

Condensed consolidated interim financial statements
Condensed consolidated statement of profit or loss and other comprehensive income
For the financial period ended 30 June 2022

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Revenue		86,270	61,279	86,270	61,279
Cost of sales		(68,730)	(46,899)	(68,730)	(46,899)
Gross profit		17,540	14,380	17,540	14,380
Interest income		784	503	784	503
Other gains		4,279	1,998	4,279	1,998
Administrative expenses		(540)	(572)	(540)	(572)
Distribution costs		(340)	(738)	(340)	(738)
Other expenses		(6,664)	(7,161)	(6,664)	(7,161)
Finance costs		(2,587)	(2,722)	(2,587)	(2,722)
Share of results of associates		(579)	(30)	(579)	(30)
Share of results of joint venture		-	6,829	-	6,829
Profit before tax	7	11,893	12,487	11,893	12,487
Tax expenses	8	(2,333)	(693)	(2,333)	(693)
Profit for the period, attributable to the owners of the Company		9,560	11,794	9,560	11,794
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on financial assets at FVTOCI		(2,384)	(170)	(2,384)	(170)
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		626	31	626	31
Fair value (loss)/gain on financial assets at FVTOCI		(282)	4	(282)	4
Other comprehensive loss for the period, net of tax		(2,040)	(135)	(2,040)	(135)
Total comprehensive income for the period, attributable to the owners of the Company		7,520	11,659	7,520	11,659
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	9	1.83	2.26	1.83	2.26

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 June 2022

	Note	30 June 2022 Unaudited RM'000	31 March 2022 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	130,628	131,187
Right-of-use assets	11	740	788
Goodwill	12	876	876
Other intangible assets	13	23,540	24,107
Financial assets at FVTOCI	15	1,395	1,331
Investment in associates		23,648	19,021
Deferred tax assets		641	540
		181,468	177,850
Current assets			
Inventories	14	93,181	81,039
Trade and other receivables		198,643	141,977
Contract assets		93,294	145,797
Financial assets at FVTPL	15	108	115
Financial assets at FVTOCI	15	31,299	33,068
Tax recoverable		5,319	6,560
Deposits, cash and bank balances	16	266,603	283,366
		688,447	691,922
Total assets		869,915	869,772
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17(a)	187,756	187,756
Treasury shares	17(a)	(38,450)	(38,300)
Foreign currency translation reserve		(10,642)	(11,268)
Property revaluation reserve		35,541	35,541
Fair value reserve		(5,863)	(3,197)
Retained earnings		369,274	367,548
Total equity		537,616	538,080
Non-current liabilities			
Loans and borrowings	18	131,265	131,184
Other payables		1,567	1,621
Deferred tax liabilities		6,901	6,901
		139,733	139,706
Current liabilities			
Loans and borrowings	18	71,944	72,718
Trade and other payables		120,028	114,560
Contract liabilities		-	4,107
Tax payable		594	601
		192,566	191,986
Total liabilities		332,299	331,692
Total equity and liabilities		869,915	869,772

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 June 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	Fair value 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)		-	31	-	(166)	-	11,794	11,659
Dividends	20	-	-	-	-	-	(5,227)	(5,227)
Share buy-backs	17	-	-	-	-	(561)	-	(561)
At 30 June 2021		187,756	(11,477)	37,405	1,391	(37,994)	353,308	530,389
At 1 April 2022		187,756	(11,268)	35,541	(3,197)	(38,300)	367,548	538,080
Total comprehensive income/(loss)		-	626	-	(2,666)	-	9,560	7,520
Dividends	20	-	-	-	-	-	(7,834)	(7,834)
Share buy-backs	17	-	-	-	-	(150)	-	(150)
At 30 June 2022		187,756	(10,642)	35,541	(5,863)	(38,450)	369,274	537,616

