

INTERIM FINANCIAL STATEMENTS

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

| | Note | Current quarter 3 months ended | | Cumulative quarter 6 months ended | |
|--|------|--|--|--|--|
| | | 30 September 2023 Unaudited RM'000 | 30 September 2022 Unaudited RM'000 | 30 September 2023 Unaudited RM'000 | 30 September 2022 Unaudited RM'000 |
| Revenue | | 37,699 | 61,827 | 69,713 | 148,097 |
| Cost of sales | | (26,989) | (45,955) | (52,308) | (114,685) |
| Gross profit | | 10,710 | 15,872 | 17,405 | 33,412 |
| Interest income | | 2,114 | 1,532 | 3,851 | 2,316 |
| Other gains | | 360 | 5,972 | 8,466 | 10,251 |
| Administrative expenses | | (4,015) | (8,756) | (11,036) | (15,511) |
| Distribution costs | | (268) | (387) | (661) | (727) |
| Other expenses | | (592) | (545) | (1,153) | (1,085) |
| Finance costs | | (2,672) | (2,554) | (5,308) | (5,050) |
| Share of results of associates | | (4,905) | (3,395) | (6,314) | (3,974) |
| Profit before tax | 7 | 732 | 7,739 | 5,250 | 19,632 |
| Tax expenses | 8 | (627) | (1,822) | (1,095) | (4,155) |
| Profit for the period, attributable to the owners of the Company | | 105 | 5,917 | 4,155 | 15,477 |
| Other comprehensive (loss)/income | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Fair value (loss)/gain on financial assets at FVTOCI | | (506) | (877) | 514 | (3,261) |
| Share of property revaluation reserve of associate | | (272) | - | (272) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Foreign exchange translation | | (2) | 1,137 | 1,539 | 1,763 |
| Fair value loss on financial assets at FVTOCI | | (575) | (481) | (624) | (763) |
| Other comprehensive (loss)/income for the period, net of tax | | (1,355) | (221) | 1,157 | (2,261) |
| Total comprehensive (loss)/income for the period, attributable to the owners of the Company | | (1,250) | 5,696 | 5,312 | 13,216 |
| Earnings per share attributable to the owners of the Company (sen): | | | | | |
| Basic and diluted | 9 | 0.02 | 1.13 | 0.80 | 2.96 |

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 second financial quarter ended 30 September 2023

| | | 30 September 2023 Unaudited RM'000 | 31 March 2023 Audited RM'000 |
|---|-------|---|------------------------------------|
| | Note | | |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 128,643 | 128,764 |
| Right-of-use assets | 11 | 1,698 | 1,911 |
| Goodwill | 12 | 876 | 876 |
| Other intangible assets | 13 | 23,880 | 24,050 |
| Financial assets at FVTOCI | 15 | 14,808 | 11,732 |
| Investment in associates | | 22,258 | 29,639 |
| Deferred tax assets | | 778 | 782 |
| | | <u>192,941</u> | <u>197,754</u> |
| Current assets | | | |
| Inventories | 14 | 90,466 | 106,033 |
| Trade and other receivables | | 128,184 | 98,589 |
| Contract assets | | 86,976 | 116,747 |
| Financial assets at FVTPL | 15 | 132 | 123 |
| Financial assets at FVTOCI | 15 | 33,505 | 32,308 |
| Tax recoverable | | 5,660 | 5,604 |
| Deposits, cash and bank balances | 16 | 258,986 | 250,177 |
| | | <u>603,909</u> | <u>609,581</u> |
| Total assets | | <u>796,850</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 | | (8,507) | (10,046) |
| Property revaluation reserve | | 36,323 | 36,595 |
| Fair value reserve | | (3,118) | (3,008) |
| Retained earnings | | 353,304 | 354,367 |
| Total equity | | <u>527,219</u> | <u>527,214</u> |
| Non-current liabilities | | | |
| Loans and borrowings | 18 | 133,169 | 132,609 |
| Other payables | | 1,296 | 1,404 |
| Deferred tax liabilities | | 6,764 | 6,764 |
| | | <u>141,229</u> | <u>140,777</u> |
| Current liabilities | | | |
| Loans and borrowings | 18 | 65,718 | 66,980 |
| Trade and other payables | | 62,284 | 71,771 |
| Tax payable | | 400 | 593 |
| | | <u>128,402</u> | <u>139,344</u> |
| Total liabilities | | <u>269,631</u> | <u>280,121</u> |
| Total equity and liabilities | | <u>796,850</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 second financial quarter ended 30 September 2023

