

## INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of profit or loss and other comprehensive income  
for the third financial quarter ended 31 December 2022

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 December 2022 Unaudited RM'000	31 December 2021 Unaudited RM'000	31 December 2022 Unaudited RM'000	31 December 2021 Unaudited RM'000
<b>Revenue</b>		56,727	94,661	204,824	235,626
Cost of sales		(45,931)	(77,133)	(160,616)	(190,676)
<b>Gross profit</b>		10,796	17,528	44,208	44,950
Interest income		1,852	536	4,168	1,785
Other (losses)/gains		(3,317)	301	6,934	(6,713)
Administrative expenses		(562)	(553)	(1,647)	(1,684)
Distribution costs		(445)	(234)	(1,172)	(1,265)
Other expenses		(6,035)	(7,793)	(21,378)	(19,086)
Finance costs		(2,850)	(2,573)	(8,068)	(8,057)
Share of results of associates		(2,391)	(719)	(6,365)	(1,194)
Share of results of joint venture		-	-	-	12,436
<b>(Loss)/Profit before tax</b>	7	(2,952)	6,493	16,680	21,172
Tax income/(expenses)	8	289	(1,850)	(3,866)	(4,602)
<b>(Loss)/Profit for the period, attributable to the owners of the Company</b>		(2,663)	4,643	12,814	16,570
<b>Other comprehensive income/(loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on financial assets at FVTOCI		(838)	(219)	(4,099)	(654)
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		(643)	(3)	1,120	36
Fair value gain/(loss) on financial assets at FVTOCI		1,601	(667)	838	(1,061)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		120	(889)	(2,141)	(1,679)
<b>Total comprehensive (loss)/income for the period, attributable to the owners of the Company</b>		(2,543)	3,754	10,673	14,891
<b>Earnings per share attributable to the owners of the Company (sen):</b>					
Basic and diluted	9	(0.51)	0.89	2.45	3.17

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.

## INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of financial position  
for the third financial quarter ended 31 December 2022

		31 December 2022	31 March 2022
	Note	Unaudited RM'000	Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	129,086	131,187
Right-of-use assets	11	421	788
Goodwill	12	876	876
Other intangible assets	13	23,395	24,107
Financial assets at FVTOCI	15	9,072	1,331
Investment in associates		29,193	19,021
Deferred tax assets		905	540
		<u>192,948</u>	<u>177,850</u>
<b>Current assets</b>			
Inventories	14	122,533	81,039
Trade and other receivables		101,821	141,977
Contract assets		120,773	145,797
Financial assets at FVTPL	15	119	115
Financial assets at FVTOCI	15	31,024	33,068
Tax recoverable		7,245	6,560
Deposits, cash and bank balances	16	268,292	283,366
		<u>651,807</u>	<u>691,922</u>
<b>Total assets</b>		<u>844,755</u>	<u>869,772</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	17(a)	187,756	187,756
Treasury shares	17(a)	(38,450)	(38,300)
Foreign currency translation reserve		(10,148)	(11,268)
Property revaluation reserve		35,541	35,541
Fair value reserve		(6,458)	(3,197)
Retained earnings		367,309	367,548
<b>Total equity</b>		<u>535,550</u>	<u>538,080</u>
<b>Non-current liabilities</b>			
Loans and borrowings	18	131,382	131,184
Other payables		1,459	1,621
Deferred tax liabilities		6,901	6,901
		<u>139,742</u>	<u>139,706</u>
<b>Current liabilities</b>			
Loans and borrowings	18	67,607	72,718
Trade and other payables		101,385	114,560
Contract liabilities		-	4,107
Tax payable		471	601
		<u>169,463</u>	<u>191,986</u>
<b>Total liabilities</b>		<u>309,205</u>	<u>331,692</u>
<b>Total equity and liabilities</b>		<u>844,755</u>	<u>869,772</u>

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

## INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of changes in equity  
 for the third financial quarter ended 31 December 2022

