GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Income Statements for the Three-Month Period Ended 30 April 2007

	Note	3 months ended 30.04.2007 RM'000	3 months ended 30.04.2006 RM'000 (restated)
Revenue	5	16,379	24,075
Cost of sales		(10,329)	(16,584)
Gross profit		6,050	7,491
Other income		788	817
Administrative and other expenses		(4,674)	(5,243)
Distribution cost		(125)	(49)
Operating Profit		2,039	3,016
Finance costs		(351)	(388)
Share of profit of associates		544	304
Profit before tax		2,232	2,932
Income tax expense	22	(405)	(1,363)
Profit for the quarter		1,827	1,569
Attributable to:			
Equity holders of the Company		1,809	1,514
Minority interest		18	55
		1,827	1,569
Earnings per share attributable to equity holders of the Company (sen):			
Basic, for profit for the quarter	30	0.8	0.7
Diluted, for profit for the quarter	30	0.8	0.7

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Balance Sheet As At 30 April 2007

	Note	As at 30.04.2007 RM'000	As at 31.01.2007 RM'000 (restated)
ASSETS			
Non-current assets			
Property, plant & equipment	10	56,398	56,337
Prepaid land lease payments		88	91
Intangible assets		597	613
Investment in associates		20,613	20,192
Other investments	24	301	292
Deferred tax asset		1,167	1,176
		79,164	78,701
Current assets			
Inventories		39,193	39,598
Trade and other receivables		23,450	24,049
Tax recoverable		1,837	1,813
Marketable securities	24	389	227
Cash and bank balances		20,735	22,061
		85,604	87,748
TOTAL ASSETS		164,768	166,449
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	11	79,228	79,228
Share premium		2,065	2,065
ICULS	11	33,382	33,382
Other reserves		9,558	9,479
Accumulated losses		(9,589)	(11,398)
		114,644	112,756
Minority interests		841	823
Total equity		115,485	113,579
Non-current liabilities			
Borrowings	26	18,572	19,605
Deferred tax liabilities		1,330	1,902
		19,902	21,507
Current Liabilities			
Borrowings	26	7,926	9,607
Trade and other payables		21,436	21,661
Current tax payable		19	95
		29,381	31,363
Total liabilities		49,283	52,870
TOTAL EQUITY AND LIABILITIES		164,768	166,449

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD

Condensed Consolidated Statement of Changes in Equity for the Three-Month Period Ended 30 April 2007

	Attributable to Equity Holders of the Company						Minority Interest	Total Equity
		Non-Distributable						
	Share Capital RM'000	Share Premium RM'000	ICULS RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	RM'000
At 1 February 2006	79,228	2,065	33,382	11,263	(19,479)	106,459	677	107,136
Foreign currency translation	-	-	-	(83)	-	(83)	-	(83)
Net expense recognised directly in equity	-	-	-	(83)	-	(83)	-	(83)
Profit for the quarter	-	-	-	-	1,514	1,514	55	1,569
Total recognised income and expense for the quarter	-	-	-	(83)	1,514	1,431	55	1,486
At 30 April 2006	79,228	2,065	33,382	11,180	(17,965)	107,890	732	108,622
At 1 February 2007	79,228	2,065	33,382	9,479	(11,398)	112,756	823	113,579
Foreign currency translation	-	-	-	(492)	-	(492)	-	(492)
Deferred tax asset	-	-	-	571	-	571	-	571
Net expense recognised directly in equity	-	-	-	79	-	79	-	79
Profit for the quarter	-	-	-	-	1,809	1,809	18	1,827
Total recognised income and expense for the quarter	-	-	-	79	1,809	1,888	18	1,906
At 30 April 2007	79,228	2,065	33,382	9,558	(9,589)	114,644	841	115,485

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Cash Flow Statement for the Three-Month Period Ended 30 April 2007