| | | Attributable to the owners of the Company | | | | | | |
|-----------------------------------|-------|---|---|--|---------------------------------|------------------------------|--------------------------------|-----------------|
| | | Non-Distributable | | | | Distributable | | |
| | Note | Share capital RM'000 | Foreign currency translation reserve RM'000 | Property revaluation reserve RM'000 | Fair value reserve RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Total RM'000 |
| At 1 April 2022 | | 187,756 | (11,268) | 35,541 | (3,197) | (38,300) | 367,548 | 538,080 |
| Total comprehensive income/(loss) | | - | 1,763 | - | (4,024) | - | 15,477 | 13,216 |
| Dividends | 20 | - | - | - | - | - | (7,834) | (7,834) |
| Share buy-backs | 17(a) | - | - | - | - | (150) | - | (150) |
| At 30 September 2022 | | 187,756 | (9,505) | 35,541 | (7,221) | (38,450) | 375,191 | 543,312 |
| At 1 April 2023 | | 187,756 | (10,046) | 36,595 | (3,008) | (38,450) | 354,367 | 527,214 |
| Total comprehensive income/(loss) | | - | 1,539 | (272) | (110) | - | 4,155 | 5,312 |
| Dividends | 20 | - | - | - | - | - | (5,218) | (5,218) |
| Share buy-backs | 17(a) | - | - | - | - | (89) | - | (89) |
| At 30 September 2023 | | 187,756 | (8,507) | 36,323 | (3,118) | (38,539) | 353,304 | 527,219 |

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 second financial quarter ended 30 September 2023

