GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Income Statements for the Six-Month Period Ended 31 July 2006

	Note	3 months ended 31.7.2006 RM'000	3 months ended 31.7.2005 RM'000 (restated)	6 months ended 31.7.2006 RM'000	6 months ended 31.7.2005 RM'000 (restated)
Continuing Operations					
Revenue	5	21,373	27,621	45,448	48,342
Cost of sales		(13,684)	(19,079)	(29,495)	(33,026)
Gross profit		7,689	8,542	15,953	15,316
Other income		77	50	483	341
Distribution cost		(138)	(161)	(187)	(287)
Administrative and other operating expenses		(5,027)	(4,807)	(11,037)	(9,475)
Finance costs		(397)	(593)	(785)	(1,154)
Interest income		409	410	814	1091
Share of profit of associates		1,117	214	1,576	302
Profit before tax		3,730	3,655	6,817	6,134
Income tax expense	22	(1,032)	(1,220)	(2,550)	(1,679)
Profit for the quarter from continuing operations		2,698	2,435	4,267	4,455
Discontinued Operations					
Profit/ (Loss) for the quarter from discontinued operations		-	-	-	-
Profit for the period		2,698	2,435	4,267	4,455
Attributable to:					
Equity holders of the parent		2,657	2,411	4,171	4,412
Minority interest		41	24	96	43
		2,698	2,435	4,267	4,455
Earnings per share (sen) attributable to equity holders of the parent:					
Basic, for profit for the period	30	1.7	1.5	2.6	2.8
Diluted, for profit for the period	30	1.7	1.3	2.6	2.4

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Balance Sheet As At 31 July 2006

	Note	As at 31.7.2006 RM'000	As at 31.1.2006 RM'000 (restated)
ASSETS			
Non-current assets			
Property, plant & equipment	10	56,762	57,475
Intangible assets		645	676
Investment in associates		20,121	19,199
Amount due from an associate		227	1,440
Financial assets at fair value through profit or loss	24	249	237
Deferred tax asset		1,315	1,314
		79,319	80,341
Current assets			
Inventories		34,023	22,570
Trade receivables		28,758	26,626
Other receivables		1,603	1,493
Tax recoverable		1,674	1,821
Financial assets at fair value through profit or loss	24	350	4,100
Cash and bank balances		21,777	21,588
		88,185	78,198
TOTAL ASSETS		167,504	158,539
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	11	79,228	79,228
Share premium		2,065	2,065
ICULS		33,382	33,382
Other reserves		10,796	11,263
Retained earnings		(15,308)	(19,479)
		110,163	106,459
Minority interest		776	677
Total equity		110,939	107,136
Non-current liabilities			
Borrowings	26	21,221	23,325
Amount due to an associate		492	384
Deferred tax liabilities		2,307	2,307
		24,020	26,016
Current Liabilities			
Borrowings		5,241	3,000
Trade payables		21,336	15,657
Other payables		5,968	6,365
Current tax payable		-	365
		32,545	25,387
Total liabilities		56,565	51,403
TOTAL EQUITY AND LIABILITIES		167,504	158,539

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Statement of Changes in Equity for the Six-Month Period Ended 31 July 2006

		Attributable to Equity Holders of the Parent						Minority Interest	Total Equity
			Non-Distributable			Distributable			
	Note	Share Capital RM'000	Share Premium RM'000	ICULS RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
At 1 February 2005		79,228	2,065	33,382	10,975	(26,885)	98,765	554	99,319
Foreign currency translation, representing net expense recognised directly in equity		-	-	-	(168)	-	(168)	-	(168)
Profit for the period		-	-	-	-	4,412	4,412	104	4,516
At 31 July 2005		79,228	2,065	33,382	10,807	(22,473)	103,009	658	103,667
At 1 February 2006		79,228	2,065	33,382	11,263	(19,479)	106,459	677	107,136
Foreign currency translation		-	-	-	(467)	-	(467)	-	(467)
Profit for the period		-	-	-	-	4,171	4,171	99	4,270
At 31 July 2006		79,228	2,065	33,382	10,796	(15,308)	110,163	776	110,939

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Cash Flow Statement for the Six-Month Period Ended 31 July 2006

	6 Months ended	
	31.7.2006	31.7.2005
	RM' 000	RM' 000
Net cash (used in)/generated from operating activities	(4,594)	6,814
Net cash generated from/(used in) investing activities	4,432	(4,834)
Net cash generated from/(used in) financing activities	235	(1,269)
Net Increase in cash & cash equivalents	73	711
Effect of exchange rate changes	953	(287)
Cash & cash equivalents at beginning of financial quarter	17,358	13,555
Cash & cash equivalents at end of financial period *	18,384	13,979

* Cash and cash equivalents at the end of the financial period comprise the following:

	As at	As at
	31.7.2006	31.7.2005
	RM'000	RM'000
Cash and bank balances	21,777	17,379
Bank overdrafts (included within short term borrowings in Note 26)	-	-
	21,777	17,379
Short term deposits (restricted portion)	(3,393)	(3,400)
	18,384	13,979

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of freehold land included within property, plant and equipment and financial assets at fair value through profit or loss.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 January 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 January 2006.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 January 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 February 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 112	Income Taxes
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 3, 5, 102, 108, 110, 116, 121, 127, 128, 131, 133, 136 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 2: Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the employees of the Group, the George Kent (Malaysia) Berhad Employee Share Options Scheme ("ESOS"). Prior to 1 February 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a binomial model. At every balance sheet date, the Group will revise its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate will be included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS is applied to share options that were granted after 31 December 2004 and had not been vested on 1 February 2006. However, for the Group, the amount is not material and hence no adjustment has been made.

