

INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of profit or loss and other comprehensive income for the fourth financial quarter ended 31 March 2023

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
Revenue		42,216	119,598	247,040	355,224
Cost of sales		<u>(28,837)</u>	<u>(83,388)</u>	<u>(189,453)</u>	<u>(274,064)</u>
Gross profit		13,379	36,210	57,587	81,160
Interest income		1,767	500	5,935	2,285
Other gains/(losses)		1,037	2,504	7,971	(4,209)
Administrative expenses		(731)	(2,640)	(2,378)	(4,324)
Distribution costs		(389)	(464)	(1,561)	(1,729)
Other expenses		(9,150)	(9,648)	(30,528)	(28,734)
Finance costs		(2,752)	(2,554)	(10,820)	(10,611)
Share of results of associates		(12,065)	(1,016)	(18,430)	(2,210)
Share of results of joint venture		-	-	-	12,436
(Loss)/Profit before tax	7	<u>(8,904)</u>	<u>22,892</u>	<u>7,776</u>	<u>44,064</u>
Tax expenses	8	<u>(3,171)</u>	<u>(8,205)</u>	<u>(7,037)</u>	<u>(12,807)</u>
(Loss)/Profit for the period, attributable to the owners of the Company		<u>(12,075)</u>	<u>14,687</u>	<u>739</u>	<u>31,257</u>
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Decrease in property revaluation reserve		-	(1,864)	-	(1,864)
Fair value gain/(loss) on financial assets at FVTOCI		4,486	(1,136)	387	(1,790)
Share of property revaluation reserve of associate		1,054	-	1,054	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		83	204	1,203	240
Fair value gain/(loss) on financial assets at FVTOCI		<u>423</u>	<u>(1,903)</u>	<u>1,261</u>	<u>(2,964)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>6,046</u>	<u>(4,699)</u>	<u>3,905</u>	<u>(6,378)</u>
Total comprehensive (loss)/income for the period, attributable to the owners of the Company		<u>(6,029)</u>	<u>9,988</u>	<u>4,644</u>	<u>24,879</u>
(Loss)/Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	9	<u>(2.31)</u>	<u>2.81</u>	<u>0.14</u>	<u>5.98</u>

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 fourth financial quarter ended 31 March 2023

	Note	31 March 2023 Unaudited RM'000	31 March 2022 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	128,764	131,187
Right-of-use assets	11	1,911	788
Goodwill	12	876	876
Other intangible assets	13	24,050	24,107
Financial assets at FVTOCI	15	14,015	1,331
Investment in associates		29,639	19,021
Deferred tax assets		782	540
		<u>200,037</u>	<u>177,850</u>
Current assets			
Inventories	14	106,033	81,039
Trade and other receivables		101,179	141,977
Contract assets		116,747	145,797
Financial assets at FVTPL	15	123	115
Financial assets at FVTOCI	15	32,308	33,068
Tax recoverable		5,601	6,560
Deposits, cash and bank balances	16	250,181	283,366
		<u>612,172</u>	<u>691,922</u>
Total assets		<u>812,209</u>	<u>869,772</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17(a)	187,756	187,756
Treasury shares	17(a)	(38,450)	(38,300)
Foreign currency translation reserve		(10,065)	(11,268)
Property revaluation reserve		36,595	35,541
Fair value reserve		(706)	(3,197)
Retained earnings		354,391	367,548
Total equity		<u>529,521</u>	<u>538,080</u>
Non-current liabilities			
Loans and borrowings	18	132,609	131,184
Other payables		1,404	1,621
Deferred tax liabilities		6,764	6,901
		<u>140,777</u>	<u>139,706</u>
Current liabilities			
Loans and borrowings	18	66,980	72,718
Trade and other payables		74,338	114,560
Contract liabilities		-	4,107
Tax payable		593	601
		<u>141,911</u>	<u>191,986</u>
Total liabilities		<u>282,688</u>	<u>331,692</u>
Total equity and liabilities		<u>812,209</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 fourth financial quarter ended 31 March 2023

