

Condensed consolidated interim financial statements
Condensed consolidated statement of profit or loss and other comprehensive income
For the financial period ended 31 December 2021

		Current quarter 3 months ended 31 December 2021 Unaudited RM'000	Cumulative quarter 9 months ended 31 December 2021 Unaudited RM'000
Revenue		94,661	235,626
Cost of sales		<u>(77,133)</u>	<u>(190,676)</u>
Gross profit		17,528	44,950
Interest income		381	1,235
Other gains/(losses)		456	(6,163)
Administrative expenses		(553)	(1,684)
Distribution costs		(234)	(1,265)
Other expenses		(7,793)	(19,086)
Finance costs		(2,573)	(8,057)
Share of results of associates		(719)	(1,194)
Share of results of joint venture		<u>-</u>	<u>12,436</u>
Profit before tax	7	6,493	21,172
Income tax expense	8	<u>(1,850)</u>	<u>(4,602)</u>
Profit for the period, attributable to the owners of the Company		<u>4,643</u>	<u>16,570</u>
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on investments designated as at FVTOCI		(219)	(654)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation		(3)	36
Fair value loss on investments designated as at FVTOCI		<u>(667)</u>	<u>(1,061)</u>
Other comprehensive loss for the period, net of tax		<u>(889)</u>	<u>(1,679)</u>
Total comprehensive income for the period, attributable to the owners of the Company		<u>3,754</u>	<u>14,891</u>
Earnings per share attributable to the owners of the Company (sen):			
Basic and diluted	9	<u>0.89</u>	<u>3.17</u>

There is no comparative for the quarter ended 31 December 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 31 December 2021, being the third quarter of the financial year ending 31 March 2022, is not comparable with that of the third 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 31 December 2021

		31 December 2021	31 March 2021
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	131,577	129,462
Right-of-use assets	11	918	1,330
Goodwill	12	876	876
Other intangible assets	13	24,637	21,865
Financial assets at FVTOCI	15	1,318	2,056
Investment in associates		17,578	3,469
Investment in joint venture		-	50,412
		<u>176,904</u>	<u>209,470</u>
Current assets			
Inventories	14	89,560	60,562
Trade and other receivables		238,188	183,984
Financial assets at FVTPL	15	106	146
Financial assets at FVTOCI	15	35,708	36,174
Tax recoverable		13,938	17,517
Deposits, cash and bank balances	16	303,513	340,639
		<u>681,013</u>	<u>639,022</u>
Total assets		<u>857,917</u>	<u>848,492</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17(a)	187,756	187,756
Treasury shares	17(a)	(38,300)	(37,433)
Foreign currency translation reserve		(11,472)	(11,508)
Property revaluation reserve		37,405	37,405
Investment revaluation reserve		(158)	1,557
Retained earnings		352,861	346,741
Total equity		<u>528,092</u>	<u>524,518</u>
Non-current liabilities			
Other payables		1,746	1,879
Loans and borrowings	18	131,230	131,628
Deferred tax liabilities		2,850	2,850
		<u>135,826</u>	<u>136,357</u>
Current liabilities			
Trade and other payables		121,579	99,302
Loans and borrowings	18	71,971	88,314
Tax liabilities		449	1
		<u>193,999</u>	<u>187,617</u>
Total liabilities		<u>329,825</u>	<u>323,974</u>
Total equity and liabilities		<u>857,917</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 31 December 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
At 1 April 2021		187,756	(11,508)	37,405	1,557	(37,433)	346,741	524,518
Total comprehensive income/(loss)		-	36	-	(1,715)	-	16,570	14,891
Dividends	20	-	-	-	-	-	(10,450)	(10,450)
Share buy-backs	17	-	-	-	-	(867)	-	(867)
At 31 December 2021		187,756	(11,472)	37,405	(158)	(38,300)	352,861	528,092

There is no comparative for the quarter ended 31 December 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 31 December 2021, being the third quarter of the financial year ending 31 March 2022, is not comparable with that of the third 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 31 December 2021

