

**GEORGE KENT (MALAYSIA) BERHAD**

**Condensed Consolidated Income Statements for the Nine-Month Period Ended 31 October 2008**

	Note	3 months ended		9 months ended	
		31.10.2008 RM'000	31.10.2007 RM'000 (Restated)	31.10.2008 RM'000	31.10.2007 RM'000 (Restated)
Revenue	4	28,853	24,961	80,179	65,065
Cost of sales		(19,309)	(18,198)	(54,863)	(45,199)
<b>Gross profit</b>		<u>9,544</u>	<u>6,763</u>	<u>25,316</u>	<u>19,866</u>
Other income		177	896	1,758	6,144
Administrative and other expenses		(7,292)	(5,578)	(17,795)	(15,231)
Distribution cost		(62)	(114)	(206)	(306)
<b>Operating Profit</b>		<u>2,367</u>	<u>1,967</u>	<u>9,073</u>	<u>10,473</u>
Finance costs		(457)	(515)	(1,141)	(1,295)
Share of profit of associates		793	671	1,297	1,860
<b>Profit before tax</b>		<u>2,703</u>	<u>2,123</u>	<u>9,229</u>	<u>11,038</u>
Income tax expense	21	(1,342)	(205)	(3,348)	(3,316)
<b>Profit for the period</b>		<u>1,361</u>	<u>1,918</u>	<u>5,881</u>	<u>7,722</u>
Attributable to:					
Equity holders of the Company		1,358	1,901	5,866	7,650
Minority interest		3	17	15	72
		<u>1,361</u>	<u>1,918</u>	<u>5,881</u>	<u>7,722</u>
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic/diluted, for profit for the period	28	<u>0.6</u>	<u>0.8</u>	<u>2.6</u>	<u>3.4</u>

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 October 2008**

	Note	As at 31.10.2008 RM'000	As at 31.01.2008 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	9	50,556	50,392
Prepaid land lease payments		102	89
Intangible assets		532	557
Investment in associates		27,095	22,159
Deferred tax asset		841	957
		<u>79,126</u>	<u>74,154</u>
<b>Current assets</b>			
Inventories		29,367	26,936
Trade and other receivables		32,837	28,511
Tax recoverable		459	745
Marketable securities	23	185	400
Cash and bank balances		22,480	25,403
		<u>85,328</u>	<u>81,995</u>
<b>TOTAL ASSETS</b>		<u>164,454</u>	<u>156,149</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	10	83,512	79,228
Share premium		2,065	2,065
ICULS	10	29,098	33,382
Other reserves		13,017	8,796
Retained earnings/(Accumulated losses)		2,597	(892)
		<u>130,289</u>	<u>122,579</u>
<b>Minority interests</b>		-	913
<b>Total equity</b>		<u>130,289</u>	<u>123,492</u>
<b>Non-current liabilities</b>			
Borrowings	25	11,711	11,546
Deferred tax liabilities		986	1,005
		<u>12,697</u>	<u>12,551</u>
<b>Current Liabilities</b>			
Borrowings	25	7,126	5,242
Trade and other payables		14,342	14,698
Current tax payable		-	166
		<u>21,468</u>	<u>20,106</u>
<b>Total liabilities</b>		<u>34,165</u>	<u>32,657</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>164,454</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 Nine-Month Period Ended 31 October 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			
<b>At 1 February 2007</b>	79,228	2,065	33,382	9,479	(11,398)	112,756	823	113,579
Foreign currency translation	-	-	-	624	-	624	-	624
Deferred tax adjustments relating to revaluation of properties	-	-	-	657	-	657	-	657
Transfer of revaluation reserves on disposal of properties	-	-	-	(1,710)	1,710	-	-	-
Net income recognised directly in equity	-	-	-	(429)	1,710	1,281	-	1,281
Profit for the period	-	-	-	-	7,650	7,650	72	7,722
Total recognised income and expense for the period	-	-	-	(429)	9,360	8,931	72	9,003
<b>At 31 October 2007</b>	<b>79,228</b>	<b>2,065</b>	<b>33,382</b>	<b>9,050</b>	<b>(2,038)</b>	<b>121,687</b>	<b>895</b>	<b>122,582</b>
<b>At 1 February 2008</b>	79,228	2,065	33,382	8,796	(892)	122,579	913	123,492
Foreign currency translation	-	-	-	4,221	-	4,221	-	4,221
Net income recognised directly in equity	-	-	-	4,221	-	4,221	-	4,221
Profit for the period	-	-	-	-	5,866	5,866	15	5,881
Total recognised income and expense for the period	-	-	-	4,221	5,866	10,087	15	10,102
Deemed disposal of a subsidiary	-	-	-	-	-	-	(928)	(928)
Dividends	-	-	-	-	(2,377)	(2,377)	-	(2,377)
Issue of ordinary shares pursuant to ICULS	4,284	-	(4,284)	-	-	-	-	-
<b>At 31 October 2008</b>	<b>83,512</b>	<b>2,065</b>	<b>29,098</b>	<b>13,017</b>	<b>2,597</b>	<b>130,289</b>	<b>-</b>	<b>130,289</b>

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 Nine-Month Period Ended 31 October 2008**

