

Condensed consolidated interim financial statements
Condensed consolidated statement of profit or loss and other comprehensive income
For the financial period ended 31 March 2022

		Current quarter 3 months ended 31 March 2022 Unaudited RM'000	Cumulative quarter 12 months ended 31 March 2022 Unaudited RM'000
Revenue		119,598	355,224
Cost of sales		<u>(83,388)</u>	<u>(274,064)</u>
Gross profit		36,210	81,160
Interest income		500	2,285
Other gains/(losses)		2,504	(4,209)
Administrative expenses		(2,640)	(4,324)
Distribution costs		(464)	(1,729)
Other expenses		(9,648)	(28,734)
Finance costs		(2,554)	(10,611)
Share of results of associates		(1,016)	(2,210)
Share of results of joint venture		<u>-</u>	<u>12,436</u>
Profit before tax	7	22,892	44,064
Income tax expense	8	<u>(8,205)</u>	<u>(12,807)</u>
Profit for the period, attributable to the owners of the Company		<u>14,687</u>	<u>31,257</u>
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss:			
Loss on revaluation of property		(1,864)	(1,864)
Fair value loss on investments designated as at FVTOCI		(1,136)	(1,790)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation		204	240
Fair value loss on investments designated as at FVTOCI		<u>(1,903)</u>	<u>(2,964)</u>
Other comprehensive loss for the period, net of tax		<u>(4,699)</u>	<u>(6,378)</u>
Total comprehensive income for the period, attributable to the owners of the Company		<u>9,988</u>	<u>24,879</u>
Earnings per share attributable to the owners of the Company (sen):			
Basic and diluted	9	<u>2.81</u>	<u>5.98</u>

There is no comparative for the quarter ended 31 March 2022. 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 March 2022, being the fourth quarter of the financial year ended 31 March 2022, is not comparable with that of the fourth quarter of the previous financial year 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 March 2022

	Note	31 March 2022 Unaudited RM'000	31 March 2021 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	131,187	129,462
Right-of-use assets	11	788	1,330
Goodwill	12	876	876
Other intangible assets	13	24,107	21,865
Financial assets at FVTOCI	15	1,331	2,056
Investment in associates		19,021	3,469
Investment in joint venture		-	50,412
Deferred tax assets		540	-
		<u>177,850</u>	<u>209,470</u>
Current assets			
Inventories	14	81,039	60,562
Trade and other receivables		287,774	183,984
Financial assets at FVTPL	15	115	146
Financial assets at FVTOCI	15	33,068	36,174
Tax recoverable		6,560	17,517
Deposits, cash and bank balances	16	283,366	340,639
		<u>691,922</u>	<u>639,022</u>
Total assets		<u>869,772</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		(11,268)	(11,508)
Property revaluation reserve		35,541	37,405
Investment revaluation reserve		(3,197)	1,557
Retained earnings		367,548	346,741
Total equity		<u>538,080</u>	<u>524,518</u>
Non-current liabilities			
Other payables		1,621	1,879
Loans and borrowings	18	131,184	131,628
Deferred tax liabilities		6,901	2,850
		<u>139,706</u>	<u>136,357</u>
Current liabilities			
Trade and other payables		118,667	99,302
Loans and borrowings	18	72,718	88,314
Tax liabilities		601	1
		<u>191,986</u>	<u>187,617</u>
Total liabilities		<u>331,692</u>	<u>323,974</u>
Total equity and liabilities		<u>869,772</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 March 2022

		Attributable to the owners of the Company						
		Non-Distributable				Distributable		
Note	Share capital RM'000	Foreign currency translation reserve RM'000	Property revaluation reserve RM'000	Investment revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	
At 1 April 2021	187,756	(11,508)	37,405	1,557	(37,433)	346,741	524,518	
Total comprehensive income/(loss)	-	240	(1,864)	(4,754)	-	31,257	24,879	
Dividends	20	-	-	-	-	(10,450)	(10,450)	
Share buy-backs	17	-	-	-	(867)	-	(867)	
At 31 March 2022	187,756	(11,268)	35,541	(3,197)	(38,300)	367,548	538,080	

