

INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of profit or loss and other comprehensive income for the first financial quarter ended 30 June 2023

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
Revenue		32,014	86,270	32,014	86,270
Cost of sales		<u>(25,319)</u>	<u>(68,730)</u>	<u>(25,319)</u>	<u>(68,730)</u>
Gross profit		6,695	17,540	6,695	17,540
Interest income		1,737	784	1,737	784
Other gains		8,106	4,279	8,106	4,279
Administrative expenses		(7,021)	(6,755)	(7,021)	(6,755)
Distribution costs		(393)	(340)	(393)	(340)
Other expenses		(561)	(540)	(561)	(540)
Finance costs		(2,636)	(2,496)	(2,636)	(2,496)
Share of results of associates		<u>(1,409)</u>	<u>(579)</u>	<u>(1,409)</u>	<u>(579)</u>
Profit before tax	7	4,518	11,893	4,518	11,893
Tax expenses	8	<u>(468)</u>	<u>(2,333)</u>	<u>(468)</u>	<u>(2,333)</u>
Profit for the period, attributable to the owners of the Company		<u>4,050</u>	<u>9,560</u>	<u>4,050</u>	<u>9,560</u>
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value gain/(loss) on financial assets at FVTOCI		1,020	(2,384)	1,020	(2,384)
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		1,541	626	1,541	626
Fair value loss on financial assets at FVTOCI		<u>(49)</u>	<u>(282)</u>	<u>(49)</u>	<u>(282)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>2,512</u>	<u>(2,040)</u>	<u>2,512</u>	<u>(2,040)</u>
Total comprehensive income for the period, attributable to the owners of the Company		<u>6,562</u>	<u>7,520</u>	<u>6,562</u>	<u>7,520</u>
Earnings per share attributable to the owners of the Company (sen):					
Basic and diluted	9	<u>0.78</u>	<u>1.83</u>	<u>0.78</u>	<u>1.83</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 first financial quarter ended 30 June 2023

	Note	30 June 2023 Unaudited RM'000	31 March 2023 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	129,162	128,764
Right-of-use assets	11	1,848	1,911
Goodwill	12	876	876
Other intangible assets	13	24,084	24,050
Financial assets at FVTOCI	15	14,723	11,732
Investment in associates		27,545	29,639
Deferred tax assets		813	782
		<u>199,051</u>	<u>197,754</u>
Current assets			
Inventories	14	98,626	106,033
Trade and other receivables		124,284	98,589
Contract assets		94,802	116,747
Financial assets at FVTPL	15	125	123
Financial assets at FVTOCI	15	34,371	32,308
Tax recoverable		5,962	5,604
Deposits, cash and bank balances	16	242,431	250,177
		<u>600,601</u>	<u>609,581</u>
Total assets		<u>799,652</u>	<u>807,335</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	17(a)	187,756	187,756
Treasury shares	17(a)	(38,539)	(38,450)
Foreign currency translation reserve		(8,505)	(10,046)
Property revaluation reserve		36,595	36,595
Fair value reserve		(2,037)	(3,008)
Retained earnings		353,199	354,367
Total equity		<u>528,469</u>	<u>527,214</u>
Non-current liabilities			
Loans and borrowings	18	133,060	132,609
Other payables		1,185	1,404
Deferred tax liabilities		6,764	6,764
		<u>141,009</u>	<u>140,777</u>
Current liabilities			
Loans and borrowings	18	63,039	66,980
Trade and other payables		66,472	71,771
Tax payable		663	593
		<u>130,174</u>	<u>139,344</u>
Total liabilities		<u>271,183</u>	<u>280,121</u>
Total equity and liabilities		<u>799,652</u>	<u>807,335</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 first financial quarter ended 30 June 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 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(a)	-	-	-	-	(150)	-	(150)
At 30 June 2022		187,756	(10,642)	35,541	(5,863)	(38,450)	369,274	537,616
At 1 April 2023		187,756	(10,046)	36,595	(3,008)	(38,450)	354,367	527,214
Total comprehensive income		-	1,541	-	971	-	4,050	6,562
Dividends	20	-	-	-	-	-	(5,218)	(5,218)
Share buy-backs	17(a)	-	-	-	-	(89)	-	(89)
At 30 June 2023		187,756	(8,505)	36,595	(2,037)	(38,539)	353,199	528,469

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 first financial quarter ended 30 June 2023