		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
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(a)	-	-	-	-	(867)	-	(867)
At 31 March 2022		187,756	(11,268)	35,541	(3,197)	(38,300)	367,548	538,080
At 1 April 2022		187,756	(11,268)	35,541	(3,197)	(38,300)	367,548	538,080
Total comprehensive income		-	1,203	1,054	1,648	-	739	4,644
Transfer upon disposal of investment		-	-	-	843	-	(843)	-
Dividends	20	-	-	-	-	-	(13,053)	(13,053)
Share buy-backs	17(a)	-	-	-	-	(150)	-	(150)
At 31 March 2023		187,756	(10,065)	36,595	(706)	(38,450)	354,391	529,521

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 fourth financial quarter ended 31 March 2023

	Note	12 months ended	
		31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
Operating activities			
Profit before tax		7,776	44,064
Adjustments for:			
Interest income		(5,935)	(2,285)
Finance costs		10,820	10,611
Gain on disposal of property, plant and equipment	10	(257)	(35)
Property, plant and equipment written off		-	587
Depreciation of property, plant and equipment		3,776	3,993
Depreciation of right-of-use assets		576	526
Other intangible assets written off		117	1,519
Amortisation of other intangible assets	13	1,806	1,726
Inventories written down	14	204	622
Reversal on inventories written down	14	(1,019)	(964)
Trade receivables written off		1,135	22
Other receivables written off		25	-
Reversal of impairment loss on trade receivables		(1,135)	(22)
Loss on disposal of financial assets at FVTPL		-	9
Fair value gain on financial assets at FVTPL		(8)	(15)
Loss on disposal of joint venture		-	9,848
Unrealised gain on foreign exchange		(5,142)	(1,072)
Share of results of associates		18,430	2,210
Share of results of joint venture		-	(12,436)
Income derived from short-term investments		(1,002)	(1,332)
Dividend income from financial assets at FVTOCI		(535)	(1,714)
Dividend income from financial assets at FVTPL		(5)	(6)
Operating profit before working capital changes		29,627	55,856
Changes in working capital:			
Inventories		(23,694)	(20,128)
Trade and other receivables		45,142	(3,657)
Contract assets/liabilities		26,454	(92,982)
Trade and other payables		(42,141)	24,975
Cash from/(used in) operation		35,388	(35,936)
Tax paid		(7,416)	(1,265)
Tax refunded		1,000	19
Net cash from/(used in) operating activities		28,972	(37,182)
Investing activities			
Purchase of property, plant and equipment		(1,487)	(6,561)
Proceeds from disposal of property, plant and equipment		411	41
Acquisition of other intangible assets		(2,323)	(5,483)
Acquisition of an associate		(29,600)	(20,000)
Purchase of financial assets at FVTOCI		(10,846)	(729)
Proceeds from disposal of joint venture		-	53,000
Proceeds from disposal of financial assets at FVTPL		-	37
Proceeds from disposal of financial assets at FVTOCI		-	35
Dividend received from financial assets at FVTPL		5	6
Dividend received from financial assets at FVTOCI		535	1,714
Interest received		5,935	2,285
Income derived from short-term investments		1,002	1,332
Change in time deposits		(1,394)	605
Net cash (used in)/from investing activities		(37,762)	26,282
Financing activities			
Drawdown of other bank borrowings		62,968	71,855
Repayment of other bank borrowings		(71,644)	(87,225)
Repayment of lease liabilities		(707)	(831)
Interest paid		(12,117)	(10,826)
Dividends paid		(13,053)	(18,301)
Share buy-backs		(150)	(867)
Net cash used in financing activities		(34,703)	(46,195)
Net change in cash and cash equivalents		(43,493)	(57,095)
Effect of foreign exchange rate changes		5,664	367
Cash and cash equivalents at beginning of financial year		257,484	314,212
Cash and cash equivalents at end of financial year	16	219,655	257,484

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 fourth financial quarter ended 31 March 2023

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 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 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 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 fourth financial quarter ended 31 March 2023**
5 Segment information (continued)