There is no comparative for the quarter ended 31 March 2022. 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 March 2022, being the fourth quarter of the financial year ended 31 March 2022, is not comparable with that of the fourth quarter of the previous financial year 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 March 2022

	12 months ended 31 March 2022
	Unaudited RM'000
Note	
<u>Operating activities</u>	
Profit before tax	44,064
Adjustments for:	
Interest income	(2,285)
Finance costs	10,611
Gain on disposal of property, plant and equipment	10 (35)
Property, plant and equipment written off	587
Depreciation of property, plant and equipment	3,993
Depreciation of right-of-use assets	526
Other intangible assets written off	1,519
Amortisation of other intangible assets	13 1,726
Inventories written down	14 622
Reversal on inventories written down	14 (964)
Loss on disposal of FVTPL investment	9
Fair value gain on financial assets at FVTPL	(15)
Loss on disposal of joint venture	9,848
Unrealised gain on foreign exchange	(1,072)
Share of results of associates	2,210
Share of results of joint venture	(12,436)
Income derived from capital guaranteed fund	(1,234)
Dividend income from FVTOCI investment	(1,714)
Dividend income from FVTPL investment	(6)
Operating profit before working capital changes	<u>55,954</u>
Changes in working capital:	
Increase in inventories	(20,135)
Increase in trade and other receivables	(100,954)
Increase in trade and other payables	29,263
Total changes in working capital	<u>(91,826)</u>
Income tax refunded	19
Income tax paid	(1,271)
Net cash used in operating activities	<u>(37,124)</u>
<u>Investing activities</u>	
Purchase of property, plant and equipment	(6,561)
Proceeds from disposal of property, plant and equipment	41
Acquisition of other intangible assets	(5,483)
Investment in associate	(20,000)
Purchase of financial assets at FVTOCI	(729)
Proceeds from disposal of joint venture	53,000
Proceeds from disposal of FVTPL investment	37
Proceeds from disposal of FVTOCI investment	35
Dividend income received from FVTPL investment	6
Dividend income received from FVTOCI investment	1,714
Interest income received	2,285
Income derived from capital guaranteed fund	1,234
Change in time deposits	609
Net cash from investing activities	<u>26,188</u>
<u>Financing activities</u>	
Drawdown of other bank borrowings	71,855
Repayment of other bank borrowings	(87,440)
Repayment of lease liabilities	(831)
Interest paid	(10,571)
Dividends paid	(18,301)
Share buy-backs	(867)
Net cash used in financing activities	<u>(46,155)</u>
Net change in cash and cash equivalents	(57,091)
Effect of foreign exchange rate changes	367
Cash and cash equivalents at 1 April	<u>314,227</u>
Cash and cash equivalents at 31 March*	16 <u>257,503</u>

There is no comparative for the quarter ended 31 March 2022. 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 March 2022, being the fourth quarter of the financial year ended 31 March 2022, is not comparable with that of the fourth quarter of the previous financial year 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 March 2022

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 31 May 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

Apart from what was reported in our announcement for the period ended 31 December 2021 on 23 February 2022, there were no significant changes in the composition of the Group.

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.

(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.

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 March 2022

5 Segment information (continued)

	Engineering RM'000	Metering RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
Current quarter					
3 months period ended 31 March 2022					
Revenue:					
External customers	64,241	55,357	-	-	119,598
Results:					
Interest income	9	5	256	230	500
Depreciation and amortisation	25	1,205	-	220	1,450
Share of results of associates	8	-	(1,024)	-	(1,016)
Share of results of joint venture	-	-	-	-	-
Segment profit/(loss) (Note A)	16,755	11,946	(985)	(4,824)	22,892
Cumulative quarter					
12 months period ended 31 March 2022					
Revenue:					
External customers	202,493	152,731	-	-	355,224
Results:					
Interest income	39	12	839	1,395	2,285
Depreciation and amortisation	127	5,186	-	932	6,245
Share of results of associates	4	-	(2,214)	-	(2,210)
Share of results of joint venture	12,436	-	-	-	12,436
Segment profit/(loss) (Note A)	24,107	42,061	(2,506)	(19,598)	44,064