	Note	3 months ended	
		30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
<u>Operating activities</u>			
Profit before tax		4,518	11,893
Adjustments for:			
Interest income		(1,737)	(784)
Finance costs		2,636	2,496
Gain on disposal of property, plant and equipment	10	(45)	(27)
Depreciation of property, plant and equipment		1,061	893
Depreciation of right-of-use assets		147	139
Amortisation of other intangible assets	13	450	450
Inventories written down	14	26	105
Reversal on inventories written down	14	-	(262)
Fair value (gain)/loss on financial assets at FVTPL		(2)	7
Unrealised gain on foreign exchange		(7,353)	(3,153)
Share of results of associates		1,409	579
Income derived from short-term investments		(156)	(140)
Dividend income from financial assets at FVTOCI		(144)	(128)
Dividend income from financial assets at FVTPL		-	(3)
Operating profit before working capital changes		810	12,065
Changes in working capital:			
Inventories		7,381	(11,527)
Trade and other receivables		(20,653)	(53,381)
Contract assets/liabilities		21,946	48,485
Trade and other payables		(12,792)	(5,064)
Cash used in operations		(3,308)	(9,422)
Tax paid		(774)	(1,181)
Net cash used in operating activities		(4,082)	(10,603)
<u>Investing activities</u>			
Purchase of property, plant and equipment		(744)	(311)
Proceeds from disposal of property, plant and equipment		64	30
Acquisition of other intangible assets		(484)	(340)
Acquisition of an associate		-	(5,600)
Purchase of financial assets at FVTOCI		(2,441)	(140)
Dividend received from financial assets at FVTPL		-	3
Dividend received from financial assets at FVTOCI		144	128
Interest received		1,737	784
Income derived from short-term investments		156	140
Change in time deposits		3,558	(1,920)
Net cash from/(used in) investing activities		1,990	(7,226)
<u>Financing activities</u>			
Drawdown of other bank borrowings		56,315	65,477
Repayments of other bank borrowings		(59,171)	(67,770)
Repayments of lease liabilities		(156)	(216)
Interest paid		(826)	(689)
Share buy-backs		(89)	(150)
Net cash used in financing activities		(3,927)	(3,348)
Net change in cash and cash equivalents		(6,019)	(21,177)
Effect of foreign exchange rate changes		4,948	2,482
Cash and cash equivalents at beginning of financial period		219,654	257,484
Cash and cash equivalents at end of financial period	16	218,583	238,789

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 first financial quarter ended 30 June 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 24 August 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 2023.

Adoption of New and Revised Malaysian Financial Reporting Standards

During the current 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 2023 as follows:

- Amendments to MFRS 101: Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112: International Tax Reform: Pillar Two Model Rules

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 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 first financial quarter ended 30 June 2023**
5 Segment information (continued)

	Engineering RM'000	Metering RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
Current quarter					
3 months period ended 30 June 2023					
Revenue:					
External customers	3,464	28,550	-	-	32,014
Results:					
Interest income	6	92	707	932	1,737
Depreciation and amortisation	27	1,406	-	225	1,658
Share of results of associates	21	-	(1,430)	-	(1,409)
Segment (loss)/profit (Note A)	(721)	4,003	2,494	(1,258)	4,518
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)
Segment profit/(loss) (Note A)	3,878	10,654	1,885	(4,524)	11,893

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 30 June		Cumulative quarter 3 months ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	932	551	932	551
Finance costs	(2,636)	(2,496)	(2,636)	(2,496)
Other unallocated corporate income/(expenses)	446	(2,579)	446	(2,579)
	(1,258)	(4,524)	(1,258)	(4,524)

Engineering

Revenue of RM3.46 million for the quarter ended 30 June 2023 was 93% lower as compared to RM49.24 million for the corresponding quarter in 2022 mainly attributed to the physical completion of the hospital projects. Segment loss of RM0.72 million for the current quarter ended 30 June 2023 as compared to profit of RM3.88 million for the corresponding quarter in 2022 mainly due to the lower revenue and gross profit.

Metering

Revenue of RM28.55 million for the quarter ended 30 June 2023 was 23% lower compared to RM37.03 million for the corresponding quarter in 2022. The lower revenue is mainly attributed to deferment of certain export sales. Segment profit of RM4.00 million for the current quarter ended 30 June 2023 was 62% lower as compared to RM10.65 million for the corresponding quarter in 2022 mainly due to the lower revenue and gross profit.