	Engineering RM'000	Metering RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated and financial statements RM'000
Current quarter					
3 months period ended 31 March 2023					
Revenue:					
External customers	2,512	39,704	-	-	42,216
Results:					
Interest income	5	63	743	956	1,767
Depreciation and amortisation	71	1,378	-	224	1,673
Share of results of associates	7	-	(12,072)	-	(12,065)
Segment profit/(loss) (Note A)	1,394	7,270	(12,044)	(5,524)	(8,904)
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)
Segment profit/(loss) (Note A)	16,755	11,946	(985)	(4,824)	22,892
Cumulative quarter					
12 months period ended 31 March 2023					
Revenue:					
External customers	103,421	143,619	-	-	247,040
Results:					
Interest income	24	94	2,007	3,810	5,935
Depreciation and amortisation	141	5,117	-	900	6,158
Share of results of associates	48	-	(18,478)	-	(18,430)
Share of results of joint venture	-	-	-	-	-
Segment profit/(loss) (Note A)	8,910	33,586	(15,749)	(18,971)	7,776
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

Explanatory notes pursuant to MFRS 134 for the fourth financial quarter ended 31 March 2023

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		Cumulative quarter	
	3 months ended		12 months ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	956	230	3,810	1,395
Finance costs	(2,752)	(2,554)	(10,820)	(10,611)
Other unallocated corporate expenses	(3,728)	(2,500)	(11,961)	(10,382)
	<u>(5,524)</u>	<u>(4,824)</u>	<u>(18,971)</u>	<u>(19,598)</u>

Engineering

Revenue of RM2.51 million for the quarter ended 31 March 2023 was 96% lower as compared to RM64.24 million for the corresponding quarter in 2022 mainly attributed to the physical completion of the hospital projects. Segment profit of RM1.39 million for the current quarter ended 31 March 2023 was 92% lower as compared to RM16.76 million for the corresponding quarter in 2022, in tandem with the lower revenue.

Revenue of RM103.42 million for the year ended 31 March 2023 was 49% lower as compared to RM202.49 million for the corresponding period in 2022 mainly attributed to the lower revenue contribution towards the end of the hospital projects. Segment profit of RM8.91 million for the year ended 31 March 2023 was 63% lower as compared to RM24.11 million for the year ended 31 March 2022 mainly due to the lower revenue and gross profit.

Metering

Revenue of RM39.70 million for the quarter ended 31 March 2023 was 28% lower compared to RM55.36 million for the corresponding quarter in 2022. The lower revenue is mainly attributed to lower local and private sales. Segment profit of RM7.27 million for the current quarter ended 31 March 2023 was 39% lower as compared to RM11.94 million for the corresponding quarter in 2022 mainly due to the lower revenue and gross profit.

Revenue of RM143.62 million for the year ended 31 March 2023 was 6% lower compared to RM152.73 million for the corresponding period in 2022. The lower revenue is mainly attributed to lower local and private sales. Segment profit of RM33.59 million for the year ended 31 March 2023 was 20% lower as compared to RM42.06 million for the corresponding period in 2022 mainly due to the lower revenue and gross profit.

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 RM8.90 million in the current quarter (31 March 2022: profit of RM22.89 million). The loss is mainly attributed to the share of loss of an associate and further impairment loss in the investment.

Explanatory notes pursuant to MFRS 134 for the fourth financial quarter ended 31 March 2023

5 Segment information (continued)

Consolidated (loss)/profit before tax (continued)

The Group's profit before tax for the year ended 31 March 2023 of RM7.78 million (31 March 2022: RM44.06 million) was 82% lower mainly attributed to lower contribution from both the Engineering and Metering divisions, the share of loss of an associate and further impairment loss in the investment. Nonetheless, during both the quarter and financial year under review, the Group's main operations, i.e. its Metering and Engineering divisions remain profitable and viable, despite the challenging operating environment.

6 Seasonality of operations

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

7 (Loss)/Profit before tax

Included in the (loss)/profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- deposits with licensed banks	(1,639)	(246)	(3,975)	(1,481)
- financial assets at FVTOCI	(128)	(254)	(773)	(804)
- associate	-	-	(1,187)	-
Dividend income from:				
- financial assets at FVTPL	(2)	-	(5)	(6)
- financial assets at FVTOCI	(124)	(120)	(535)	(1,714)
Loss on disposal of joint venture	-	-	-	9,848
Loss/(Gain) on foreign exchange:				
- realised	450	249	(442)	(223)
- unrealised	(954)	(1,489)	(5,142)	(1,072)