| | Note | 6 months ended | |
|---|------|----------------------|----------------------|
| | | 30 September 2023 | 30 September 2022 |
| | | Unaudited RM'000 | Unaudited RM'000 |
| <u>Operating activities</u> | | | |
| Profit before tax | | 5,250 | 19,632 |
| Adjustments for: | | | |
| Interest income | | (3,851) | (2,316) |
| Finance costs | | 5,308 | 5,050 |
| Gain on disposal of property, plant and equipment | 10 | (90) | (179) |
| Depreciation of property, plant and equipment | | 2,167 | 1,804 |
| Depreciation of right-of-use assets | | 301 | 271 |
| Amortisation of other intangible assets | 13 | 898 | 899 |
| Inventories written down | 14 | 69 | 142 |
| Reversal on inventories written down | 14 | (336) | (699) |
| Fair value (gain)/loss on financial assets at FVTPL | | (9) | 1 |
| Unrealised gain on foreign exchange | | (6,301) | (8,757) |
| Share of results of associates | | 6,314 | 3,974 |
| Income derived from short-term investments | | (209) | (449) |
| Dividend income from financial assets at FVTOCI | | (303) | (269) |
| Dividend income from financial assets at FVTPL | | (4) | (3) |
| Operating profit before working capital changes | | <u>9,204</u> | <u>19,101</u> |
| Changes in working capital: | | | |
| Inventories | | 15,834 | (42,564) |
| Trade and other receivables | | (25,396) | 8,032 |
| Contract assets/liabilities | | 29,771 | 44,189 |
| Trade and other payables | | (11,680) | (14,608) |
| Cash generated from operations | | <u>17,733</u> | <u>14,150</u> |
| Tax paid | | (1,344) | (3,109) |
| Tax refunded | | - | 1,000 |
| Net cash from operating activities | | <u>16,389</u> | <u>12,041</u> |
| <u>Investing activities</u> | | | |
| Purchase of property, plant and equipment | | (1,088) | (560) |
| Proceeds from disposal of property, plant and equipment | | 128 | 307 |
| Acquisition of other intangible assets | | (725) | (633) |
| Acquisition of an associate | | - | (10,000) |
| Purchase of financial assets at FVTOCI | | (2,646) | (8,436) |
| Dividend received from financial assets at FVTPL | | 4 | 2 |
| Dividend received from financial assets at FVTOCI | | 303 | 269 |
| Interest received | | 3,851 | 2,316 |
| Income derived from short-term investments | | 209 | 449 |
| Change in time deposits | | 3,353 | 136 |
| Net cash from/(used in) investing activities | | <u>3,389</u> | <u>(16,150)</u> |
| <u>Financing activities</u> | | | |
| Drawdown of other bank borrowings | | 60,777 | 70,968 |
| Repayments of other bank borrowings | | (59,083) | (67,683) |
| Repayments of lease liabilities | | (343) | (431) |
| Interest paid | | (5,308) | (5,055) |
| Dividends paid | | (5,218) | (7,834) |
| Share buy-backs | | (89) | (150) |
| Net cash used in financing activities | | <u>(9,264)</u> | <u>(10,185)</u> |
| Net change in cash and cash equivalents | | 10,514 | (14,294) |
| Effect of foreign exchange rate changes | | 4,791 | 6,215 |
| Cash and cash equivalents at beginning of financial period | | <u>219,654</u> | <u>257,484</u> |
| Cash and cash equivalents at end of financial period | 16 | <u>234,959</u> | <u>249,405</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 second financial quarter ended 30 September 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 30 November 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 second financial quarter ended 30 September 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 September 2023 | | | | | |
| Revenue: | | | | | |
| External customers | 2,733 | 34,966 | - | - | 37,699 |
| Results: | | | | | |
| Interest income | 6 | 247 | 820 | 1,041 | 2,114 |
| Depreciation and amortisation | 28 | 1,430 | - | 250 | 1,708 |
| Share of results of associates | 14 | - | (4,919) | - | (4,905) |
| Segment profit/(loss) (Note A) | 443 | 7,359 | (2,474) | (4,596) | 732 |
| 3 months period ended 30 September 2022 | | | | | |
| Revenue: | | | | | |
| External customers | 24,986 | 36,841 | - | - | 61,827 |
| Results: | | | | | |
| Interest income | 6 | 7 | 472 | 1,047 | 1,532 |
| Depreciation and amortisation | 21 | 1,245 | - | 226 | 1,492 |
| Share of results of associates | 26 | - | (3,421) | - | (3,395) |
| Segment profit/(loss) (Note A) | 1,707 | 9,669 | 81 | (3,718) | 7,739 |
| Cumulative quarter | | | | | |
| 6 months period ended 30 September 2023 | | | | | |
| Revenue: | | | | | |
| External customers | 6,197 | 63,516 | - | - | 69,713 |
| Results: | | | | | |
| Interest income | 12 | 339 | 1,527 | 1,973 | 3,851 |
| Depreciation and amortisation | 55 | 2,836 | - | 475 | 3,366 |
| Share of results of associates | 35 | - | (6,349) | - | (6,314) |
| Segment (loss)/profit (Note A) | (278) | 11,362 | 20 | (5,854) | 5,250 |
| 6 months period ended 30 September 2022 | | | | | |
| Revenue: | | | | | |
| External customers | 74,223 | 73,874 | - | - | 148,097 |
| Results: | | | | | |
| Interest income | 12 | 13 | 693 | 1,598 | 2,316 |
| Depreciation and amortisation | 47 | 2,481 | - | 446 | 2,974 |
| Share of results of associates | 26 | - | (4,000) | - | (3,974) |
| Segment profit/(loss) (Note A) | 5,585 | 20,323 | 1,966 | (8,242) | 19,632 |

Explanatory notes pursuant to MFRS 134 for the second financial quarter ended 30 September 2023

5 Segment information (continued)

Note A

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

| | Current quarter | | Cumulative quarter | |
|--------------------------------------|-----------------|----------------|--------------------|----------------|
| | 3 months ended | | 6 months ended | |
| | 30 | 30 | 30 | 30 |
| | September | September | September | September |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 1,041 | 1,047 | 1,973 | 1,598 |
| Other (losses)/gains | (218) | 1,392 | 4,183 | 2,273 |
| Finance costs | (2,672) | (2,554) | (5,308) | (5,050) |
| Employees benefits expenses | (2,287) | (2,555) | (4,968) | (5,147) |
| Other unallocated corporate expenses | (460) | (1,048) | (1,734) | (1,916) |
| | <u>(4,596)</u> | <u>(3,718)</u> | <u>(5,854)</u> | <u>(8,242)</u> |

Engineering

Revenue of RM2.73 million for the quarter ended 30 September 2023 was 89% lower as compared to RM24.99 million for the corresponding quarter in 2022. Segment profit of RM0.44 million for the current quarter ended 30 September 2023 as compared to RM1.71 million for the corresponding quarter in 2022.