(b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(c) FRS 112: Income Taxes

The Group's associate companies are also required to comply with FRS reporting (instead of Private Entity Reporting Standards) because they are associates of entities which are required to prepare and lodge financial statements under laws administered by the Securities Commission. In compliance with FRS 112 Income Taxes, the Group has written off in the consolidated accounts an associate company's deferred tax assets. The financial impact to the Group arising from this is as follows:

	3 months ended		6 months ended	
	31.7.2006	31.7.2005	31.7.2006	31.7.2005
	RM'000	RM'000	RM'000	RM'000
Decrease in profit for the period	-	-	(42)	-

(d) FRS 138: Intangible Assets

FRS 138 requires the use of judgement in determining whether an asset that incorporates both tangible and intangible elements should be treated under FRS 116 or as an intangible asset under FRS 138 by assessing which element is more significant. Computer software is treated as tangible or intangible depending on whether the software is integral or not integral to the hardware. The financial impact to the Group arising from this change of accounting policy is as follows:

	As at 31.7.2006	As at 31.1.2006
	RM'000	RM'000
Decrease in property, plant & equipment	(32)	(39)
Increase in intangible assets	32	39

As disclosed in Note 3, certain comparatives have been restated due to this change in accounting policy.

3. Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs and reclassification of expenses:

	Previously stated	Adjustments FRS 138 (Note 2(d))	Adjustments FRS 101 (Note 2(b))	Reclassi-fication	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 January 2006					
Property, plant and equipment	57,514	(39)	-	-	57,475
Intangible assets	637	39	-	-	676
3 months ended 31 July 2005					
Cost of sales	(19,100)	-	(289)	310	(19,079)
Gross profit	8,521	-	(289)	310	8,542
Operating expenses	(4,947)	-	4,947	-	-
Distribution cost	-	-	(161)	-	(161)
Administrative and other operating expenses	-	-	(4,497)	(310)	(4,807)
Profit for the quarter	2,411	-	24	-	2,435
6 months ended 31 July 2005					
Cost of sales	(33,047)	-	(289)	310	(33,026)
Gross profit	15,295	-	(289)	310	15,316
Operating expenses	(9,452)	-	9,452	-	-
Distribution cost	-	-	(287)	-	(287)
Administrative and other operating expenses	-	-	(9,165)	(310)	(9,475)
Interest income	802	-	289	-	1,091
Profit for the period	4,412	-	43	-	4,455

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 January 2006 was not qualified.

5. Segmental Information

The Group is organised on a worldwide basis into two major geographical segments, namely Malaysia and Overseas.

	3 months ended 31.7.2006	3 months ended 31.7.2005	6 months ended 31.7.2006	6 months ended 31.7.2005
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Malaysia	19,217	25,524	41,248	44,256
Overseas	2,156	2,097	4,200	4,086
Total revenue	21,373	27,621	45,448	48,342
Segment Results				
Malaysia	1,653	2,327	2,978	3,489
Overseas	948	1,297	2,234	2,406
	2,601	3,624	5,212	5,895
Eliminations	-	-	-	-
Total results	2,601	3,624	5,212	5,895

6. **Unusual Items Due to their Nature, Size or Incidence**

The Group's results in the 1st Quarter ended 30 April 2006 included a write back of provision on sales tax of RM1.6 million and a withholding tax charge of RM741,000 on dividend declared by a foreign subsidiary.

Save for the above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period.

7. **Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

8. **Comments About Seasonality or Cyclical Operations**

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

9. **Dividends Paid**

The Company did not pay any dividends.

10. **Carrying Amount of Revalued Assets**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 January 2006.

11. **Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the quarter.

12. **Changes in Composition of the Group**

There were no material changes in the composition of the Group during the period.

13. **Discontinued Operations**

There were no discontinued operations as at the end of the period.

14. **Capital Commitments**

There were no capital commitments as at the end of the period.

15. **Changes in Contingent Liabilities and Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 January 2006.

16. **Subsequent Events**

There were no material events subsequent to the end of the current quarter.