	9 Months ended	
	31.10.2008 RM' 000	31.10.2007 RM' 000
Net cash (used in)/ generated from operating activities	(2,187)	6,736
Net cash generated from investing activities	853	6,575
Net cash generated from/ (used in) financing activities	<u>788</u>	<u>(11,362)</u>
Net (decrease)/ increase in cash & cash equivalents	(546)	1,949
Effect of exchange rate changes	2,205	239
Cash & cash equivalents at beginning of the quarter	20,821	18,656
Cash & cash equivalents at end of the period *	<u><u>22,480</u></u>	<u><u>20,844</u></u>

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

	As at	As at
	31.10.2008 RM'000	31.10.2007 RM'000
Cash and bank balances	22,480	24,361
Bank overdrafts (included within short term borrowings in Note 25)	<u>-</u>	<u>(61)</u>
	22,480	24,300
Deposits with licensed banks (restricted portion)	<u>-</u>	<u>(3,456)</u>
Total cash and cash equivalents	<u><u>22,480</u></u>	<u><u>20,844</u></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		9 months ended	
	31.10.2008	31.10.2007	31.10.2008	31.10.2007
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Malaysia	25,256	22,007	70,870	56,743
Overseas	3,597	2,954	9,309	8,322
Total revenue	<u>28,853</u>	<u>24,961</u>	<u>80,179</u>	<u>65,065</u>
<b>Segment Results</b>				
Malaysia	1,023	(145)	3,026	2,940
Overseas	338	2,063	2,855	4,782
Total results	<u>1,361</u>	<u>1,918</u>	<u>5,881</u>	<u>7,722</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**

The interim gross dividend of RM0.02 per share less tax at 25% for the financial year ending 31 January 2009 was paid on 29 September 2008 to shareholders whose names appeared in the Register of Members and/or Record of Depositors on 19 September 2008.

**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**

On 16 October 2008, 8,567,583 new ordinary shares of RM0.50 each were issued pursuant to the conversion of ICULS.

Save for the above, there were no other issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter.

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

There are no material changes in the composition of the Group during the current quarter.

**12. Discontinued Operations**

No major operations were discontinued during the current quarter.

**13. Capital Commitments**

There were capital commitments of RM201,000 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:

	9 months ended	
	31.10.2008	31.10.2007
	RM'000	RM'000
Related companies: *		
Sale of products	-	18
Purchase of products	238	287
Rendering of services	348	137
Rental income	54	50
Associates:		
Sale of products	10,507	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 RM28.9 million for the 3rd quarter ended 31 October 2008 (3rd quarter ended 31 October 2007 – RM25.0 million).

The revenue was higher by RM3.9 million or 15.6% for the 3rd quarter ended 31 October 2008 due to higher sales of metering products.

The Group's profit before tax was RM2.7 million for the 3rd quarter ended 31 October 2008 compared to RM2.1 million for the corresponding period.

**18. Variation of Results Against Preceding Quarter**

Group Results	Current quarter ended 31 October 2008 RM'000	Preceding quarter ended 31 July 2008 RM'000
Revenue	28,853	25,728
Profit before tax	2,703	3,767

Revenue for the current quarter was RM28.9 million as compared to RM25.7 million in the preceding quarter and the profit before tax was RM2.7 million as compared to RM3.8 million in the preceding quarter. In the current quarter, the group suffered an exchange loss of RM2.5 million resulting in a lower profit before tax as compared to the previous 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 down of the economies in which the Group operates.

**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		9 months ended	
	31.10.2008 RM'000	31.10.2007 RM'000	31.10.2008 RM'000	31.10.2007 RM'000
Current tax:				
Malaysian income tax	277	(334)	885	(271)
Foreign tax	1,065	539	2,463	2,195
	1,342	205	3,348	1,924
Reversal of deferred tax asset	-	-	-	9
Reversal of tax recoverable	-	-	-	1,383
Total income tax expense	1,342	205	3,348	3,316



The current period's and last year's corresponding quarter tax expenses include withholding taxes of RM816,000 and RM803,000. The effective tax rate for the quarter was higher than the statutory tax rate due to withholding tax of RM420,000.

**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:

	9 months ended	
	31.10.2008 RM'000	31.10.2007 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 31.10.2008 RM'000	As at 31.01.2008 RM'000
	Marketable securities:-	
At cost	405	410
At book value	185	400
At market value	185	400

**24. Corporate Proposals**

There were no corporate proposals that have not been completed.

**25. Borrowings**

	As at 31.10.2008 RM'000	As at 31.01.2008 RM'000
	Short Term Borrowings	7,126
Long Term Borrowings	11,711	11,546
Total Borrowings	18,837	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. 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		9 months ended	
	31.10.2008	31.10.2007	31.10.2008	31.10.2007
Profit attributable to ordinary equity holders of the Company (RM'000)	1,358	1,901	5,866	7,650
Number of ordinary shares in issue ('000)	167,023	158,455	167,023	158,455
Adjustment for assumed conversion of ICULS ('000)	58,196	66,764	58,196	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	0.6	0.8	2.6	3.4

By Order of the Board

Teh Yong Fah  
Company Secretary  
10 December 2008