Revenue of RM6.20 million for the period ended 30 September 2023 was 92% lower as compared to RM74.22 million for the corresponding period in 2022. Segment loss was RM0.28 million for the period ended 30 September 2023 as compared to profit of RM5.59 million for the period ended 30 September 2022.

The lower revenue and gross profit for the quarter and the period is mainly attributed to the completion of the hospital projects.

Metering

Revenue of RM34.97 million for the quarter ended 30 September 2023 was 5% lower as compared to RM36.84 million for the corresponding quarter in 2022. Segment profit of RM7.36 million for the current quarter ended 30 September 2023 was 24% lower as compared to RM9.67 million for the corresponding quarter in 2022.

Revenue of RM63.52 million for the period ended 30 September 2023 was 14% lower as compared to RM73.87 million for the corresponding period in 2022 mainly attributed to deferment of certain export sales. Segment profit of RM11.36 million for the period ended 30 September 2023 was 44% lower as compared to RM20.32 million for the period ended 30 September 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.

Explanatory notes pursuant to MFRS 134 for the second financial quarter ended 30 September 2023

5 Segment information (continued)

Consolidated profit before tax

The Group reported profit before tax of RM0.73 million in the current quarter (30 September 2022: RM7.74 million) was 91% lower mainly attributed to lower contribution from both the Engineering and Metering divisions. In the corresponding quarter, other gains mainly arose from unrealised gain on foreign exchange of RM5.60 million (30 September 2023: loss of RM1.05 million) on foreign currencies held.

The Group's profit before tax for the current period of RM5.25 million (30 September 2022: RM19.63 million) was 73% 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 6 months ended | |
|----------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | 30 September 2023 RM'000 | 30 September 2022 RM'000 | 30 September 2023 RM'000 | 30 September 2022 RM'000 |
| Interest income from: | | | | |
| - deposits with licensed banks | (1,884) | (696) | (3,490) | (1,109) |
| - financial assets at FVTOCI | (230) | (357) | (361) | (512) |
| - associate | - | (479) | - | (695) |
| (Gain)/Loss on foreign exchange: | | | | |
| - realised | (1,010) | 266 | (1,247) | (348) |
| - unrealised | 1,052 | (5,604) | (6,301) | (8,757) |

8 Tax expense

| | Current quarter 3 months ended | | Cumulative quarter 6 months ended | |
|-------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | 30 September 2023 RM'000 | 30 September 2022 RM'000 | 30 September 2023 RM'000 | 30 September 2022 RM'000 |
| Current Tax: | | | | |
| Malaysian tax | 700 | 1,803 | 1,073 | 4,135 |
| Foreign tax | 32 | 157 | 158 | 259 |
| | 732 | 1,960 | 1,231 | 4,394 |
| Overprovision in prior years: | | | | |
| Malaysian tax | (140) | - | (140) | - |
| | 592 | 1,960 | 1,091 | 4,394 |
| Deferred tax | 35 | (138) | 4 | (239) |
| | 627 | 1,822 | 1,095 | 4,155 |

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 second financial quarter ended 30 September 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 3 months ended | | Cumulative quarter 6 months ended | |
|--|-----------------------------------|-------------------------|--------------------------------------|-------------------------|
| | 30 September 2023 | 30 September 2022 | 30 September 2023 | 30 September 2022 |
| Profit attributable to the owners used in computation of earnings per share (RM'000) | 105 | 5,917 | 4,155 | 15,477 |
| Weighted average number of ordinary shares (excluding treasury shares) for earnings per share computation ('000) | 521,759 | 521,959 | 521,840 | 522,078 |
| Basic/Diluted earnings per share (sen) | 0.02 | 1.13 | 0.80 | 2.96 |

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 September 2023, the Group acquired assets at a cost of RM2.00 million (30 September 2022: RM0.56 million).