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 March 2022 RM'000	Cumulative quarter 12 months ended 31 March 2022 RM'000
Interest income	230	1,395
Finance costs	(2,554)	(10,611)
Other unallocated corporate expenses	(2,500)	(10,382)
	<u>(4,824)</u>	<u>(19,598)</u>

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 March 2022

5 Segment information (continued)

Engineering

Revenue and segment profit for the quarter ended 31 March 2022 is RM64.24 million and RM16.76 million respectively. The segment profit is mainly contributed by the final account profit recognised for the LRT2 project.

Revenue and segment profit for the year ended 31 March 2022 is RM202.49 million and RM24.11 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 MRCSB George Kent Sdn. Bhd. ("MRCSBGK"). The Group had zero cost of investment upon receipt of a cash dividend of RM5.00 million declared by MRCSBGK and had benefited from equity gains of RM62.85 million.

Metering

Revenue and segment profit for the quarter ended 31 March 2022 is RM55.36 million and RM11.95 million respectively.

Revenue and segment profit for the year ended 31 March 2022 is RM152.73 million and RM42.06 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, particularly in the first half of the financial year.

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 RM22.89 million and the Group's profit before tax for the year ended 31 March 2022 is RM44.06 million.

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 financial period ended 31 March 2022

7 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended 31 March 2022 RM'000	Cumulative quarter 12 months ended 31 March 2022 RM'000
Interest income from:		
- deposits with licensed banks	(246)	(1,481)
- FVTOCI investment	(254)	(804)
Dividend income from:		
- FVTPL investment	-	(6)
- FVTOCI investment	(120)	(1,714)
Other income	(1,131)	(2,583)
Finance costs	2,554	10,611
Gain on disposal of property, plant and equipment	(4)	(35)
Depreciation of property, plant and equipment	883	3,993
Depreciation of right-of-use assets	132	526
Amortisation of other intangible assets	435	1,726
Property, plant and equipment written off	587	587
Other intangible assets written off	1,519	1,519
Inventories written down	494	622
Reversal on inventories written down	(54)	(964)
Loss on disposal of FVTPL investment	-	9
Loss on disposal of joint venture	-	9,848
Net fair value gain on FVTPL investment	(9)	(15)
Loss/(Gain) on foreign exchange:		
- realised	249	(223)
- unrealised	(1,489)	(1,072)
	<u>6,327</u>	<u>10,682</u>

8 Income tax expense

	Current quarter 3 months ended 31 March 2022 RM'000	Cumulative quarter 12 months ended 31 March 2022 RM'000
Current Tax:		
Malaysian tax	6,178	10,085
Foreign tax	149	597
	<u>6,327</u>	<u>10,682</u>
Underprovision in prior years:		
Malaysian tax	2	249
Foreign tax	229	229
	<u>6,558</u>	<u>11,160</u>
Deferred tax	1,647	1,647
	<u>8,205</u>	<u>12,807</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 March 2022

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 March 2022	Cumulative quarter 12 months ended 31 March 2022
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>14,687</u>	<u>31,257</u>
Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000)	<u>522,244</u>	<u>522,624</u>
Basic/Diluted earnings per share (sen)	<u>2.81</u>	<u>5.98</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 year ended 31 March 2022, the Group acquired assets at a cost of RM6.56 million.

Assets with carrying amount of RM6,000 were disposed of by the Group during the year ended 31 March 2022, resulting in a gain on disposal of RM35,000, 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 March 2022
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	10	-	5,477	5,487
Write off	-	-	(1,661)	(1,661)
At 31 March 2022	<u>893</u>	<u>12,061</u>	<u>15,013</u>	<u>27,967</u>
Accumulated amortisation:				
At 1 April 2021	658	716	902	2,276
Amortisation	59	1,226	441	1,726
Write off	-	-	(142)	(142)
At 31 March 2022	<u>717</u>	<u>1,942</u>	<u>1,201</u>	<u>3,860</u>
Carrying amount:				
At 1 April 2021	225	11,345	10,295	21,865
At 31 March 2022	<u>176</u>	<u>10,119</u>	<u>13,812</u>	<u>24,107</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.