	3 Months ended	
	30.04.2007	30.04.2006
	RM' 000	RM' 000
Net cash generated from/(used in) operating activities	583	(38)
Net cash generated from investing activities	1,174	3,715
Net cash used in financing activities	(3,758)	(1,500)
Net (Decrease)/Increase in cash & cash equivalents	(2,001)	2,177
Effect of exchange rate changes	(388)	(145)
Cash & cash equivalents at beginning of the quarter	18,656	17,358
Cash & cash equivalents at end of the quarter *	16,267	19,390

* Cash and cash equivalents comprise the following as at the end of the quarter:

	As at	As at
	30.04.2007	30.04.2006
	RM'000	RM'000
Cash and bank balances	20,735	22,770
Bank overdrafts (included within short term borrowings in Note 26)	(1,059)	-
	19,676	22,770
Deposits with licensed banks (restricted portion)	(3,409)	(3,380)
Total cash and cash equivalents	16,267	19,390

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

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 2007. 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 2007.

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 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 February 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 119	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures

The adoption of FRS 6, 119 and 124 does not have significant financial impact on the Group. The principal effect of the change in accounting policy resulting from the adoption of the FRS 117 is discussed below:

FRS 117: Leases

(i) Leasehold land held for own use

Prior to 1 February 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 February 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 3, certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 January 2007 are set out in Note 3. There were no effects on the consolidated income statement for the quarter ended 30 April 2007.

(ii) Initial direct costs

Prior to 1 February 2007, the Group, as lessee in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the profit or loss in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. The Group did not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy has no impact on the Group's financial statements.

3. Restatement of Comparatives

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

		Adjustments			
	Previously stated	FRS 101	FRS 117	Reclassi-fication	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 January 2007					
Non-current assets					
Property, plant and equipment	56,428	-	(91)	-	56,337
Prepaid land lease payments	-	-	91	-	91
For 3 months ended 30 April 2006					
Cost of sales	(15,812)	-	-	(772)	(16,584)
Other income	412	405	-	-	817
Interest income	405	(405)	-	-	-
Administrative and other expenses	(6,015)	-	-	772	(5,243)
Share of profit of associates	459	(155)	-	-	304
Profit before tax	3,087	(155)	-	-	2,932
Income tax expense	(1,518)	155	-	-	(1,363)

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 January 2007 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	
	30.04.2007	30.04.2006
	RM'000	RM'000
Segment Revenue		
Malaysia	13,831	22,031
Overseas	2,548	2,044
Total revenue	16,379	24,075
Segment Results		
Malaysia	84	700
Overseas	1,743	869
Total results	1,827	1,569

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter.

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 2007.

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**

On 4 April 2007, Asialink Pacific Limited, a wholly-owned subsidiary of George Kent (Malaysia) Bhd, acquired 100% of the issued and paid-up capital of George Kent (China) Co., Ltd ("GKC") comprising 1 ordinary share of HK$1.00 for a nominal consideration of HK$1.00. On 10 April 2007, GKC signed a joint venture contract to form a joint venture with a state-owned enterprise Binzhou Nanhai Water Co., Ltd. of Binzhou City, Shandong, China, on a 60:40 basis to manage and supply water under a 30 year concession granted by the Government of Binzhou City. The joint venture company will takeover the existing 20 mld water treatment plant and infrastructure from Binzhou Nanhai Water Co., Ltd. under Stage One. The joint venture company will upgrade the treatment plant to 50 mld under Stage Two.

Save for the above, there were no other material changes in the composition of the Group during the quarter.

13. **Discontinued Operations**

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

14. **Capital Commitments**

There were capital commitments of RM95,000 for plant and equipment as at the end of the quarter.

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. Related Party Disclosures

The Group had the following transactions with related parties during the quarter:

	3 months ended 30.04.2007 RM'000	3 months ended 30.04.2006 RM'000
Related companies: *		
Sale of products	18	52
Purchase of products	86	75
Rendering of services	36	36
Rental income	19	19
Associates:		
Sale of products	188	2,807
Purchase of products	-	174

* Related companies are companies within the Johan Holdings Bhd. group.