Explanatory notes pursuant to MFRS 134 for the first financial quarter ended 30 June 2023

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 profit before tax

The Group reported profit before tax of RM4.52 million in the current quarter (30 June 2022: RM11.89 million) was 62% lower mainly attributed to lower contribution from both the Engineering and Metering divisions.

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 3 months ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Interest income from:				
- deposits with licensed banks	(1,606)	(413)	(1,606)	(413)
- financial assets at FVTOCI	(131)	(155)	(131)	(155)
- associate	-	(216)	-	(216)
Gain on foreign exchange:				
- realised	(237)	(614)	(237)	(614)
- unrealised	(7,353)	(3,153)	(7,353)	(3,153)

8 Tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Current Tax:				
Malaysian tax	373	2,332	373	2,332
Foreign tax	126	102	126	102
	499	2,434	499	2,434
Deferred tax	(31)	(101)	(31)	(101)
	468	2,333	468	2,333

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 tax effect of certain income not being taxable for tax purposes.

Explanatory notes pursuant to MFRS 134 for the first financial quarter ended 30 June 2023

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 30 June 2023	30 June 2022	3 months ended 30 June 2023	30 June 2022
Profit attributable to the owners used in computation of earnings per share (RM'000)	4,050	9,560	4,050	9,560
Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000)	521,922	522,197	521,922	522,197
Basic/Diluted earnings per share (sen)	0.78	1.83	0.78	1.83

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

10 Property, plant and equipment

Acquisitions and disposals

During the period ended 30 June 2023, the Group acquired assets at a cost of RM1.36 million (30 June 2022: RM0.31 million).

Assets with carrying amount of RM19,000 (30 June 2022: RM3,000) were disposed of by the Group during the period ended 30 June 2023, resulting in a gain on disposal of RM45,000 (30 June 2022: RM27,000), 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 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 first financial quarter ended 30 June 2023**
13 Other intangible assets

	Computer software RM'000	License RM'000	Product development costs RM'000	Total RM'000
Cost:				
At 1 April 2023	977	12,061	16,587	29,625
Additions	9	-	475	484
Exchange differences	3	-	-	3
At 30 June 2023	989	12,061	17,062	30,112
Accumulated amortisation:				
At 1 April 2023	787	3,169	1,619	5,575
Amortisation	20	306	124	450
Exchange differences	3	-	-	3
At 30 June 2023	810	3,475	1,743	6,028
Carrying amount:				
At 1 April 2023	190	8,892	14,968	24,050
At 30 June 2023	179	8,586	15,319	24,084

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 period ended 30 June 2023, the Group recognised the inventories written down of RM26,000 (30 June 2022: RM105,000) in profit or loss. There was no reversal of inventories written down (30 June 2022: reversal of RM262,000) during the period.

**Explanatory notes pursuant to MFRS 134
 for the first financial quarter ended 30 June 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 30 June 2023				
Financial assets at FVTPL:				
- Quoted equity securities	125	125	-	-
Financial assets at FVTOCI:				
- Quoted bonds	16,084	16,084	-	-
- Quoted equity securities	18,287	18,287	-	-
- Unquoted equity securities	14,723	-	-	14,723
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Buildings on freehold land	14,756	-	-	14,756
- Long-term leasehold land	1,252	-	-	1,252
- Building on long-term leasehold land	975	-	-	975
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	11,732	-	-	11,732
Non-financial assets:				
- Freehold land	91,350	-	-	91,350
- Building on freehold land	14,913	-	-	14,913
- Long-term leasehold land	1,206	-	-	1,206
- Building on long-term leasehold land	947	-	-	947

16 Deposits, cash and bank balances

	30 June	31 March
	2023	2023
	RM'000	RM'000
Deposits with licensed banks	165,617	152,763
Cash and bank balances	56,572	76,586
Short-term investment	20,242	20,828
Deposits, cash and bank balances	242,431	250,177
Less: time deposits	(23,848)	(27,341)
Less: bank overdraft	-	(3,182)
Cash and cash equivalents	218,583	219,654

Explanatory notes pursuant to MFRS 134 for the first financial quarter ended 30 June 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 30 June 2023, the Company repurchased a total of 41,510,000 of its shares from the open market for a total consideration of RM38,539,127. Subsequent to 30 June 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 period.