		Attributable to the owners of the Company						
		Non-Distributable				Distributable		
		Share capital	Foreign currency translation reserve	Property revaluation reserve	Fair value reserve	Treasury shares	Retained earnings	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 April 2021</b>		187,756	(11,508)	37,405	1,557	(37,433)	346,741	524,518
Total comprehensive income/(loss)		-	36	-	(1,715)	-	16,570	14,891
Dividends	20	-	-	-	-	-	(10,450)	(10,450)
Share buy-backs	17	-	-	-	-	(867)	-	(867)
<b>At 31 December 2021</b>		<b>187,756</b>	<b>(11,472)</b>	<b>37,405</b>	<b>(158)</b>	<b>(38,300)</b>	<b>352,861</b>	<b>528,092</b>
<b>At 1 April 2022</b>		187,756	(11,268)	35,541	(3,197)	(38,300)	367,548	538,080
Total comprehensive income/(loss)		-	1,120	-	(3,261)	-	12,814	10,673
Dividends	20	-	-	-	-	-	(13,053)	(13,053)
Share buy-backs	17	-	-	-	-	(150)	-	(150)
<b>At 31 December 2022</b>		<b>187,756</b>	<b>(10,148)</b>	<b>35,541</b>	<b>(6,458)</b>	<b>(38,450)</b>	<b>367,309</b>	<b>535,550</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**Condensed consolidated statement of cash flows**  
**for the third financial quarter ended 31 December 2022**

	Note	9 months ended	
		31 December 2022	31 December 2021
		Unaudited RM'000	Unaudited RM'000
<u>Operating activities</u>			
<b>Profit before tax</b>		16,680	21,172
Adjustments for:			
Interest income		(4,168)	(1,785)
Finance costs		8,068	8,057
Gain on disposal of property, plant and equipment	10	(214)	(31)
Depreciation of property, plant and equipment		2,723	3,110
Depreciation of right-of-use assets		413	394
Amortisation of other intangible assets	13	1,349	1,291
Inventories written down	14	170	128
Reversal on inventories written down	14	(789)	(910)
Loss on disposal of financial assets at FVTPL		-	9
Fair value gain on financial assets at FVTPL		(4)	(6)
Loss on disposal of joint venture		-	9,848
Unrealised (gain)/loss on foreign exchange		(4,188)	417
Share of results of associates		6,365	1,194
Share of results of joint venture		-	(12,436)
Income derived from short-term investments		(733)	(1,230)
Dividend income from financial assets at FVTOCI		(411)	(1,594)
Dividend income from financial assets at FVTPL		(3)	(6)
<b>Operating profit before working capital changes</b>		<u>25,258</u>	<u>27,622</u>
Changes in working capital:			
Inventories		(40,417)	(28,216)
Trade and other receivables		43,337	(14,402)
Contract assets/liabilities		22,411	(38,403)
Trade and other payables		(15,277)	30,306
Cash from operation		<u>35,312</u>	<u>(23,093)</u>
Tax paid		(5,997)	(571)
Tax refunded		1,000	-
<b>Net cash from/(used in) operating activities</b>		<u>30,315</u>	<u>(23,664)</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(702)	(5,329)
Proceeds from disposal of property, plant and equipment		349	41
Acquisition of other intangible assets		(1,094)	(4,059)
Acquisition of an associate		(18,000)	(16,800)
Purchase of financial assets at FVTOCI		(8,371)	(466)
Proceeds from disposal of joint venture		-	53,000
Proceeds from disposal of financial assets at FVTPL		-	37
Dividend received from financial assets at FVTPL		3	6
Dividend received from financial assets at FVTOCI		411	1,594
Interest received		4,168	1,785
Income derived from short-term investments		733	1,230
Change in time deposits		30	625
<b>Net cash (used in)/from investing activities</b>		<u>(22,473)</u>	<u>31,664</u>
<u>Financing activities</u>			
Drawdown of other bank borrowings		61,417	61,389
Repayment of other bank borrowings		(67,839)	(79,758)
Repayment of lease liabilities		(519)	(611)
Interest paid		(7,412)	(6,306)
Dividends paid		(13,053)	(18,301)
Share buy-backs		(150)	(867)
<b>Net cash used in financing activities</b>		<u>(27,556)</u>	<u>(44,454)</u>
<b>Net change in cash and cash equivalents</b>		<u>(19,714)</u>	<u>(36,454)</u>
Effect of foreign exchange rate changes		4,603	(617)
<b>Cash and cash equivalents at beginning of financial period</b>		<u>257,484</u>	<u>314,212</u>
<b>Cash and cash equivalents at end of financial period</b>	16	<u>242,373</u>	<u>277,141</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 third financial quarter ended 31 December 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 21 February 2023.