8 Tax expense

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current Tax:				
Malaysian tax	2,940	6,178	7,792	10,085
Foreign tax	250	149	623	597
	3,190	6,327	8,415	10,682
(Over)/Underprovision in prior years:				
Malaysian tax	(5)	2	(999)	249
Foreign tax	-	229	-	229
	3,185	6,558	7,416	11,160
Deferred tax	(14)	1,647	(379)	1,647
	3,171	8,205	7,037	12,807

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 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 fourth financial quarter ended 31 March 2023

9 (Loss)/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	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
(Loss)/Profit attributable to the owners used in computation of (loss)/earnings per share (RM'000)	(12,075)	14,687	739	31,257
Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000)	521,959	522,244	522,018	522,624
Basic/Diluted (loss)/earnings per share (sen)	(2.31)	2.81	0.14	5.98

The basic and diluted (loss)/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 financial year ended 31 March 2023, the Group acquired assets at a cost of RM1.49 million (31 March 2022: RM6.56 million).

Assets with carrying amount of RM154,000 (31 March 2022: RM6,000) were disposed of by the Group during the financial year ended 31 March 2023, resulting in a gain on disposal of RM257,000 (31 March 2022: RM35,000), 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.

**Explanatory notes pursuant to MFRS 134
 for the fourth financial quarter ended 31 March 2023**
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	85	-	2,238	2,323
Reclassification	-	-	(457)	(457)
Written off	-	-	(207)	(207)
Exchange differences	(1)	-	-	(1)
At 31 March 2023	<u>977</u>	<u>12,061</u>	<u>16,587</u>	<u>29,625</u>
Accumulated amortisation:				
At 1 April 2022	717	1,942	1,201	3,860
Amortisation	71	1,227	508	1,806
Written off	-	-	(90)	(90)
Exchange differences	(1)	-	-	(1)
At 31 March 2023	<u>787</u>	<u>3,169</u>	<u>1,619</u>	<u>5,575</u>
Carrying amount:				
At 1 April 2022	176	10,119	13,812	24,107
At 31 March 2023	<u>190</u>	<u>8,892</u>	<u>14,968</u>	<u>24,050</u>

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.

14 Inventories

During the financial year ended 31 March 2023, the Group recognised the inventories written down of RM204,000 (31 March 2022: RM622,000) and reversal of inventories written down of RM1,019,000 (31 March 2022: RM964,000) in profit or loss.

**Explanatory notes pursuant to MFRS 134
 for the fourth financial quarter ended 31 March 2023**
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 31 March 2023				
Financial assets at FVTPL:				
- Quoted equity securities	123	123	-	-
Financial assets at FVTOCI:				
- Quoted bonds	13,903	13,903	-	-
- Quoted equity securities	18,405	18,405	-	-
- Unquoted equity securities	14,015	-	14,015	-
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Buildings on freehold land	14,913	-	-	14,913
- Long-term leasehold land	1,206	-	-	1,206
- Building on long-term leasehold land	947	-	-	947
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

16 Deposits, cash and bank balances

	31 March	31 March
	2023	2022
	RM'000	RM'000
Deposits with licensed banks	149,117	53,969
Cash and bank balances	80,236	175,127
Short-term investment	20,828	54,270
Deposits, cash and bank balances	250,181	283,366
Less: time deposits	(27,344)	(25,842)
Less: bank overdraft	(3,182)	(40)
Cash and cash equivalents	219,655	257,484

Explanatory notes pursuant to MFRS 134 for the fourth financial quarter ended 31 March 2023

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 March 2023, 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 March 2023 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 March 2023 RM'000	31 March 2022 RM'000
Short-term borrowings		
Secured:		
Bank overdraft	3,182	40
Revolving credits	40,000	40,000
Bankers' acceptances	19,275	27,839
Lease liabilities	-	118
	62,457	67,997
Unsecured:		
Revolving credits	3,878	4,024
Bond	99	60
Lease liabilities	546	637
	66,980	72,718
Long-term borrowings		
Unsecured:		
Bond	131,233	130,977
Lease liabilities	1,376	207
	132,609	131,184
	199,589	203,902

Explanatory notes pursuant to MFRS 134 for the fourth financial quarter ended 31 March 2023

19 Provisions for costs of restructuring

Not applicable.