18 Loans and borrowings

	30 June 2023 RM'000	31 March 2023 RM'000
Short-term borrowings		
Secured:		
Bank overdraft	-	3,182
Revolving credits	44,119	43,878
Bankers' acceptances	16,315	19,275
Lease liabilities	117	-
	<u>60,551</u>	<u>66,335</u>
Unsecured:		
Bond	1,909	99
Lease liabilities	579	546
	<u>63,039</u>	<u>66,980</u>
Long-term borrowings		
Secured:		
Lease liabilities	476	-
Unsecured:		
Bond	131,296	131,233
Lease liabilities	1,288	1,376
	<u>133,060</u>	<u>132,609</u>
	<u>196,099</u>	<u>199,589</u>

Explanatory notes pursuant to MFRS 134 for the first financial quarter ended 30 June 2023

19 Provisions for costs of restructuring

Not applicable.

20 Dividend

No interim dividend has been declared for the financial period ended 30 June 2023.

Two interim dividends have been paid for the financial year ended 31 March 2023. The first and second dividends of 1.0 sen per share on 521,959,065 shares and 1.0 sen per share on 521,759,065 shares were paid on 29 December 2022 and 7 July 2023 respectively.

In Ringgit term, the total dividend for the financial year ended 31 March 2023 was RM10.44 million.

21 Commitments

Capital expenditure as at the reporting date is as follows:

	30 June 2023 RM'000	31 March 2023 RM'000
Approved and contracted for:		
Property, plant and equipment	4,560	4,280
Approved but not contracted for:		
Property, plant and equipment	-	5

22 Contingencies

Apart from what was reported in our announcement for the financial year ended 31 March 2023 on 31 May 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 period ended 30 June:

	Cumulative quarter 3 months ended	
	30 June 2023 RM'000	30 June 2022 RM'000
Related companies: *		
Construction of a manufacturing plant	3,465	42,218

* 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 period.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
 Chapter 9, Appendix 9B, Part A
 for the first financial quarter ended 30 June 2023**

26 Performance review

	Current quarter 3 months ended			Cumulative quarter 3 months ended		
	30 June 2023	30 June 2022	Changes	30 June 2023	30 June 2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	32,014	86,270	- 63	32,014	86,270	- 63
Profit before tax	4,518	11,893	- 62	4,518	11,893	- 62
Profit after tax	4,050	9,560	- 58	4,050	9,560	- 58

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/(loss) before tax

	Current quarter 3 months ended 30 June 2023 RM'000	Preceding quarter 3 months ended 31 March 2023 RM'000	Changes %
Revenue	32,014	42,216	- 24
Profit/(Loss) before tax	4,518	(8,928)	+ 151
Profit/(Loss) after tax	4,050	(12,099)	+ 133

The change in the profit/(loss) before tax of 151% is mainly attributed to lower share of loss of an associate and higher other gains which mainly arose from unrealised gain on foreign exchange of RM7.35 million (31 March 2023: RM0.91 million) on foreign currencies held.

28 Commentary on prospects

The Group achieved revenue of RM32.01 million and profit before tax of RM4.52 million for the quarter ended 30 June 2023.

Heading into the new financial year 2024 amid challenging economic environment, the Metering business remains robust. The Group continues to expand within existing and emerging water meter markets globally. The team remains dedicated to pursuing both organic and external growth opportunities, while also continuing to build the Group's relationship with partners.

On the Engineering front, the Group continues to submit tenders and look forward to succeed in some of these tenders. The Group will actively seek opportunities in acquiring businesses with technical capabilities to augment our Engineering division.

The Group remains resolute in its dedication to address the challenges posed by climate change. To counteract greenhouse gas emissions, the Group has embarked on a project to install solar panels across its facilities and manufacturing plant. This initiative not only promotes the generation of green electric energy but also aligns seamlessly with the Group's ongoing efforts to trim costs while bolstering the Group's commitment to sustainable practices.

The Group maintains a cautiously optimistic outlook amid fluctuations in commodity prices and foreign exchange rates as well as the inflationary pressures impacting costs and profitability.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
for the first financial quarter ended 30 June 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 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 2023 and 31 March 2023.
- 37 Auditors' report on preceding annual financial statements**
The auditors' report on the financial statements for the financial year ended 31 March 2023 was not qualified.

BY ORDER OF THE BOARD

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

24 August 2023