### **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 third financial quarter ended 31 December 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
<b><u>Current quarter</u></b>					
<b>3 months period ended 31 December 2022</b>					
<b>Revenue:</b>					
External customers	26,686	30,041	-	-	56,727
<b>Results:</b>					
Interest income	7	18	571	1,256	1,852
Depreciation and amortisation	23	1,258	-	230	1,511
Share of results of associates	15	-	(2,406)	-	(2,391)
Share of results of joint venture	-	-	-	-	-
Segment profit/(loss) (Note A)	1,931	5,928	(5,709)	(5,102)	(2,952)
<b>3 months period ended 31 December 2021</b>					
<b>Revenue:</b>					
External customers	56,347	38,314	-	-	94,661
<b>Results:</b>					
Interest income	10	4	158	364	536
Depreciation and amortisation	33	1,331	-	229	1,593
Share of results of associates	17	-	(736)	-	(719)
Share of results of joint venture	-	-	-	-	-
Segment profit/(loss) (Note A)	195	12,943	(1,239)	(5,406)	6,493
<b><u>Cumulative quarter</u></b>					
<b>9 months period ended 31 December 2022</b>					
<b>Revenue:</b>					
External customers	100,909	103,915	-	-	204,824
<b>Results:</b>					
Interest income	19	31	1,264	2,854	4,168
Depreciation and amortisation	70	3,739	-	676	4,485
Share of results of associates	41	-	(6,406)	-	(6,365)
Share of results of joint venture	-	-	-	-	-
Segment profit/(loss) (Note A)	7,516	26,316	(3,705)	(13,447)	16,680
<b>9 months period ended 31 December 2021</b>					
<b>Revenue:</b>					
External customers	138,252	97,374	-	-	235,626
<b>Results:</b>					
Interest income	30	7	583	1,165	1,785
Depreciation and amortisation	102	3,981	-	712	4,795
Share of results of associates	(4)	-	(1,190)	-	(1,194)
Share of results of joint venture	12,436	-	-	-	12,436
Segment profit/(loss) (Note A)	7,352	30,115	(1,521)	(14,774)	21,172

## Explanatory notes pursuant to MFRS 134 for the third financial quarter ended 31 December 2022

### 5 Segment information (continued)

#### Note A

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

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
Interest income	1,256	364	2,854	1,165
Finance costs	(2,850)	(2,573)	(8,068)	(8,057)
Other unallocated corporate expenses	(3,508)	(3,197)	(8,233)	(7,882)
	<u>(5,102)</u>	<u>(5,406)</u>	<u>(13,447)</u>	<u>(14,774)</u>

#### Engineering

Revenue of RM26.69 million for the quarter ended 31 December 2022 was 53% lower as compared to RM56.35 million for the corresponding quarter in 2021 mainly attributed to the physical completion of the hospital projects. Segment profit of RM1.93 million for the current quarter ended 31 December 2022 was higher as compared to RM0.19 million for the corresponding quarter in 2021. The segment profit of the corresponding quarter was affected by the reduction in gross profit for the hospital projects attributed to revision in gross profit margin.

Revenue of RM100.91 million for the period ended 31 December 2022 was 27% lower as compared to RM138.25 million for the corresponding period in 2021 mainly attributed to the lower revenue contribution towards the end of the hospital projects. Segment profit of RM7.52 million for the period ended 31 December 2022 was 2% higher as compared to RM7.35 million for the period ended 31 December 2021 mainly due to the higher gross profit margin.

#### Metering

Revenue of RM30.04 million for the quarter ended 31 December 2022 was 22% lower compared to RM38.31 million for the corresponding quarter in 2021. The lower revenue mainly attributed to lower local and private sales. Segment profit of RM5.93 million for the current quarter ended 31 December 2022 was 54% lower as compared to RM12.95 million for the corresponding quarter in 2021 mainly due to the lower sales and gross profit margin.

Revenue of RM103.92 million for the period ended 31 December 2022 was 7% higher compared to RM97.37 million for the corresponding period in 2021. The higher revenue mainly derived from export sales. Segment profit of RM26.32 million for the period ended 31 December 2022 was 13% lower as compared to RM30.12 million for the corresponding period in 2021 mainly due to the lower gross profit margin.

## Explanatory notes pursuant to MFRS 134 for the third financial quarter ended 31 December 2022

### 5 Segment information (continued)

#### 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 (loss)/profit before tax

The Group reported loss before tax of RM2.95 million (31 December 2021: profit of RM6.49 million) in the current quarter mainly attributed to lower contribution from the Metering division. Other losses mainly arose from unrealised loss on foreign exchange of RM4.57 million (31 December 2021: RM0.34 million) on foreign currencies held.

