The Group is constantly looking for opportunities to increase its order book both locally and overseas. The Group has recently participated in some tenders of water infrastructure projects locally and the evaluation results will be announced in the next few months. The Group will be exploring more opportunities in the water infrastructure projects following the announcement of the various development goals and strategies by the Government under the 12<sup>th</sup> Malaysia Plan.

Following the disposal of the Group's 50% stake in the Light Rail Transit (LRT) 3 joint venture, the Group will focus on the new opportunities in the domestic and regional railway space under the 12<sup>th</sup> Malaysia Plan's policy enabler of enhancing connectivity and transport infrastructure. With our established network with international rail specialists, the Group is well positioned to expand its role in the rail network infrastructure.

##### **Going Forward**

The Covid-19 pandemic has resulted in the acceleration of digital technology transformation across industries. The Board recognises the importance of moving into the digital space to transform and align the Group's businesses in line with the Government's plan to drive growth of Malaysia's digital economy. The Group plans to establish a Venture Capital (VC) arm for strategic investments into companies with digital technology in the areas of urban solutions and sustainability as well as emerging technology. The VC arm will provide the Group with access to new areas of growth opportunities.

The Board's priority to enhance the Group's business resilience remains. It will continue to take an active and disciplined approach to capital management and better utilisation of existing infrastructure to ensure a cost structure that enables the Group to invest in growth opportunities that will deliver sustainable results.

The Board is optimistic of the Group's prospects, given our ongoing strategies and long-term plans with continuous new product innovation and charting new market expansion.

#### **30 Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets**

Not applicable.

#### **31 Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets**

Not applicable.

#### **32 Profit forecast or profit guarantee**

Not applicable.



**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:  
Chapter 9, Appendix 9B, Part A  
For the financial period ended 30 September 2021**

**33 Corporate proposals**

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

**34 Changes in material litigation**

Apart from what was reported in our announcement for the period ended 30 June 2021 on 24 August 2021, the legal cost awarded by the Arbitrator to MRCB were fully settled during the quarter in review.

Save for the above, there was no outstanding material litigation as at the date of this report.

**35 Dividend payable**

Please refer to Note 20 for details.

**36 Derivative financial instruments**

There were no derivative financial instruments outstanding as at 30 September 2021 and 31 March 2021.

The Group enter into foreign currency contracts which were 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.

**37 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 September 2021 and 31 March 2021.

**38 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 March 2021 was not qualified.

BY ORDER OF THE BOARD

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

23 November 2021