

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Income Statements for the Six-Month Period Ended 31 July 2008

	Note	3 months ended		6 months ended	
		31.07.2008 RM'000	31.07.2007 RM'000	31.07.2008 RM'000	31.07.2007 RM'000
Revenue	4	25,728	23,725	51,326	40,104
Cost of sales		(17,345)	(16,783)	(35,554)	(27,001)
Gross profit		8,383	6,942	15,772	13,103
Other income		732	4,460	1,581	5,248
Administrative and other expenses		(5,206)	(4,868)	(10,503)	(9,653)
Distribution cost		(26)	(67)	(144)	(192)
Operating Profit		3,883	6,467	6,706	8,506
Finance costs		(396)	(429)	(684)	(780)
Share of profit of associates		280	645	504	1,189
Profit before tax		3,767	6,683	6,526	8,915
Income tax expense	21	(1,101)	(2,706)	(2,006)	(3,111)
Profit for the period		2,666	3,977	4,520	5,804
Attributable to:					
Equity holders of the Company		2,641	3,940	4,508	5,749
Minority interest		25	37	12	55
		2,666	3,977	4,520	5,804
Earnings per share attributable to equity holders of the Company (sen):					
Basic/diluted, for profit for the period	29	1.2	1.7	2.0	2.6

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Balance Sheet As At 31 July 2008

	Note	As at 31.07.2008 RM'000	As at 31.01.2008 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment	9	50,821	50,392
Prepaid land lease payments		94	89
Intangible assets		549	557
Investment in associates		23,532	22,159
Deferred tax asset		880	957
		<u>75,876</u>	<u>74,154</u>
Current assets			
Inventories		29,277	26,936
Trade and other receivables		32,770	28,511
Tax recoverable		271	745
Marketable securities	23	312	400
Cash and bank balances		22,236	25,403
		<u>84,866</u>	<u>81,995</u>
TOTAL ASSETS		<u>160,742</u>	<u>156,149</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	10	79,228	79,228
Share premium		2,065	2,065
ICULS	10	33,382	33,382
Other reserves		9,782	8,796
Retained earnings/(Accumulated losses)		3,616	(892)
		<u>128,073</u>	<u>122,579</u>
Minority interests		<u>0</u>	<u>913</u>
Total equity		<u>128,073</u>	<u>123,492</u>
Non-current liabilities			
Borrowings	25	12,240	11,546
Deferred tax liabilities		986	1,005
		<u>13,226</u>	<u>12,551</u>
Current Liabilities			
Borrowings	25	2,260	5,242
Trade and other payables		17,183	14,698
Current tax payable		-	166
		<u>19,443</u>	<u>20,106</u>
Total liabilities		<u>32,669</u>	<u>32,657</u>
TOTAL EQUITY AND LIABILITIES		<u>160,742</u>	<u>156,149</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 January 2008 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 2008

	Attributable to Equity Holders of the Company						Minority Interest RM'000	Total Equity RM'000
	Non-Distributable					Total RM'000		
	Share Capital RM'000	Share Premium RM'000	ICULS RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
At 1 February 2007	79,228	2,065	33,382	9,479	(11,398)	112,756	823	113,579
Foreign currency translation	-	-	-	440	-	440	-	440
Deferred tax adjustments relating to revaluation of properties	-	-	-	657	-	657	-	657
Net income recognised directly in equity	-	-	-	1,097	-	1,097	-	1,097
Profit for the period	-	-	-	-	5,749	5,749	55	5,804
Total recognised income and expense for the period	-	-	-	1,097	5,749	6,846	55	6,901
At 31 July 2007	79,228	2,065	33,382	10,576	(5,649)	119,602	878	120,480
At 1 February 2008	79,228	2,065	33,382	8,796	(892)	122,579	913	123,492
Foreign currency translation	-	-	-	986	-	986	-	986
Net income recognised directly in equity	-	-	-	986	-	986	-	986
Profit for the period	-	-	-	-	4,508	4,508	12	4,520
Total recognised income and expense for the period	-	-	-	986	4,508	5,494	12	5,506
Deemed disposal of a subsidiary	-	-	-	-	-	-	(925)	(925)
At 31 July 2008	79,228	2,065	33,382	9,782	3,616	128,073	0	128,073

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2008 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 2008**

	6 Months ended	
	31.07.2008 RM' 000	31.07.2007 RM' 000
Net cash generated from operating activities	349	3,308
Net cash generated from investing activities	1,282	1,621
Net cash used in financing activities	<u>(2,805)</u>	<u>(7,958)</u>
Net Decrease in cash & cash equivalents	(1,174)	(3,029)
Effect of exchange rate changes	956	128
Cash & cash equivalents at beginning of the quarter	20,821	18,656
Cash & cash equivalents at end of the period *	<u>20,603</u>	<u>15,755</u>

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

	As at	As at
	31.07.2008 RM'000	31.07.2007 RM'000
Cash and bank balances	22,236	19,266
Bank overdrafts (included within short term borrowings in Note 25)	<u>(1,633)</u>	<u>(91)</u>
	20,603	19,175
Deposits with licensed banks (restricted portion)	-	<u>(3,420)</u>
Total cash and cash equivalents	<u>20,603</u>	<u>15,755</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2008 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 2008. 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 2008.

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 2008 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial year beginning 1 February 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments	
To FRS 121	The Effects of Changes in Foreign Exchange Rates (Net investment in a foreign operation)
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

These new/revised FRSs are expected to have no significant financial impact on the financial statements of the Group upon their initial application.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 January 2008 was not qualified.