The Group's profit before tax for the period ended 31 December 2022 of RM16.68 million (31 December 2021: RM21.17 million) was 21% lower was mainly attributed to lower contribution from the Metering division. Other gains mainly arose from unrealised gain on foreign exchange of RM4.19 million (31 December 2021: loss of RM0.42 million) on foreign currencies held.

### 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		Cumulative quarter 9 months ended	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
Interest income from:				
- deposits with licensed banks	(1,227)	(381)	(2,336)	(1,235)
- financial assets at FVTOCI	(133)	(155)	(645)	(550)
- associate	(492)	-	(1,187)	-
Dividend income from:				
- financial assets at FVTPL	-	(2)	(3)	(6)
- financial assets at FVTOCI	(142)	(130)	(411)	(1,594)
Loss on disposal of joint venture	-	-	-	9,848
(Gain)/Loss on foreign exchange:				
- realised	(544)	(19)	(892)	(472)
- unrealised	4,569	341	(4,188)	417



## Explanatory notes pursuant to MFRS 134 for the third financial quarter ended 31 December 2022

### 8 Tax (income)/expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
Current Tax:				
Malaysian tax	717	1,155	4,852	3,907
Foreign tax	114	448	373	448
	<u>831</u>	<u>1,603</u>	<u>5,225</u>	<u>4,355</u>
(Over)/Underprovision in prior years:				
Malaysian tax	(995)	247	(995)	247
Foreign tax	1	-	1	-
	<u>(163)</u>	<u>1,850</u>	<u>4,231</u>	<u>4,602</u>
Deferred tax	(126)	-	(365)	-
	<u>(289)</u>	<u>1,850</u>	<u>3,866</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 which is equity accounted net of tax) was lower than the statutory tax rate mainly due to the overprovision in prior year and the 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 3 months ended		Cumulative quarter 9 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Profit attributable to the owners used in computation of earnings per share (RM'000)	<u>(2,663)</u>	<u>4,643</u>	<u>12,814</u>	<u>16,570</u>
Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000)	<u>521,959</u>	<u>522,578</u>	<u>522,038</u>	<u>522,749</u>
Basic/Diluted earnings per share (sen)	<u>(0.51)</u>	<u>0.89</u>	<u>2.45</u>	<u>3.17</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 third financial quarter ended 31 December 2022

### 10 Property, plant and equipment

#### Acquisitions and disposals

During the period ended 31 December 2022, the Group acquired assets at a cost of RM0.70 million (31 December 2021: RM5.33 million).

Assets with carrying amount of RM135,000 (31 December 2021: RM10,000) were disposed of by the Group during the period ended 31 December 2022, resulting in a gain on disposal of RM214,000 (31 December 2021: RM31,000), 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
<b>Cost:</b>				
At 1 April 2022	893	12,061	15,013	27,967
Additions	47	-	1,047	1,094
Reclassification	-	-	(457)	(457)
At 31 December 2022	940	12,061	15,603	28,604
<b>Accumulated amortisation:</b>				
At 1 April 2022	717	1,942	1,201	3,860
Amortisation	53	920	376	1,349
At 31 December 2022	770	2,862	1,577	5,209
<b>Carrying amount:</b>				
At 1 April 2022	176	10,119	13,812	24,107
At 31 December 2022	170	9,199	14,026	23,395

#### 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 third financial quarter ended 31 December 2022

### 14 Inventories

During the period ended 31 December 2022, the Group recognised the inventories written down of RM170,000 (31 December 2021: RM128,000) and reversal of inventories written down of RM789,000 (31 December 2021: RM910,000) 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:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 December 2022</b>				
Financial assets at FVTPL:				
- Quoted equity securities	119	119	-	-
Financial assets at FVTOCI:				
- Quoted bonds	14,464	14,464	-	-
- Quoted equity securities	16,560	16,560	-	-
- Unquoted equity securities	9,072	-	9,072	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Buildings on freehold land	15,087	-	-	15,087
- Long-term leasehold land	1,256	-	-	1,256
- Building on long-term leasehold land	960	-	-	960
<b>At 31 March 2022</b>				
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

### 16 Deposits, cash and bank balances

	<b>31</b>	<b>31</b>
	<b>December</b>	<b>March</b>
	<b>2022</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	142,245	53,969
Cash and bank balances	71,180	175,127
Short-term investment	54,867	54,270
Deposits, cash and bank balances	268,292	283,366
Less: time deposits	(25,919)	(25,842)
Less: bank overdraft	-	(40)
Cash and cash equivalents	242,373	257,484

## Explanatory notes pursuant to MFRS 134 for the third financial quarter ended 31 December 2022

### 17 Debt and Equity Securities

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

At the 71st AGM of the Company held on 22 September 2022, shareholders' approval was obtained for the Share Buy-Back scheme to be renewed from 22 September 2022 until the conclusion of the next AGM of the Company to be convened in 2023.