Assets with carrying amount of RM38,000 (30 September 2022: RM128,000) were disposed of by the Group during the period ended 30 September 2023, resulting in a gain on disposal of RM90,000 (30 September 2022: RM179,000), 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 second financial quarter ended 30 September 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 | - | 716 | 725 |
| Exchange differences | 3 | - | - | 3 |
| At 30 September 2023 | 989 | 12,061 | 17,303 | 30,353 |
| Accumulated amortisation: | | | | |
| At 1 April 2023 | 787 | 3,169 | 1,619 | 5,575 |
| Amortisation | 37 | 613 | 248 | 898 |
| Exchange differences | - | - | - | - |
| At 30 September 2023 | 824 | 3,782 | 1,867 | 6,473 |
| Carrying amount: | | | | |
| At 1 April 2023 | 190 | 8,892 | 14,968 | 24,050 |
| At 30 September 2023 | 165 | 8,279 | 15,436 | 23,880 |

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 September 2023, the Group recognised the inventories written down of RM69,000 (30 September 2022: RM142,000) and reversal of inventories written down of RM336,000 (30 September 2022: RM699,000) in profit or loss.

**Explanatory notes pursuant to MFRS 134
 for the second financial quarter ended 30 September 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 September 2023 | | | | |
| Financial assets at FVTPL: | | | | |
| - Quoted equity securities | 132 | 132 | - | - |
| Financial assets at FVTOCI: | | | | |
| - Quoted bonds | 14,580 | 14,580 | - | - |
| - Quoted equity securities | 18,925 | 18,925 | - | - |
| - Unquoted equity securities | 14,808 | - | - | 14,808 |
| Non-financial assets: | | | | |
| - Freehold land | 91,350 | - | - | 91,350 |
| - Buildings on freehold land | 14,611 | - | - | 14,611 |
| - Long-term leasehold land | 1,228 | - | - | 1,228 |
| - Building on long-term leasehold land | 947 | - | - | 947 |
| 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 | 31 March |
|----------------------------------|------------------|-----------------|
| | September | 2023 |
| | 2023 | 2023 |
| | RM'000 | RM'000 |
| Deposits with licensed banks | 169,188 | 152,763 |
| Cash and bank balances | 69,396 | 76,586 |
| Short-term investment | 20,402 | 20,828 |
| Deposits, cash and bank balances | 258,986 | 250,177 |
| Less: time deposits | (24,027) | (27,341) |
| Less: bank overdraft | - | (3,182) |
| Cash and cash equivalents | 234,959 | 219,654 |

Explanatory notes pursuant to MFRS 134 for the second financial quarter ended 30 September 2023

17 Debt and Equity Securities

(a) Share capital and treasury shares

At the 72nd AGM of the Company held on 13 September 2023, shareholders' approval was obtained for the Share Buy-Back scheme to be renewed from 13 September 2023 until the conclusion of the next AGM of the Company to be convened in 2024.

As at 30 September 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 September 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 September 2023 RM'000 | 31 March 2023 RM'000 |
|------------------------------|-----------------------------------|----------------------------|
| Short-term borrowings | | |
| Secured: | | |
| Bank overdraft | - | 3,182 |
| Revolving credits | 44,097 | 43,878 |
| Bankers' acceptances | 20,777 | 19,275 |
| Lease liabilities | 179 | - |
| | 65,053 | 66,335 |
| Unsecured: | | |
| Bond | 80 | 99 |
| Lease liabilities | 585 | 546 |
| | 65,718 | 66,980 |
| Long-term borrowings | | |
| Secured: | | |
| Lease liabilities | 669 | - |
| Unsecured: | | |
| Bond | 131,360 | 131,233 |
| Lease liabilities | 1,140 | 1,376 |
| | 133,169 | 132,609 |
| | 198,887 | 199,589 |

Explanatory notes pursuant to MFRS 134 for the second financial quarter ended 30 September 2023

19 Provisions for costs of restructuring

Not applicable.