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 June 2022

	Note	3 months ended	
		30 June 2022	30 June 2021
		Unaudited RM'000	Unaudited RM'000
<u>Operating activities</u>			
Profit before tax		11,893	12,487
Adjustments for:			
Interest income		(784)	(503)
Finance costs		2,587	2,722
Gain on disposal of property, plant and equipment	10	(27)	-
Depreciation of property, plant and equipment		893	1,081
Depreciation of right-of-use assets		139	132
Amortisation of other intangible assets	13	450	430
Inventories written down	14	105	12
Reversal on inventories written down	14	(262)	-
Fair value loss/(gain) on financial assets at FVTPL		7	(1)
Unrealised (gain)/loss on foreign exchange		(3,153)	199
Share of results of associates		579	30
Share of results of joint venture		-	(6,829)
Income derived from short-term investments		(140)	(375)
Dividend income from financial assets at FVTOCI		(128)	(1,324)
Dividend income from financial assets at FVTPL		(3)	(2)
Operating profit before working capital changes		<u>12,156</u>	<u>8,059</u>
Changes in working capital:			
Inventories		(11,527)	(5,816)
Trade and other receivables		(53,381)	(20,441)
Contract assets/liabilities		49,210	25,003
Trade and other payables		<u>(5,064)</u>	<u>(5,476)</u>
Cash used in operation		(8,606)	1,329
Tax paid		<u>(1,181)</u>	<u>(576)</u>
Net cash (used in)/from operating activities		<u>(9,787)</u>	<u>753</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(311)	(1,745)
Proceeds from disposal of property, plant and equipment		30	1
Acquisition of other intangible assets		(340)	(399)
Acquisition of an associate		(5,600)	(2,000)
Purchase of financial assets at FVTOCI		(140)	(122)
Dividend received from financial assets at FVTPL		3	1
Dividend received from financial assets at FVTOCI		128	1,324
Interest received		784	503
Income derived from short-term investments		140	375
Change in time deposits		<u>(1,920)</u>	<u>(134)</u>
Net cash used in investing activities		<u>(7,226)</u>	<u>(2,196)</u>
<u>Financing activities</u>			
Drawdown of other bank borrowings		65,477	71,068
Repayment of other bank borrowings		(65,960)	(79,758)
Repayment of lease liabilities		(216)	(194)
Interest paid		(3,315)	(848)
Dividends paid		-	(7,851)
Share buy-backs		<u>(150)</u>	<u>(561)</u>
Net cash used in financing activities		<u>(4,164)</u>	<u>(18,144)</u>
Net change in cash and cash equivalents		(21,177)	(19,587)
Effect of foreign exchange rate changes		2,482	60
Cash and cash equivalents at beginning of financial period		<u>257,484</u>	<u>314,212</u>
Cash and cash equivalents at end of financial period	16	<u>238,789</u>	<u>294,685</u>

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

Explanatory notes pursuant to MFRS 134

For the financial period ended 30 June 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 30 August 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 2022.

Adoption of New and Revised Malaysian Financial Reporting Standards

During the current financial period, 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 January 2022 as follows:

- Amendments to MFRS 3: Reference to Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Annual Improvements to MFRS Standards 2018 – 2020

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

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.

(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 30 June 2022
5 Segment information (continued)

	Engineering RM'000	Metering RM'000	Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
Current quarter					
3 months period ended 30 June 2022					
Revenue:					
External customers	49,237	37,033	-	-	86,270
Results:					
Interest income	6	6	221	551	784
Depreciation and amortisation	26	1,236	-	220	1,482
Share of results of associates	-	-	(579)	-	(579)
Share of results of joint venture	-	-	-	-	-
Segment profit/(loss) (Note A)	3,878	10,683	1,920	(4,588)	11,893
3 months period ended 30 June 2021					
Revenue:					
External customers	28,547	32,732	-	-	61,279
Results:					
Interest income	9	-	155	339	503
Depreciation and amortisation	35	1,360	-	248	1,643
Share of results of associates	(30)	-	-	-	(30)
Share of results of joint venture	6,829	-	-	-	6,829
Segment profit (Note A)	6,981	9,962	(140)	(4,316)	12,487

