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

	Note	3 months ended 31.10.2006 RM'000	3 months ended 31.10.2005 RM'000 (restated)	9 months ended 31.10.2006 RM'000	9 months ended 31.10.2005 RM'000 (restated)
Continuing Operations					
Revenue	5	20,939	25,459	66,387	73,801
Cost of sales		(13,478)	(18,021)	(42,973)	(51,047)
Gross profit		7,461	7,438	23,414	22,754
Other income		217	323	700	664
Distribution cost		(110)	(114)	(297)	(401)
Administrative and other operating expenses		(5,657)	(5,323)	(16,694)	(14,798)
Finance costs		(442)	(528)	(1,227)	(1,682)
Interest income		489	443	1,303	1,534
Share of profit of associates		191	599	1,767	901
Profit before tax		2,149	2,838	8,966	8,972
Income tax expense	22	(648)	(814)	(3,198)	(2,493)
Profit for the quarter from continuing operations		1,501	2,024	5,768	6,479
Discontinued Operations					
Profit/ (Loss) for the quarter from discontinued operations		-	-	-	-
Profit for the period		1,501	2,024	5,768	6,479
Attributable to:					
Equity holders of the parent		1,477	1,980	5,648	6,392
Minority interest		24	44	120	87
		1,501	2,024	5,768	6,479
Earnings per share (sen) attributable to equity holders of the parent:					
Basic, for profit for the period	30	0.7	0.9	2.5	2.8
Diluted, for profit for the period	30	0.7	0.9	2.5	2.8

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 October 2006

	Note	As at 31.10.2006 RM'000	As at 31.1.2006 RM'000 (restated)
ASSETS			
Non-current assets			
Property, plant & equipment	10	56,581	57,475
Intangible assets		629	676
Investment in associates		20,160	19,199
Amount due from an associate		527	1,440
Long term investments	24	252	237
Deferred tax asset		1,315	1,314
		79,464	80,341
Current assets			
Inventories		38,666	22,570
Trade receivables		26,906	26,626
Other receivables		1,602	1,493
Tax recoverable		2,030	1,821
Short term investments	24	368	4,100
Cash and bank balances		22,566	21,588
		92,138	78,198
TOTAL ASSETS		171,602	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		10,706	11,263
Retained earnings		(13,831)	(19,479)
		111,550	106,459
Minority interest		797	677
Total equity		112,347	107,136
Non-current liabilities			
Borrowings	26	20,603	23,325
Amount due to an associate		246	384
Deferred tax liabilities		2,307	2,307
		23,156	26,016
Current Liabilities			
Borrowings		8,841	3,000
Trade payables		22,014	15,657
Other payables		5,244	6,365
Current tax payable		-	365
		36,099	25,387
Total liabilities		59,255	51,403
TOTAL EQUITY AND LIABILITIES		171,602	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 Nine-Month Period Ended 31 October 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		-	-	-	150	-	150	-	150
Profit for the period		-	-	-	-	6,392	6,392	87	6,479
At 31 October 2005		79,228	2,065	33,382	11,125	(20,493)	105,307	641	105,948
At 1 February 2006		79,228	2,065	33,382	11,263	(19,479)	106,459	677	107,136
Foreign currency translation		-	-	-	(557)	-	(557)	-	(557)
Profit for the period		-	-	-	-	5,648	5,648	120	5,768
At 31 October 2006		79,228	2,065	33,382	10,706	(13,831)	111,550	797	112,347

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 Nine-Month Period Ended 31 October 2006

	9 Months ended	
	31.10.2006	31.10.2005
	RM' 000	RM' 000
Net cash (used in)/generated from operating activities	(6,814)	15,188
Net cash generated from/(used in) investing activities	4,569	(4,313)
Net cash generated from/(used in) financing activities	3,528	(4,350)
Net Increase in cash & cash equivalents	1,283	6,525
Effect of exchange rate changes	(350)	69
Cash & cash equivalents at beginning of financial quarter	18,229	13,555
Cash & cash equivalents at end of financial period *	19,162	20,149

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

	As at	As at
	31.10.2006	31.10.2005
	RM'000	RM'000
Cash and bank balances	22,566	23,926
Bank overdrafts (included within short term borrowings in Note 26)	-	(364)
	22,566	23,562
Short term deposits (restricted portion)	(3,404)	(3,413)
	19,162	20,149

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.

For the Group, no share options have been granted since 1 February 2006. In addition, no share options were granted after 31 December 2004 which has not been vested on 1 February 2006 which would be affected by the transitional provisions of FRS 2. 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, an associate company has written back its deferred tax liabilities. The financial impact to the Group arising from this is as follows:

	3 months ended		9 months ended	
	31.10.2006	31.10.2005	31.10.2006	31.10.2005
	RM'000	RM'000	RM'000	RM'000
Increase in profit for the period	42	-	42	-

(d) FRS 136 Impairment of Assets

In compliance with FRS 136 Impairment of Assets, an associate company has written down the value of its property which is held for sale. The financial impact to the Group arising from this is as follows:-

	3 months ended		9 months ended	
	31.10.2006	31.10.2005	31.10.2006	31.10.2005
	RM'000	RM'000	RM'000	RM'000
Decrease in profit for the period	(145)	-	(145)	-