As at 31 December 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 31 December 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	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 2022 RM'000	31 March 2022 RM'000
<b>Short-term borrowings</b>		
Secured:		
Bank overdraft	-	40
Revolving credits	40,000	40,000
Bankers' acceptances	21,417	27,839
Lease liabilities	7	118
	61,424	67,997
Unsecured:		
Revolving credits	4,041	4,024
Bond	1,909	60
Lease liabilities	233	637
	67,607	72,718
<b>Long-term borrowings</b>		
Unsecured:		
Bond	131,169	130,977
Lease liabilities	213	207
	131,382	131,184
	198,989	203,902

## Explanatory notes pursuant to MFRS 134 for the third financial quarter ended 31 December 2022

### 19 Provisions for costs of restructuring

Not applicable.

### 20 Dividend

The Company has paid a dividend totalling RM5.22 million (FY2022: 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 2022 RM'000	31 March 2022 RM'000
<b>Approved and contracted for:</b>		
Property, plant and equipment	2,801	683
<b>Approved but not contracted for:</b>		
Property, plant and equipment	-	82

### 22 Contingencies

Apart from what was reported in our announcement for the period ended 30 September 2022 on 23 November 2022, nothing has changed.

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 31 December:

	Cumulative quarter 9 months ended	
	31 December 2022 RM'000	31 December 2021 RM'000
Related companies: *		
Construction of a manufacturing plant	38,639	-

\* 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 third financial quarter ended 31 December 2022**

**26 Performance review**

	Current quarter 3 months ended			Cumulative quarter 9 months ended		
	31 December 2022	31 December 2021	Changes %	31 December 2022	31 December 2021	Changes %
	RM'000	RM'000		RM'000	RM'000	
Revenue	56,727	94,661	- 40	204,824	235,626	- 13
(Loss)/Profit before tax	(2,952)	6,493	- 145	16,680	21,172	- 21
(Loss)/Profit after tax	(2,663)	4,643	- 157	12,814	16,570	- 23

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

**27 Comment on material change in (loss)/profit before taxation**

	Current quarter 3 months ended 31 December 2022 RM'000	Preceding quarter 3 months ended 30 September 2022 RM'000	Changes %
Revenue	56,727	61,827	- 8
(Loss)/Profit before tax	(2,952)	7,739	- 138
(Loss)/Profit after tax	(2,663)	5,917	- 145

The change in the (loss)/profit before tax of -138% mainly arose from unrealised loss on foreign exchange of RM4.57 million in the current quarter (30 September 2022: gain of RM5.60 million) on foreign currencies held.

**28 Commentary on prospects**

The Group achieved revenue of RM56.73 million for the quarter ended 31 December 2022 amid the challenging global economic environment that was clouded by inflationary pressures, supply chain delays, labour shortages and elevated oil prices coupled with a fluctuating ringgit on the local economic front.

Our Metering business remains robust. We have increased our order book and expect to continue growing our sales for the coming financial year. Going forward, we are optimistic on maintaining the current momentum as we actively pursue plans to expand our water metering market in the region with new product offerings. The Metering division will also continue with its operational improvements and increase the marketing of the Group's meters both locally and overseas.

During the quarter under review, the Group had participated in several local infrastructure project tenders. The Group continues to focus its efforts to build up its construction order book and pursue other business opportunities.

The outlook for the FY2023 remains challenging due to uncertainty of both the domestic and overseas markets resulting from adverse global economic and business operating environments. Headline inflation is expected to remain elevated due to both demand and supply constraints.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:  
Chapter 9, Appendix 9B, Part A  
for the third financial quarter ended 31 December 2022**

**28 Commentary on prospects (continued)**

To mitigate these uncertainties, the Group will continue to be prudent on its capital and operational expenditures. At the same time, the Group will focus on expanding our market presence in both the local and overseas markets. Despite the prevailing challenges, the Board remains cautiously optimistic on the long-term business prospects of the Group and will continue to actively pursue various business strategies to increase its revenue base.

**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.

**35 Derivative financial instruments**

The Group did not enter into any derivatives during the current interim 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 31 December 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

21 February 2023