20 Dividend

The Board of Directors has declared an interim dividend of 0.75 sen per share for FY2024 (FY2023: 1.00 sen per share), payable on 8 January 2024 to shareholders whose names appear in the Record of Depositors on 18 December 2023, being the Book Closure Date ("BCD").

On the assumption that as announced to date, the treasury shares of 41,510,000 (which are not entitled to dividends), remained the same as at BCD, the dividend pay-out on 521,759,065 shares will amount to approximately RM3.91 million (FY2023: RM5.22 million on 521,959,065 shares).

21 Commitments

Capital expenditure as at the reporting date is as follows:

| | 30 September 2023 RM'000 | 31 March 2023 RM'000 |
|---|-----------------------------------|----------------------------|
| Approved and contracted for: | | |
| Property, plant and equipment | 3,416 | 4,280 |
| Approved but not contracted for: | | |
| Property, plant and equipment | - | 5 |

22 Contingencies

With reference to our Annual Report for the financial year ended 31 March 2023, at the hearing of Royal Malaysian Customs Department's ("Customs") appeal against the decision of the High Court on 14 November 2023, the Court of Appeal has decided in favour of the Company and dismissed the Customs appeal. The Court of Appeal affirmed the decision of the High Court that the contract is zero rated under the transitional provisions of the Goods and Services Tax Act, 2014 ("GST Act"). This is the final appeal for this case.

In respect of the Customs Bill of Demand for RM28.8 million, the application for judicial review is scheduled for further case management on 13 December 2023 to enable Customs to update the court on its stance with regards to the bill of demand in view of the decision of the Court of Appeal.

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 September:

| | Cumulative quarter 6 months ended | |
|---------------------------------------|--------------------------------------|-----------------------------------|
| | 30 September 2023 RM'000 | 30 September 2022 RM'000 |
| Related companies: * | | |
| Construction of a manufacturing plant | 5,963 | 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 second financial quarter ended 30 September 2023**

26 Performance review

| | Current quarter 3 months ended | | | Cumulative quarter 6 months ended | | |
|-------------------|-----------------------------------|-----------------------------------|--------------|--------------------------------------|-----------------------------------|--------------|
| | 30 September 2023 RM'000 | 30 September 2022 RM'000 | Changes % | 30 September 2023 RM'000 | 30 September 2022 RM'000 | Changes % |
| | Revenue | 37,699 | 61,827 | - 39 | 69,713 | 148,097 |
| Profit before tax | 732 | 7,739 | - 91 | 5,250 | 19,632 | - 73 |
| Profit after tax | 105 | 5,917 | - 98 | 4,155 | 15,477 | - 73 |

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

27 Comment on material change in profit before tax

| | Current quarter 3 months ended 30 September 2023 RM'000 | Preceding quarter 3 months ended 30 June 2023 RM'000 | Changes % |
|-------------------|--|---|--------------|
| Revenue | 37,699 | 32,014 | + 18 |
| Profit before tax | 732 | 4,518 | - 84 |
| Profit after tax | 105 | 4,050 | - 97 |

The change in the profit before tax of -84% mainly arose from unrealised loss on foreign exchange of RM1.05 million (30 June 2023: gain of RM7.35 million) on foreign currencies held.

28 Commentary on prospects

The Group achieved a revenue of RM37.70 million for the quarter ended 30 September 2023, underscoring the resilience of the Group's metering business.

The Metering Division has successfully secured its first overseas order for its proprietary AMR meters, marking a pivotal entry into the international market. The delivery of these meters is scheduled for the fourth quarter of FY2024. The division is also optimistic on securing more orders for its Class C and D water meters from the ASEAN region. These prospective orders are expected to result in better performance for the Division towards the end of the second half of the financial year.

In the Engineering segment, the Group continues to submit tenders and looks forward to succeeding in some of these tenders. Meanwhile, the Group continues to seek opportunities in acquiring businesses with technical capabilities to strengthen our Engineering division.

Looking ahead, the dynamic and ever-changing macro environment presents ongoing challenges, but our resilience and adaptability continue to drive us forward. Despite geopolitical uncertainties and persistent inflation, the Group is optimistic for the rest of the financial year.

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

30 November 2023