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 March 2022

14 Inventories

During the year ended 31 March 2022, the Group recognised the inventories write down of RM622,000 and reversal of inventories write down of RM964,000. The inventories write down and reversal of inventories write down are recognised in profit or loss.

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 March 2022				
Financial assets at FVTPL:				
- Quoted equity securities	115	115	-	-
Financial assets at FVTOCI:				
- Quoted bonds	15,239	15,239	-	-
- Quoted equity securities	17,829	17,829	-	-
- Unquoted equity securities	1,331	-	1,331	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Building on freehold land	15,605	-	-	15,605
- Long-term leasehold land	1,167	-	-	1,167
- Building on long-term leasehold land	927	-	-	927
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

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 March 2022

16 Deposits, cash and bank balances

	31 March 2022 RM'000	31 March 2021 RM'000
Deposits with licensed banks	102,834	51,750
Cash and bank balances	180,532	288,889
Deposits, cash and bank balances	<u>283,366</u>	<u>340,639</u>
Less: bank overdraft	(40)	-
Less: time deposits	<u>(25,823)</u>	<u>(26,412)</u>
Cash and cash equivalents	<u>257,503</u>	<u>314,227</u>

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 March 2022, 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 March 2022 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	<u>132,000</u>	-	<u>132,000</u>

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 31 March 2022

18 Loans and borrowings

	31 March 2022 RM'000	31 March 2021 RM'000
Short-term borrowings		
Secured:		
Bank overdraft	40	-
Revolving credits	44,024	47,638
Bankers' acceptance	27,839	39,758
Lease liabilities	755	819
	<u>72,658</u>	<u>88,215</u>
Unsecured:		
Bond	60	99
	<u>72,718</u>	<u>88,314</u>
Long-term borrowings		
Secured:		
Lease liabilities	207	907
Unsecured:		
Bond	130,977	130,721
	<u>131,184</u>	<u>131,628</u>
	<u>203,902</u>	<u>219,942</u>

19 Provisions for costs of restructuring

Not applicable.

20 Dividend

The Board of Directors has declared a second dividend of 1.5 sen per share for FY2022, payable on 7 July 2022 to shareholders whose names appear in the Record of Depositors on 16 June 2022, being the Book Closure Date ("BCD").

On the assumption that as announced to date, the treasury shares of 41,025,000 (which are not entitled to dividends), remained the same as at BCD, the dividend pay-out on 522,244,065 shares will amount to approximately RM7.84 million.

The Board of Directors declared a first dividend of 1.0 sen per share on 23 November 2021 paid on 29 December 2021 which amounted to RM5.22 million on 522,244,065 shares.

In Ringgit term the two dividends will total RM13.06 million for the financial year ended 31 March 2022.

Explanatory notes pursuant to MFRS 134

For the financial period ended 31 March 2022

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 March 2022 RM'000	31 March 2021 RM'000
Approved and contracted for:		
Property, plant and equipment	739	4,419
Approved but not contracted for:		
Property, plant and equipment	82	-

22 Contingencies

Apart from what was reported in our announcement for the period ended 31 December 2021 on 23 February 2022, nothing has changed except that:

- (i) Customs has filed its appeal to the Court of Appeal and the matter is fixed for further case management at the Court of Appeal on 23 June 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 27 June 2022; and
- (iii) in respect of the other Bill of Demand for RM33.3 million against the Company, the Decision in respect of the Judicial Review application was postponed from 19 May 2022 to 20 May 2022. The Court on 20 May 2022 allowed GKM's application for judicial review.

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

23 Provision of Financial Assistance

There were no material provision of financial assistance as at the date of this report.