Note A

The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	551	339	551	339
Finance costs	(2,587)	(2,722)	(2,587)	(2,722)
Other unallocated corporate expenses	(2,552)	(1,933)	(2,552)	(1,933)
	(4,588)	(4,316)	(4,588)	(4,316)

Explanatory notes pursuant to MFRS 134

For the financial period ended 30 June 2022

5 Segment information (continued)

Engineering

Revenue of RM49.24 million for the quarter ended 30 June 2022 was 72% higher as compared to RM28.55 million for the corresponding quarter in 2021. Segment profit of RM3.88 million for the current quarter ended 30 June 2022 was 44% lower as compared to RM6.98 million for the corresponding quarter in 2021. Higher construction activities of hospital projects contributed to higher revenue and profit in the current quarter. Besides, the current quarter sees the contribution of revenue and profit from a new project that only commenced in the second quarter of the preceding year. However, the overall segment profit of the Engineering division is lower due to the cessation in profit contribution from a project following the disposal of the investment during the 3rd quarter of the preceding year.

Metering

Revenue of RM37.03 million for the quarter ended 30 June 2022 was 13% higher compared to RM32.73 million for the corresponding quarter in 2021. The higher revenue mainly derived from export sales. Segment profit of RM10.68 million for the current quarter ended 30 June 2022 was 7% higher as compared to RM9.96 million for the corresponding quarter in 2021 mainly due to the higher sales.

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 of RM11.89 million (30 June 2021: RM12.49 million) was 5% lower. The lower profit before tax reported was mainly attributed to lower contribution from the Engineering division.

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		Cumulative quarter	
	3 months ended		3 months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- deposits with licensed banks	(629)	(372)	(629)	(372)
- financial assets at FVTOCI	(155)	(131)	(155)	(131)
Dividend income from:				
- financial assets at FVTPL	(3)	(2)	(3)	(2)
- financial assets at FVTOCI	(128)	(1,324)	(128)	(1,324)
Other income	(381)	(571)	(381)	(571)
(Gain)/Loss on foreign exchange:				
- realised	(614)	(300)	(614)	(300)
- unrealised	(3,153)	199	(3,153)	199

Explanatory notes pursuant to MFRS 134

For the financial period ended 30 June 2022

8 Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current Tax:				
Malaysian tax	2,332	737	2,332	737
Foreign tax	102	(44)	102	(44)
	<u>2,434</u>	<u>693</u>	<u>2,434</u>	<u>693</u>
Deferred tax	(101)	-	(101)	-
	<u>2,333</u>	<u>693</u>	<u>2,333</u>	<u>693</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 which is equity accounted net of tax) was lower than the statutory tax rate mainly due to tax effect of certain income not being taxable for tax purposes.

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 earnings per share:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
Profit attributable to the owners used in computation of earnings per share (RM'000)	<u>9,560</u>	<u>11,794</u>	<u>9,560</u>	<u>11,794</u>
Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000)	<u>522,197</u>	<u>522,959</u>	<u>522,197</u>	<u>522,959</u>
Basic/Diluted earnings per share (sen)	<u>1.83</u>	<u>2.26</u>	<u>1.83</u>	<u>2.26</u>

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

Explanatory notes pursuant to MFRS 134

For the financial period ended 30 June 2022

10 Property, plant and equipment

Acquisitions and disposals

During the period ended 30 June 2022, the Group acquired assets at a cost of RM0.31 million (30 June 2021: RM1.75 million).

Assets with carrying amount of RM3,000 (30 June 2021: RM1,000) were disposed of by the Group during the period ended 30 June 2022, resulting in a gain on disposal of RM27,000 (30 June 2021: Nil), recognised in profit or loss.

11 Right-of-use assets

Acquisitions and disposals

There were no additions and termination of lease contracts 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.