4. Segmental Information

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

	3 months ended		6 months ended	
	31.07.2008	31.07.2007	31.07.2008	31.07.2007
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Malaysia	22,718	20,905	45,614	34,736
Overseas	3,010	2,820	5,712	5,368
Total revenue	<u>25,728</u>	<u>23,725</u>	<u>51,326</u>	<u>40,104</u>
Segment Results				
Malaysia	1,437	3,001	2,003	3,085
Overseas	1,229	976	2,517	2,719
Total results	<u>2,666</u>	<u>3,977</u>	<u>4,520</u>	<u>5,804</u>

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

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

6. Changes in Estimates

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

7. Comments About Seasonality or Cyclical Operations

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

8. Dividends Paid

No dividends have been paid for the current quarter.

9. 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 2008.

10. Debt and Equity Securities

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

11. Changes in Composition of the Group

On 14 April 2008, Meteraya, a 60% owned subsidiary of George Kent (Malaysia) Bhd, ceased to be a subsidiary of GKM, which now holds 48.39% interest in Meteraya.

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

12. Discontinued Operations

There were no discontinued operations during the current quarter.

13. Capital Commitments

There were capital commitments of RM663,000 for plant and equipment as at the end of the current quarter.

14. Changes in Contingent Liabilities and Contingent Assets

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

15. Subsequent Events

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

16. Related Party Disclosures

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

	6 months ended	
	31.07.2008	31.07.2007
	RM'000	RM'000
Related companies: *		
Sale of products	-	18
Purchase of products	150	198
Rendering of services	247	71
Rental income	39	34
Associates:		
Sale of products	5,486	331

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

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

17. Performance Review

The Group recorded a revenue of RM25.7 million for the 2nd quarter ended 31 July 2008 (2nd quarter ended 31 July 2007 – RM23.7 million).

The revenue was higher by RM2.0 million or 8.4% for the 2nd quarter ended 31 July 2008 due to higher sales of metering products.

The Group's profit before tax was RM3.8 million for the 2nd quarter ended 31 July 2008 compared to RM6.7 million for the corresponding period which included a write-back of a non-recurring item of RM4 million.

18. Variation of Results Against Preceding Quarter

Group Results	Current quarter ended 31 July 2008	Preceding quarter ended 30 April 2008
	RM'000	RM'000
Revenue	25,728	25,598
Profit before tax	3,767	2,759

Revenue for the current quarter was RM25.7 million as compared to RM25.6 million in the preceding quarter and the profit before tax was RM3.8million as compared to RM2.8 million in the preceding quarter.

19. Commentary on Prospects

The Group will remain focused on its core competencies in manufacturing and marketing of meters and other water works products, water infrastructure investments and M&E projects. It will continue with its strategy of enhancing its operating margins through cost efficiencies and technology.

The Board remains optimistic of the prospects for the current year but is cautious on the slowing growth of the economies in which the Group operates due to the high oil & fuel prices and the turmoil in the financial markets

20. 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.

21. Income Tax Expense

	3 months ended		6 months ended	
	31.07.2008	31.07.2007	31.07.2008	31.07.2007
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	576	38	608	63
Foreign tax	525	1,285	1,398	1,656
	1,101	1,323	2,006	1,719
Reversal of deferred tax asset	-	-	-	9
Reversal of tax recoverable	-	1,383	-	1,383
Total income tax expense	1,101	2,706	2,006	3,111

The current period's and last year's corresponding quarter tax expenses include withholding taxes of RM396,000 and RM803,000. The effective tax rate for the quarter was higher than the statutory tax rate due to certain expenses which are not deductible for tax purposes.

22. Sale of Unquoted Investments and Properties

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

23. Marketable Securities

Details of disposal of quoted securities is as follows:

	6 months ended	
	31.07.2008 RM'000	31.07.2007 RM'000
Purchase consideration/Acquired from trade debt settlement	5	381
Sales proceeds	5	599
Gain on disposal	0	218

There were no purchases and disposal of quoted securities during the quarter.

Details of investments in quoted securities:

	As at 31.07.2008 RM'000	As at 31.01.2008 RM'000
	Marketable securities:-	
At cost	405	410
At book value	312	400
At market value	312	400

24. Corporate Proposals

There were no corporate proposals that have not been completed.

25. Borrowings

	As at 31.07.2008 RM'000	As at 31.01.2008 RM'000
	Short Term Borrowings	2,260
Long Term Borrowings	12,240	11,546
Total Borrowings	14,500	16,788

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

26. Off Balance Sheet Financial Instruments

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

27. 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. The matters are still on-going.

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

28. Dividend Payable

The board of directors has declared an interim gross dividend of 2 sen per share less tax at 25% for the financial year ending 31 January 2009 (31 January 2008 : Nil). The dividend will be paid on 29 September 2008 to shareholders whose names appeared in the Register of Members and/or Record of Depositors on 19 September 2008.

29. Earnings per Share

Basic earnings per share amount is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. In accordance with FRS133, the shares to be issued upon conversion of ICULS are included in calculating the basic earnings per share as they are mandatorily convertible instruments.

Diluted earnings per share amount is the same as basic earnings per share. The ESOS shares are not included as the effect is anti-dilutive.

	3 months ended		6 months ended	
	31.07.2008	31.07.2007	31.07.2008	31.07.2007
Profit attributable to ordinary equity holders of the Company (RM'000)	2,641	3,940	4,508	5,749
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 ordinary shares in issue and issuable ('000)	225,219	225,219	225,219	225,219
Earnings per share attributable to equity holders of the Company (sen):				
Basic/diluted, for profit for the period	1.2	1.7	2.0	2.6

By Order of the Board
Teh Yong Fah
Company Secretary
3 September 2008