	Note	9 months ended 31 December 2021 Unaudited RM'000
<u>Operating activities</u>		
Profit before tax		21,172
Adjustments for:		
Interest income		(1,235)
Finance costs		8,057
Gain on disposal of property, plant and equipment	10	(31)
Depreciation of property, plant and equipment		3,110
Depreciation of right-of-use assets		394
Amortisation of other intangible assets	13	1,291
Inventories written down	14	128
Reversal on inventories written down	14	(910)
Loss on disposal of FVTPL investment		9
Fair value gain on financial assets at FVTPL		(6)
Loss on disposal of joint venture		9,848
Unrealised loss on foreign exchange		417
Share of results of associates		1,194
Share of results of joint venture		(12,436)
Income derived from capital guaranteed fund		(1,230)
Dividend income from FVTOCI investment		(2,144)
Dividend income from FVTPL investment		(6)
Operating profit before working capital changes		<u>27,622</u>
Changes in working capital:		
Increase in inventories		(28,216)
Increase in trade and other receivables		(52,930)
Increase in trade and other payables		<u>30,431</u>
Total changes in working capital		<u>(50,715)</u>
Income tax paid		<u>(571)</u>
Net cash used in operating activities		<u>(23,664)</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment		(5,329)
Proceeds from disposal of property, plant and equipment		41
Acquisition of other intangible assets		(4,059)
Investment in associate		(16,800)
Purchase of financial assets at FVTOCI		(466)
Proceeds from disposal of joint venture		53,000
Proceeds from disposal of FVTPL investment		37
Dividend income received from FVTPL investment		6
Dividend income received from FVTOCI investment		2,144
Interest income received		1,235
Income derived from capital guaranteed fund		<u>1,230</u>
Net cash from investing activities		<u>31,039</u>
<u>Financing activities</u>		
Drawdown of other bank borrowings		61,389
Repayment of other bank borrowings		(79,758)
Repayment of lease liabilities		(611)
Interest paid		(6,306)
Dividends paid		(18,301)
Share buy-backs		<u>(867)</u>
Net cash used in financing activities		<u>(44,454)</u>
Net change in cash and cash equivalents		(37,079)
Effect of foreign exchange rate changes		(611)
Cash and cash equivalents at 1 April		<u>340,639</u>
Cash and cash equivalents at 31 December*		<u>302,949</u>
* Cash and cash equivalents comprise the following:		
Deposits, cash and bank balances		303,513
Bank overdraft		<u>(564)</u>
Total cash and cash equivalents		<u>302,949</u>

There is no comparative for the quarter ended 31 December 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 31 December 2021, being the third quarter of the financial year ending 31 March 2022, is not comparable with that of the third 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 31 December 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 February 2022.

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

(a) 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").

(i) 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.

(ii) 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.

(iii) 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.

(iv) On 24 November 2021, the issued and paid up share capital of Dynacare was increased to RM42.0 million by the additional allotment of 25,000,000 ordinary shares at an issue price of RM1.00 each. The Company subscribed for additional 10,000,000 ordinary shares of RM1.00 each for a cash consideration of RM10.0 million.

(v) On 25 January 2022, the issued and paid up share capital of Dynacare was increased to RM50.0 million by the additional allotment of 8,000,000 ordinary shares at an issue price of RM1.00 each. The Company subscribed for additional 3,200,000 ordinary shares of RM1.00 each for a cash consideration of RM3.2 million.

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 December 2021

4 Changes in composition of the Group (continued)

(b) 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 significant changes in the composition of the Group during the current interim period.

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 December 2021							
Revenue:							
External customers	56,347	-	56,347	38,314	-	-	94,661
Results:							
Interest income	-	10	10	4	3	364	381
Depreciation and amortisation	11	22	33	1,331	-	229	1,593
Share of results of associates	-	17	17	-	(736)	-	(719)
Share of results of joint venture	-	-	-	-	-	-	-
Segment profit/(loss) (Note A)	265	(70)	195	12,943	(1,239)	(5,406)	6,493
Cumulative quarter							
9 months period ended							
31 December 2021							
Revenue:							
External customers	138,252	-	138,252	97,374	-	-	235,626
Results:							
Interest income	-	30	30	7	33	1,165	1,235
Depreciation and amortisation	37	65	102	3,981	-	712	4,795
Share of results of associates	-	(4)	(4)	-	(1,190)	-	(1,194)
Share of results of joint venture	12,436	-	12,436	-	-	-	12,436
Segment profit/(loss) (Note A)	7,744	(392)	7,352	30,115	(1,521)	(14,774)	21,172

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 December 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 31 December 2021 RM'000	Cumulative quarter 9 months ended 31 December 2021 RM'000
Interest income	364	1,165
Finance costs	(2,573)	(8,057)
Other unallocated corporate expenses	(3,197)	(7,882)
	<u>(5,406)</u>	<u>(14,774)</u>

Engineering

Revenue and segment profit for the quarter ended 31 December 2021 is RM56.35 million and RM0.19 million respectively. The segment profit was affected by the reduction in gross profit margin for the hospital projects attributed to revision in gross profit margin.

Revenue and segment profit for the period ended 31 December 2021 is RM138.25 million and RM7.35 million respectively. The segment's results was 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 was completed on 13 October 2021.

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.

Metering

Revenue and segment profit for the quarter ended 31 December 2021 is RM38.31 million and RM12.94 million respectively.