13 Other intangible assets

	Computer software RM'000	License RM'000	Product development costs RM'000	Total RM'000
Cost:				
At 1 April 2022	893	12,061	15,013	27,967
Additions	47	-	293	340
Reclassification	-	-	(457)	(457)
At 30 June 2022	940	12,061	14,849	27,850
Accumulated amortisation:				
At 1 April 2022	717	1,942	1,201	3,860
Amortisation	18	307	125	450
At 30 June 2022	735	2,249	1,326	4,310
Carrying amount:				
At 1 April 2022	176	10,119	13,812	24,107
At 30 June 2022	205	9,812	13,523	23,540

Computer software

Computer software is 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

The license, considered to have a 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 its expected benefit not exceeding 10 years.

Product development costs

Product development costs relate to costs incurred in the development of new products which 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 a 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 30 June 2022

14 Inventories

During the period ended 30 June 2022, the Group recognised the inventories written down of RM105,000 (30 June 2021: RM12,000) and reversal of inventories written down of RM262,000 (30 June 2021: Nil) 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	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
At 30 June 2022				
Financial assets at FVTPL:				
- Quoted equity securities	108	108	-	-
Financial assets at FVTOCI:				
- Quoted bonds	14,617	14,617	-	-
- Quoted equity securities	16,682	16,682	-	-
- Unquoted equity securities	1,395	-	1,395	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Buildings on freehold land	15,427	-	-	15,427
- Long-term leasehold land	1,210	-	-	1,210
- Building on long-term leasehold land	949	-	-	949
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

Explanatory notes pursuant to MFRS 134

For the financial period ended 30 June 2022

16 Deposits, cash and bank balances

	30 June 2022 RM'000	31 March 2022 RM'000
Deposits with licensed banks	103,999	53,969
Cash and bank balances	113,277	175,127
Short-term investment	49,327	54,270
Deposits, cash and bank balances	<u>266,603</u>	<u>283,366</u>
Less: time deposits	(27,814)	(25,842)
Less: bank overdraft	-	(40)
Cash and cash equivalents	<u>238,789</u>	<u>257,484</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 30 June 2022, the Company repurchased a total of 41,310,000 of its shares from the open market for a total consideration of RM38,450,441. Subsequent to 30 June 2022 and up to the date of this report, no shares were repurchased from the open market. All these repurchased shares are 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 repurchases 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 30 June 2022

18 Loans and borrowings

	30 June 2022 RM'000	31 March 2022 RM'000
Short-term borrowings		
Secured:		
Bank overdraft	-	40
Revolving credits	40,000	40,000
Bankers' acceptances	25,477	27,839
Lease liabilities	65	118
	<u>65,542</u>	<u>67,997</u>
Unsecured:		
Revolving credits	3,961	4,024
Bond	1,870	60
Lease liabilities	524	637
	<u>71,897</u>	<u>72,718</u>
Long-term borrowings		
Unsecured:		
Bond	131,041	130,977
Lease liabilities	271	207
	<u>131,312</u>	<u>131,184</u>
	<u>203,209</u>	<u>203,902</u>

19 Provisions for costs of restructuring

Not applicable.

20 Dividend

No interim ordinary dividend has been declared for the financial period ended 30 June 2022.

Two interim dividends have been paid for the financial year ended 31 March 2022. The first and second dividends of 1.0 sen per share on 522,244,065 shares and 1.5 sen per share on 522,244,065 shares were paid on 29 December 2021 and 7 July 2022 respectively.

In Ringgit term, the total dividend for the financial year ended 31 March 2022 was RM13.06 million.

21 Commitments

Capital expenditure as at the reporting date is as follows:

	30 June 2022 RM'000	31 March 2022 RM'000
Approved and contracted for:		
Property, plant and equipment	558	683
	<u>558</u>	<u>683</u>
Approved but not contracted for:		
Property, plant and equipment	-	82
	<u>-</u>	<u>82</u>

Explanatory notes pursuant to MFRS 134

For the financial period ended 30 June 2022

22 Contingencies

Apart from what was reported in our announcement for the year ended 31 March 2022 on 31 May 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 19 September 2022; and
- (ii) in respect of Customs Bill of Demand for RM28.8 million, the application for judicial review application is rescheduled for case management on 20 September 2022.