24 Related party transactions

The Group had the following transactions with related parties during the year ended 31 March:

	Cumulative quarter 12 months ended 31 March 2022 RM'000
Related companies: *	
Construction of a manufacturing plant	56,312
Purchase of motor vehicle	87
Share registration charges and secretarial fees	49

* 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 year, 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 March 2022, being the fourth quarter of the current financial year ended 31 March 2022, is not comparable with that of the fourth quarter of the previous financial year ended 31 March 2021 (i.e. November 2020 to January 2021). 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 March 2022**

27 Performance review

	Current quarter 3 months ended 31 March 2022 RM'000	Cumulative quarter 12 months ended 31 March 2022 RM'000
Revenue	119,598	355,224
Profit before tax	22,892	44,064
Profit after tax	14,687	31,257

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 March 2022 RM'000	Preceding quarter 3 months ended 31 December 2021 RM'000	Changes %
Revenue	119,598	94,661	+ 26
Profit before tax	22,892	6,493	+ 253
Profit after tax	14,687	4,643	+ 216

The profit before taxation for the quarter ended 31 March 2022 is 253% higher than the preceding quarter due to higher profit contributed by Engineering division.

29 Commentary on prospects

The Group closed the financial year with credible results of profit before tax of RM44.06 million. The ensuing year looks promising although many of the projects are coming to an end.

Metering

The Group's water meters business remains as one of the pillars of the Group. Sales and orders have risen substantially during the current quarter as broad-based business activities recover after many countries began transitioning into the endemic phase. The Group's order book is further boosted with several successful tenders secured both locally and internationally. The Group will manage the impact of rising inflation by price realignments, automation of its manufacturing processes and stringent cost management measures.

As part of its Strategy, the Group will further strengthen its leadership position through expansion of its product lines in its existing markets. During the quarter under review, the Group's proprietary Automated Meter Reading ("AMR") system had been commissioned for both state authorities and a few commercial spaces in the country with pilot projects being implemented in the region. Meanwhile, pilot projects of its new Class 'D' Volumetric water meter which has a higher measuring accuracy with local state water authorities and regional water authorities are being planned.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
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29 Commentary on prospects (continued)

Engineering

The construction of Institut Endokrin, Hospital Putrajaya and Hospital Tanjung Karang are at different stages of completion with the former having obtained the Certificate of Practical Completion (“CPC”) on 8 April 2022. The construction of the Dynacare glove manufacturing plant is progressing as planned with two dipping lines already commenced commercial glove production during the quarter under review and another four dipping lines to be operational in a few months' time.

The Group continues to focus its efforts to build up its construction order book locally and pursue joint-venture opportunities both locally and overseas. In addition, the Group is also exploring other business opportunities including merger and 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

Malaysia has entered the ‘transition to endemicity’ stage on 1 April 2022 with the reopening of the country’s international borders and almost all restrictions on economic activities lifted. As the economic environment gradually returning to a more vibrant state, the Group is expecting a gradual improvement in contract flows with more private sector opportunities and roll-outs of public projects by the Government.

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’s sustainability pipeline includes more automation of its manufacturing processes which has proven to increase better efficiency as well as efforts to manage the impact of its operations on climate change through initiatives in reducing its Greenhouse Gas (GHG) emissions with the usage of renewable and climate-friendly energy resources.

In spite of the domestic economy improving, the Group anticipates the challenging environment for its business sectors to continue into the second half of the year with the geopolitical war between Russia and Ukraine which has caused a sharp surge in oil prices and cost of materials. With rising inflationary pressures due to high input prices, rising freight costs and the geopolitical uncertainties coupled with the implementation of the RM1,500 minimum wage starting 1 May 2022 weighing on the Group’s margin, the Management is currently monitoring closely and will take the necessary measures to mitigate against any potential impact on the financial position and operating results of the Group.

The Board’s priority to enhance the Group’s business resilience remains. It is resolute in its long-term strategies and foresees that these will deliver sustainable results.

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

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
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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 March 2022 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 March 2022 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

31 May 2022