Revenue and segment profit for the period ended 31 December 2021 is RM97.37 million and RM30.12 million respectively. The segment's results was affected by the limitation in workforce resulting from the SOPs in place under the various MCOs that has resulted in lower production of the water meters in the immediate preceding quarter.

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 RM6.49 million mainly contributed by Metering division. Other gains mainly arose from income derived from capital guaranteed fund.

The Group's profit before tax for the period ended 31 December 2021 of RM21.17 million is mainly derived from Metering division. Included in the "Other gains/(losses)" line item in the statements of profit or loss and other comprehensive income is loss on disposal of joint venture of RM9.85 million.

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 December 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 31 December 2021 RM'000	Cumulative quarter 9 months ended 31 December 2021 RM'000
Interest income	(381)	(1,235)
Dividend income from:		
- FVTPL investment	(2)	(6)
- FVTOCI investment	(285)	(2,144)
Other income	(464)	(1,452)
Finance costs	2,573	8,057
Gain on disposal of property, plant and equipment	(27)	(31)
Depreciation of property, plant and equipment	1,031	3,110
Depreciation of right-of-use assets	131	394
Amortisation of other intangible assets	431	1,291
Inventories written down	116	128
Loss on disposal of FVTPL investment	-	9
Loss on disposal of joint venture	-	9,848
Net fair value gain on FVTPL investment	-	(6)
(Gain)/Loss on foreign exchange:		
- realised	(19)	(472)
- unrealised	341	417
	<u>341</u>	<u>417</u>

8 Income tax expense

	Current quarter 3 months ended 31 December 2021 RM'000	Cumulative quarter 9 months ended 31 December 2021 RM'000
Current Tax:		
Malaysian tax	1,155	3,907
Foreign tax	448	448
	<u>1,603</u>	<u>4,355</u>
Underprovision in prior years:		
Malaysian tax	247	247
	<u>1,850</u>	<u>4,602</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 associates 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 31 December 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 31 December 2021	Cumulative quarter 9 months ended 31 December 2021
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>4,643</u>	<u>16,570</u>
Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000)	<u>522,578</u>	<u>522,749</u>
Basic/Diluted earnings per share (sen)	<u>0.89</u>	<u>3.17</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 31 December 2021, the Group acquired assets at a cost of RM5.33 million.

Assets with carrying amount of RM10,000 were disposed of by the Group during the period ended 31 December 2021, resulting in a gain on disposal of RM31,000, 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 31 December 2021

13 Other intangible assets

	Computer software RM'000	License RM'000	Product develop- ment costs RM'000	Total RM'000
Cost:				
At 1 April 2021	883	12,061	11,197	24,141
Additions	8	-	4,055	4,063
At 31 December 2021	<u>891</u>	<u>12,061</u>	<u>15,252</u>	<u>28,204</u>
Accumulated amortisation:				
At 1 April 2021	658	716	902	2,276
Amortisation	45	919	327	1,291
At 31 December 2021	<u>703</u>	<u>1,635</u>	<u>1,229</u>	<u>3,567</u>
Carrying amount:				
At 1 April 2021	225	11,345	10,295	21,865
At 31 December 2021	<u>188</u>	<u>10,426</u>	<u>14,023</u>	<u>24,637</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 31 December 2021, the Group recognised the reversal of inventories write down of RM910,000 and inventories write down of RM128,000. The inventories write down and reversal of inventories write down are recognised in profit or loss.

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 December 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
At 31 December 2021				
Financial assets at FVTPL:				
- Quoted equity securities	106	106	-	-
Financial assets at FVTOCI:				
- Quoted bonds	17,337	17,337	-	-
- Quoted equity securities	18,371	18,371	-	-
- Unquoted equity securities	1,318	-	1,318	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Building on freehold land	15,730	-	-	15,730
- Long-term leasehold land	1,155	-	-	1,155
- Building on long-term leasehold land	928	-	-	928
<hr/>				
At 31 March 2021				
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:				
- 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
<hr/>				

16 Deposits, cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31	
	December 2021	31 March 2021
	RM'000	RM'000
Short-term deposits with licensed banks	60,719	51,750
Cash and bank balances	242,794	288,889
	<hr/>	<hr/>
	303,513	340,639

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 December 2021

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 31 December 2021, the Company repurchased a total of 41,025,000 of its shares from the open market for a total consideration of RM38,300,352. Subsequent to 31 December 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+*is* (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.

18 Loans and borrowings

	31 December 2021 RM'000	31 March 2021 RM'000
Short-term borrowings		
Secured:		
Bank overdraft	564	-
Revolving credits	47,419	47,638
Bankers' acceptance	21,385	39,758
Lease liabilities	803	819
	<u>70,171</u>	<u>88,215</u>
Unsecured:		
Bond	2,151	99
	<u>72,322</u>	<u>88,314</u>
Long-term borrowings		
Secured:		
Lease liabilities	350	907
Unsecured:		
Bond	130,529	130,721
	<u>130,879</u>	<u>131,628</u>
	<u>203,201</u>	<u>219,942</u>

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 December 2021

19 Provisions for costs of restructuring

Not applicable.