17. Significant Related Party Transactions

	6 months ended 31.7.2006 RM'000
a) Transactions with associate :-	
Purchases from Pakar Sains Sdn Bhd	751
Sales to Pakar Sains Sdn Bhd	5,498
b) Transactions with corporations in which the directors, Tan Sri Tan Kay Hock and Puan Sri Tan Swee Bee, are deemed interested through their interest in Johan Holdings Bhd :-	
Sales to George Kent (Singapore) Pte. Ltd.	127
Purchases of air tickets from Diners World Travel (M) Sdn. Bhd.	158
Share registration charges and professional fees paid to Johan Management Services Sdn. Bhd.	78
Rental income from Natures Farm (Health Food) Sdn. Bhd.	38

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

18. Performance Review

In the quarter ended 31 July 2006, the Group generated a lower revenue of RM21.4 million (31 July 2005: RM27.6 million) due to lower project billings. Despite lower revenue, the profit before tax of RM3.7 million (31 July 2005: RM3.7 million) remained unchanged due to higher profits from associated companies. The profit for the quarter was RM2.7 million (31 July 2005: RM2.4 million).

In the 1st half year ended 31 July 2006, the Group generated a lower revenue of RM45.4 million (31 July 2005: RM48.3 million) due to lower project billings. The profit before tax of RM6.8 million (31 July 2005: RM6.1 million) included a write back of provision on sales tax of RM1.6 million. The profit for the period was RM4.3 million (31 July 2005: RM4.5 million) after deducting withholding tax of RM741,000 on dividend declared by a subsidiary.

19. Comments on Material Change in Profit Before Taxation

The Group's profit before taxation for the current quarter ended 31 July 2006 was RM3.7 million which was higher by RM643,000 or 21% over the RM3.1 million for the previous quarter ended 30 April 2006. This was attributable to higher profits from associate companies.

20. Commentary on Prospects

The Group will remain focused on its core competencies in brass manufacturing and water infrastructure projects. As an ongoing process, the Group will continue to develop new and improved products for brass manufacturing and source for water infrastructure projects. It will continue with its strategy of enhancing its operating margins through cost efficiencies and technology.

The Board is cautiously optimistic for the prospects of the current year.

21. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

22. Income Tax Expense

	3 months ended		6 months ended	
	31.7.2006	31.7.2005	31.7.2006	31.7.2005
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	237	567	673	783
Foreign tax	795	583	1,877	947
	1,032	1,150	2,550	1,730
Overprovision of Malaysian income tax in prior years	-	-	-	(190)
	1,032	1,150	2,550	1,540
Deferred tax	-	70	-	139
Total income tax expense	1,032	1,220	2,550	1,679

The effective tax rate for the period was higher than the statutory tax rate principally due to withholding tax of RM741,000 on dividend declared by a subsidiary. The effective tax rate for the previous year corresponding period was lower than the statutory tax rate principally due to the utilisation of reinvestment allowance and previously unrecognised tax losses and unabsorbed capital allowance to offset the income tax expense.

23. **Sale of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties in the period.

24. **Quoted Securities**

Details of investment in quoted securities:

	As at 31.7.2006 RM'000	As at 31.1.2006 RM'000
Included within financial assets at fair value through profit or loss under non-current assets:		
At cost	399	399
At book value	247	219
At market value	247	219
Included within financial assets at fair value through profit or loss under current assets:		
At cost	5,015	5,015
At book value	350	300
At market value	350	300

There were no purchases or disposals of quoted securities.

25. **Corporate Proposals**

There were no corporate proposals that had not been completed.

26. **Borrowings**

	As at 31.7.2006 RM'000	As at 31.1.2006 RM'000
Short Term Borrowings	5,241	3,000
Long Term Borrowings	21,221	23,325
Total Borrowings	26,462	26,325

The total borrowings were secured. All of the borrowings are denominated in Ringgit Malaysia.

27. **Off Balance Sheet Financial Instruments**

The Group does not have any off balance sheet financial instruments.

28. **Changes in Material Litigation**

The Group is not involved in any material litigation.

29. **Dividend Payable**

No interim ordinary dividend has been declared for the financial period ended 31 July 2006 (31 July 2005: Nil).

30. Earnings per Share

a) Basic

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 months ended		6 months ended	
	31.7.2006	31.7.2005	31.7.2006	31.7.2005
Profit attributable to ordinary equity holders of the parent (RM'000)	2,657	2,411	4,171	4,412
Weighted average number of ordinary shares in issue ('000)	158,455	158,455	158,455	158,455
Basic earnings per share (sen)	1.68	1.52	2.63	2.78

b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares from conversion of the 10-year ICULS. The ESOS shares are not included as the effect is anti-dilutive.

	3 months ended		6 months ended	
	31.7.2006	31.7.2005	31.7.2006	31.7.2005
Profit attributable to ordinary equity holders of the parent (RM'000)	2,657	2,411	4,171	4,412
Weighted average number of ordinary shares in issue ('000)	158,455	158,455	158,455	158,455
Effects of dilution:				
ICULS	2,833	22,277	2,833	22,277
ESOS	-	(68)	-	(68)
Adjusted weighted average number of ordinary shares in issue and issuable	161,288	180,664	161,288	180,664
Diluted earnings per share (sen)	1.65	1.33	2.59	2.44

By Order of the Board

Teh Yong Fah
Secretary

20 September 2006