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 period ended 30 June:

	Cumulative quarter	
	3 months ended	
	30 June	30 June
	2022	2021
	RM'000	RM'000
Related companies: *		
Construction of a manufacturing plant	10,831	-

* 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.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 For the financial period ended 30 June 2022**

26 Performance review

	Current quarter 3 months ended			Cumulative quarter 3 months ended		
	30 June 2022	30 June 2021	Changes	30 June 2022	30 June 2021	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	86,270	61,279	+ 41	86,270	61,279	+ 41
Profit before tax	11,893	12,487	- 5	11,893	12,487	- 5
Profit after tax	9,560	11,794	- 19	9,560	11,794	- 19

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

27 Comment on material change in profit before taxation

	Current quarter 3 months ended 30 June 2022	Preceding quarter 3 months ended 31 March 2022	Changes %
	RM'000	RM'000	
Revenue	86,270	119,598	- 28
Profit before tax	11,893	22,892	- 48
Profit after tax	9,560	14,687	- 35

The profit before taxation for the quarter ended 30 June 2022 is 48% lower than the preceding quarter due to lower profit contributed by Engineering division.

28 Commentary on prospects

Following the change in the Group's financial year end from 31 January to 31 March on 6 January 2021, the current quarter represents the first quarter where the financial performance is comparable year-on-year ("YoY") with the preceding year.

The Group commenced the new financial year 2023 with a better first quarter results registering an overall revenue of RM86.27 million, representing an increase of 41% YoY from RM61.28 million in the corresponding quarter of the preceding year. Both the Engineering and Metering divisions recorded better performances for the quarter ended 30 June 2022 as compared to the preceding corresponding quarter, mainly attributed to increased construction activities and the Group's thriving Metering business as economic environment gradually improve since Malaysia entered the transition to endemicity phase on 1 April 2022.

Metering

During the quarter under review, revenue from the Metering division improved by 13% from the preceding corresponding quarter due to higher export to overseas markets. The Group's order book remains healthy.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the financial period ended 30 June 2022**

28 Commentary on prospects (continued)

Engineering

The Engineering division recorded a higher revenue of RM49.24 million compared to RM28.55 million in the preceding corresponding quarter which was impacted by the disruption of work at site due to the various movement control orders implemented by the Government. The construction of the Tanjong Karang hospital had progressed as scheduled.

The Group continues to actively pursue new projects locally and is also exploring other business opportunities including merger and acquisition of companies that are in the business of rail and water infrastructure projects.

Going Forward

While Malaysia's first quarter GDP recorded a growth of 5%, the Group anticipates the current headwinds for its business sectors to continue into the second quarter with rising inflationary pressures and higher operational costs resulting from revision in minimum wages requirement and the amendments to the Employment Act from 1 January 2023.

The Group will continue to adopt a prudent and targeted approach in tendering for projects moving in line with current economic pace and the roll-out of infrastructure projects by the Government under the 12th Malaysia Plan.

The Board is cautiously optimistic that the overall prospect of the Group in the coming quarters will remain satisfactory.

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

Not applicable.

30 Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets

Not applicable.

31 Profit forecast or profit guarantee

Not applicable.

32 Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

33 Changes in material litigation

There was no outstanding material litigation as at the date of this report.

34 Dividend payable

Please refer to Note 20 for details.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the financial period ended 30 June 2022**

35 Derivative financial instruments

There were no derivative financial instruments outstanding as at 30 June 2022 and 31 March 2022.

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.

36 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 June 2022 and 31 March 2022.

37 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2022 was not qualified.

BY ORDER OF THE BOARD

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

30 August 2022