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

18. Performance Review

In the quarter ended 30 April 2007, the Group generated a revenue of RM16.4 million (30 April 2006: RM24.1 million) due to lower sales of manufactured products and lower project billings. The profit before tax was RM2.2 million (30 April 2006: RM2.9 million) due to the lower revenue. The profit for the quarter was RM1.8 million (30 April 2006: RM1.6 million). The previous year's profit for the quarter was after a charge of RM741,000 for withholding tax 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 30 April 2007 was RM2.2 million which was lower by RM33,000 or 2% compared to RM2.3 million for the previous quarter ended 31 January 2007. This was attributable to lower revenue in the current quarter which was offset by higher gross profit margin.

20. Commentary on Prospects

In order to capitalise on the Group's strong brand name and inherent strengths, its businesses have been reorganised into four main divisions, namely, Meters, GKM Products (other than meters), Contracts and Infrastructure Investments. The Board of Directors considers this new structure relevant to the current market environment and that it will drive the next phase of growth for the Group. The manufacturing facilities in Puchong will continue to support Meters and GKM Products. This reorganisation will direct the Group's resources into strategic areas which will further develop the Group's core businesses.

The Board is optimistic of the prospects for 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	
	30.04.2007 RM'000	30.04.2006 RM'000
Current tax:		
Malaysian income tax	25	436
Foreign tax	371	927
	396	1,363
Reversal of deferred tax asset	9	-
Total income tax expense	405	1,363

Upon the adoption of the revised FRS 101, the Group's share of taxation of associates accounted for using the equity method are now included in the respective shares of profit reported in the consolidated income statement before arriving at the Group's profit before tax. Hence, the effective tax rate for the quarter was lower than the statutory tax rate. The effective tax rate for the previous year's corresponding quarter was higher than the statutory tax rate principally due to the withholding tax of RM741,000 on dividend declared by a subsidiary.

23. Sale of Unquoted Investments and Properties

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

24. Marketable Securities

Details of purchases and disposals of quoted securities are as follows:

	3 months ended	
	30.04.2007	30.04.2006
	RM'000	RM'000
Included within Other investments:-		
Acquired from trade debt settlement	291	-
Sale proceeds	599	-
Gain on disposal	218	-

Details of investments in quoted securities:

	As at 30.04.2007	As at 31.01.2007
	RM'000	RM'000
Included within Other investments:-		
At cost	309	399
At book value	296	289
At market value	296	289
Marketable securities:-		
At cost	4,791	4,791
At book value	389	227
At market value	389	227

25. Corporate Proposals

There were no corporate proposals that had not been completed.

26. Borrowings

	As at 30.04.2007	As at 31.01.2007
	RM'000	RM'000
Short Term Borrowings	7,926	9,607
Long Term Borrowings	18,572	19,605
Total Borrowings	26,498	29,212

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. All the defendants have filed their defences. Trial dates have not yet been fixed.

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

29. Dividend Payable

No ordinary dividend has been declared for the quarter ended 30 April 2007 (30 April 2006: Nil).

30. Earnings per Share

Basic earnings per share amounts are calculated by dividing the profit for the quarter attributable to ordinary equity holders of the Company by the adjusted weighted average number of ordinary shares in issue during the quarter. In accordance with FRS133, the ICULS unissued shares are included as they are mandatorily convertible instruments.

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

	3 months ended	
	30.04.2007	30.04.2006
Profit attributable to ordinary equity holders of the Company (RM'000)	1,809	1,514
Weighted average number of ordinary shares in issue ('000)	158,455	158,455
Adjustment for assumed conversion of ICULS ('000)	66,764	66,764
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	225,219	225,219
Earnings per share attributable to equity holders of the Company (sen):		
Basic, for profit for the quarter	0.80	0.67
Diluted, for profit for the quarter	0.80	0.67

By Order of the Board

Teh Yong Fah
Company Secretary

26 June 2007