20 Dividend

The Board of Directors has declared a second dividend of 1.0 sen per share for FY2023, payable on 7 July 2023 to shareholders whose names appear in the Record of Depositors on 16 June 2023, being the Book Closure Date (“BCD”).

On the assumption that as announced to date, the treasury shares of 41,310,000 (which are not entitled to dividends), remained the same as at BCD, the dividend pay-out on 521,959,065 shares will amount to approximately RM5.22 million.

The Board of Directors declared a first dividend of 1.0 sen per share on 23 November 2022 paid on 29 December 2022 which amounted to RM5.22 million on 521,959,065 shares.

In Ringgit term, the two dividends will total RM10.44 million for the financial year ended 31 March 2023.

21 Commitments

Capital expenditure as at the reporting date is as follows:

	31 March 2023 RM'000	31 March 2022 RM'000
Approved and contracted for:		
Property, plant and equipment	4,280	683
Approved but not contracted for:		
Property, plant and equipment	5	82

22 Contingencies

Apart from what was reported in our announcement for the period ended 31 December 2022 on 21 February 2023, nothing has changed except that:

- (i) Customs has filed its appeal to the Court of Appeal and the hearing is fixed on 14 November 2023; and
- (ii) in respect of the Customs Bill of Demand for RM28.8 million, the application for judicial review is rescheduled for case management on 21 November 2023.

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 financial year ended 31 March:

	Cumulative quarter 12 months ended	
	31 March 2023 RM'000	31 March 2022 RM'000
Related companies: *		
Construction of a manufacturing plant	42,218	56,312

* 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 fourth financial quarter ended 31 March 2023**

26 Performance review

	Current quarter 3 months ended			Cumulative quarter 12 months ended		
	31 March 2023	31 March 2022	Changes	31 March 2023	31 March 2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	42,216	119,598	- 65	247,040	355,224	- 30
(Loss)/Profit before tax	(8,904)	22,892	- 139	7,776	44,064	- 82
(Loss)/Profit after tax	(12,075)	14,687	- 182	739	31,257	- 98

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 March 2023 RM'000	Preceding quarter 3 months ended 31 December 2022 RM'000	Changes %
Revenue	42,216	56,727	- 26
Loss before tax	(8,904)	(2,952)	+ 202
Loss after tax	(12,075)	(2,663)	+ 353

The change in the loss before tax of 202% is mainly derived from the share of loss of an associate and further impairment loss in the investment. The impact is partly offset by other gains which mainly arose from unrealised gain on foreign exchange of RM0.95 million (31 December 2022: loss of RM4.57 million) on foreign currencies held.

28 Commentary on prospects

The Group's revenue of RM42.22 million for the quarter ended 31 March 2023 and the cumulative 12 months period of FY2023 of RM247.04 million is credible given the current business and economic landscape. Ongoing global supply chain disruptions, inflationary pressures caused by elevated oil prices and a surge in demand coupled with increase in labour cost locally are some of the challenges the Group had faced and navigated during the year under review. The weak ringgit has made it more expensive for the Group to import raw materials and equipment, thereby affecting its profitability. However, despite these headwinds, the Group has managed to demonstrate the resilience and adaptability of its core business segments to the changing business environment, with both the Metering and Engineering divisions staying profitable during this difficult time.

Our Metering business remains robust as we continue to register significant orders for our Volumetric water meters and our proprietary AMR meters. The Engineering Division is continuing its efforts in project tender participation to build up its construction order book and pursue other business opportunities.

Moving forward, the Group will continue to focus on strengthening its existing revenue-generating businesses and enhancing operational efficiency. We are also committed to exploring opportunities to grow our core businesses both locally and internationally, while sharpening our competitiveness as a leading provider of water meters and solutions.

The Group is also aware of the current economic challenges and recognises the potential risks arising from ongoing geopolitical tensions, as well as the rising interest rates and inflationary pressures that could impact the pace of economic recovery. Nevertheless, we remain optimistic about our prospects for the next financial year as we anticipate an upturn in economic activities.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
for the fourth financial quarter ended 31 March 2023**

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 March 2023 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

31 May 2023