(e) 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 31.10.2006 RM'000	As at 31.1.2006 RM'000
Decrease in property, plant & equipment	(28)	(39)
Increase in intangible assets	28	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))	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 October 2005					
Cost of sales	(18,271)	-	-	250	(18,021)
Operating expenses	(5,187)	-	5,187	-	-
Distribution cost	-	-	(114)	-	(114)
Administrative and other operating expenses	-	-	(5,073)	(250)	(5,323)
9 months ended 31 October 2005					
Cost of sales	(51,318)	-	(289)	560	(51,047)
Operating expenses	(14,639)	-	14,639	-	-
Distribution cost	-	-	(401)	-	(401)
Administrative and other operating expenses	-	-	(14,238)	(560)	(14,798)
Interest income	1,245	-	289	-	1,534

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		9 months ended	
	31.10.2006	31.10.2005	31.10.2006	31.10.2005
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Malaysia	18,796	23,179	60,044	67,435
Overseas	2,143	2,280	6,343	6,366
Total revenue	20,939	25,459	66,387	73,801
Segment Results				
Malaysia	835	935	3,813	4,424
Overseas	1,076	1,389	3,310	3,795
	1,911	2,324	7,123	8,219
Eliminations	-	-	-	-
Total results	1,911	2,324	7,123	8,219

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

In the 1st Quarter, the Group's results 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. In the 3rd Quarter, the Group's results included refund of sales tax of RM1.0 million.

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

The Group does not have any contingent liabilities or contingent assets.

16. Subsequent Events

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

17. Significant Related Party Transactions

	9 months ended 31.10.2006 RM'000
a) Transactions with associate :-	
Purchases from Pakar Sains Sdn Bhd	979
Sales to Pakar Sains Sdn Bhd	7,111
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.	335
Purchases of air tickets from Diners World Travel (M) Sdn. Bhd.	387
Share registration charges and professional fees paid to Johan Management Services Sdn. Bhd.	108
Rental income from Natures Farm (Health Food) Sdn. Bhd.	57

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 October 2006, the Group generated a lower revenue of RM20.9 million (31 October 2005: RM25.5 million) due to lower project billings. The profit before tax of RM2.1 million (31 October 2005: RM2.8 million) was lower due to the lower revenue and lower profits from an associate company. The profit for the quarter was RM1.5 million (31 October 2005: RM2.0 million).

In the 9 months ended 31 October 2006, the Group generated a lower revenue of RM66.4 million (31 October 2005: RM73.8 million) due to lower project billings. The profit before tax of RM9.0 million (31 October 2005: RM9.0 million) remained unchanged due to write back of provision and refund of sales tax totalling RM2.6 million. The profit for the period was RM5.8 million (31 October 2005: RM6.5 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 October 2006 was RM2.1 million which was lower by RM1.6 million or 42% compared to RM3.7 million for the previous quarter ended 30 July 2006. This was mainly attributable to lower 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		9 months ended	
	31.10.2006 RM'000	31.10.2005 RM'000	31.10.2006 RM'000	31.10.2005 RM'000
Current tax:				
Malaysian income tax	72	127	745	910
Foreign tax	576	618	2,453	1,565
	648	745	3,198	2,475
Overprovision of Malaysian income tax in prior years	-	-	-	(190)
	648	745	3,198	2,285
Deferred tax	-	69	-	208
Total income tax expense	648	814	3,198	2,493

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 31.10.2006 RM'000	As at 31.1.2006 RM'000
Long term investments		
At cost	399	399
At book value	250	219
At market value	250	219
Short term investments		
At cost	5,015	5,015
At book value	368	300
At market value	368	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 31.10.2006 RM'000	As at 31.1.2006 RM'000
Short Term Borrowings	8,841	3,000
Long Term Borrowings	20,603	23,325
Total Borrowings	29,444	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

On 22 September 2006, the Company, as co-plaintiff with Elster Metering Limited, served a Writ of Summons and Statement of Claim each on Damini Corporation Sdn Bhd, Delta Perdana Sdn Bhd, Premier Amalgamated Sdn Bhd and Dura-Mine Sdn Bhd in relation to their infringement of copyright of the design of the Kent PSM water meter.

Save as above, the Group is not involved in any other material litigation.

29. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 31 October 2006 (31 October 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 adjusted weighted average number of ordinary shares in issue during the period. In accordance with FRS133, the ICULS unissued shares are included as they are mandatorily convertible instruments.

	3 months ended		9 months ended	
	31.10.2006	31.10.2005	31.10.2006	31.10.2005
Profit attributable to ordinary equity holders of the parent (RM'000)	1,477	1,980	5,648	6,392
Weighted average number of ordinary shares in issue ('000)	158,455	158,455	158,455	158,455
Adjustment for assumed conversion of ICULS ('000)	66,764	66,764	66,764	66,764
Adjusted weighted average number of shares in issue and issuable ('000)	225,219	225,219	225,219	225,219
Basic earnings per share (sen)	0.66	0.88	2.51	2.84

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. The ESOS shares are not included as the effect is anti-dilutive.

	3 months ended		9 months ended	
	31.10.2006	31.10.2005	31.10.2006	31.10.2005
Profit attributable to ordinary equity holders of the parent (RM'000)	1,477	1,980	5,648	6,392
Weighted average number of ordinary shares in issue ('000)	158,455	158,455	158,455	158,455
Adjustment for assumed conversion of ICULS ('000)	66,764	66,764	66,764	66,764
Adjusted weighted average number of shares in issue and issuable ('000)	225,219	225,219	225,219	225,219
Diluted earnings per share (sen)	0.66	0.88	2.51	2.84

By Order of the Board

Teh Yong Fah
Secretary

19 December 2006