20 Dividend

The Company has paid a dividend totalling RM5.22 million for the period under review. The Board of Directors does not propose paying a further dividend for the period under review.

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 December 2021 RM'000	31 March 2021 RM'000
Approved and contracted for:		
Property, plant and equipment	1,800	4,419
Approved but not contracted for:		
Property, plant and equipment	-	-

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 4 April 2022;
- (ii) in respect of Customs Bill of Demand for RM28.8 million, the application for judicial review application is rescheduled for case management on 11 April 2022; and
- (iii) in respect of the other Bill of Demand for RM33.3 million against the Company, the Judicial review application is fixed for decision on 19 May 2022.

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.

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 December 2021

24 Related party transactions

The Group had the following transactions with related parties during the period ended 31 December:

	Cumulative quarter 9 months ended 31 December 2021 RM'000
Related companies: *	
Purchase of motor vehicle	87
Share registration charges and secretarial fees	<u>26</u>

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

25 Events after the reporting period

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 31 December 2021, being the third quarter of the current financial year ending 31 March 2022, is not comparable with that of the third quarter of the previous financial period ended 31 March 2021 (i.e. August to October 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 31 December 2021**

27 Performance review

	Current quarter 3 months ended 31 December 2021 RM'000	Cumulative quarter 9 months ended 31 December 2021 RM'000
Revenue	94,661	235,626
Profit before tax	6,493	21,172
Profit after tax	<u>4,643</u>	<u>16,570</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 31 December 2021 RM'000	Preceding quarter 3 months ended 30 September 2021 RM'000	Changes %
Revenue	94,661	79,686	+ 19
Profit before tax	6,493	2,192	+ 196
Profit after tax	<u>4,643</u>	<u>133</u>	<u>+ 3391</u>

The profit before taxation for the quarter ended 31 December 2021 is 196% higher than the preceding quarter due to higher profit contributed by Metering division. In preceding quarter, included in the statements of profit or loss and other comprehensive income is the impairment loss on assets held for sale of RM9.85 million and share of profit of joint venture of RM5.61 million.

29 Commentary on prospects

The Group continues to show better performance in the quarter under review after normalising its business operations with strict compliance to the Covid-19 protocols in view of the ongoing pandemic. Profit after tax of RM4.64 million for the quarter ended 31 December 2021 reflects the robustness of the Group's business operations.

Metering

The Division's order book for its water meters remains healthy, underpinned by sustained demand with several successful tenders secured both locally and internationally. In spite of the rising cost of raw materials coupled with the shortage of workers and the global supply chain disruptions, the Group had managed to clear most of its backlog and improve its profit margin as it embarked on more automation and outsourcing to be more cost efficient.

The Division will continue to broaden its customer base and develop new markets as well as increase its product portfolio. The Group has commenced the introduction of its new Class 'D' Volumetric water meter, which has a higher measuring accuracy, 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 31 December 2021

29 Commentary on prospects (continued)

Engineering

As construction activities had been allowed to resume in accordance to strict compliance to the Covid-19 protocols, the Hospital Endokrin Putrajaya has been substantially completed and expected to be handed over by end-March 2022 while the Hospital Tanjung Karang will be completed for delivery in the next financial year. The construction of the Dynacare glove manufacturing plant is progressing as planned with the first dipping line commencing commercial glove production on 27 November 2021 and another five dipping lines to be completed by middle of the year.

The Division is focusing its efforts to increase its construction order book locally and is seeking for opportunities overseas. In addition, the Division is exploring other business opportunities including acquisition of companies that are in the business of rail and water infrastructure projects. The Group is optimistic of its outlook for the Engineering division in the coming years.

Going Forward

Global economies have entered 2022 held back by a supply chain crunch and the rapid spread of the Omicron coronavirus variant. With the growing concern over rising inflation caused by the snarled-up global supply chain which has pushed up input costs, the Board will continue to prioritise on building the Group's business resilience with a disciplined approach to capital management and pursue investment and growth opportunities that will deliver sustainable results.

The Group shall continue to develop its major business segments in line with the Group's sustainability policy focusing on automation of its processes. The Group has huge plans to automate more of its processes which has proven to increase better efficiency and greater consistency of product quality.

The Group is also keen to expand its digital footprint and will look into strengthening its workforce with the relevant expertise in digital technology as part of its plan to venture into new areas of growth opportunities in the digital space. Premised on these on-going strategies, the Board is optimistic that the Group will continue to generate positive returns.

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 31 December 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

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 31 December 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 31 December 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 February 2022