

GEORGE KENT (MALAYSIA) BERHAD**Condensed Consolidated Income Statements for the Six-Month Ended 31 July 2009**

	Note	3 months ended		6 months ended	
		31.07.2009 RM'000	31.07.2008 RM'000	31.07.2009 RM'000	31.07.2008 RM'000
Revenue	4	30,406	25,728	51,345	51,326
Cost of sales		(20,031)	(17,346)	(34,019)	(35,554)
Gross profit		<u>10,375</u>	<u>8,382</u>	<u>17,326</u>	<u>15,772</u>
Other income		623	732	1,569	1,581
Administrative and other expenses		(4,231)	(5,218)	(9,119)	(10,503)
Distribution cost		(162)	(26)	(297)	(144)
Operating Profit		<u>6,605</u>	<u>3,870</u>	<u>9,479</u>	<u>6,706</u>
Finance costs		(360)	(396)	(702)	(684)
Share of profit of associates		(138)	293	374	504
Profit before tax		<u>6,107</u>	<u>3,767</u>	<u>9,151</u>	<u>6,526</u>
Income tax expense	20	(1,541)	(1,101)	(2,606)	(2,006)
Profit for the period		<u>4,566</u>	<u>2,666</u>	<u>6,545</u>	<u>4,520</u>
Attributable to:					
Equity holders of the Company		4,566	2,641	6,545	4,508
Minority interest		-	25	-	12
		<u>4,566</u>	<u>2,666</u>	<u>6,545</u>	<u>4,520</u>
Earnings per share attributable to equity holders of the Company (sen):					
Basic/diluted, for profit for the period	28	<u>2.0</u>	<u>1.2</u>	<u>2.9</u>	<u>2.0</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 January 2009 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Balance Sheet As At 31 July 2009

	Note	As at 31.07.2009 RM'000	As at 31.01.2009 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment	8	50,176	49,503
Prepaid land lease payments		98	100
Intangible assets		490	519
Investments in unquoted shares of associates		17,507	16,943
Investments in unquoted debentures of associate		10,243	10,443
Deferred tax asset		1,201	1,201
		<u>79,715</u>	<u>78,709</u>
Current assets			
Inventories		27,678	29,643
Trade and other receivables		27,674	37,801
Tax recoverable		-	179
Marketable securities	22	966	232
Cash and bank balances		59,524	27,493
		<u>115,842</u>	<u>95,348</u>
TOTAL ASSETS		<u>195,557</u>	<u>174,057</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	9	110,212	96,263
Share premium		2,065	2,065
ICULS	9	2,398	16,347
Other reserves		12,508	12,986
Retained earnings		14,469	7,924
Total equity		<u>141,652</u>	<u>135,585</u>
Non-current liabilities			
Borrowings	24	15,840	16,083
Deferred tax liabilities		805	805
		<u>16,645</u>	<u>16,888</u>
Current Liabilities			
Borrowings	24	13,549	5,849
Trade and other payables		22,898	15,372
Current tax payable		813	363
		<u>37,260</u>	<u>21,584</u>
Total liabilities		<u>53,905</u>	<u>38,472</u>
TOTAL EQUITY AND LIABILITIES		<u>195,557</u>	<u>174,057</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 January 2009 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 Ended 31 July 2009

	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)/ Retained Profits RM'000			
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	-	128,073
At 1 February 2009	96,263	2,065	16,347	12,986	7,924	135,585	-	135,585
Foreign currency translation	-	-	-	(478)	-	(478)	-	(478)
Net income recognised directly in equity	-	-	-	(478)	-	(478)	-	(478)
Profit for the period	-	-	-	-	6,545	6,545	-	6,545
Total recognised income and expense for the period	-	-	-	(478)	6,545	6,067	-	6,067
Issue of ordinary shares pursuant to the conversion of ICULS	13,949	-	(13,949)	-	-	-	-	-
At 31 July 2009	110,212	2,065	2,398	12,508	14,469	141,652	-	141,652

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2009 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Cash Flow Statement for the Six-Month Ended 31 July 2009

	6 months ended	
	31.07.2009 RM' 000	31.07.2008 RM' 000
Net cash generated from operating activities	26,631	349
Net cash (used in)/ generated from investing activities	(1,446)	1,282
Net cash generated from/ (used in) financing activities	<u>5,748</u>	<u>(2,805)</u>
Net increase/ (decrease) in cash & cash equivalents	30,933	(1,174)
Effect of exchange rate changes	(575)	956
Cash & cash equivalents at beginning of the quarter	26,688	20,821
Cash & cash equivalents at end of the period *	<u><u>57,046</u></u>	<u><u>20,603</u></u>

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

	As at	As at
	31.07.2009 RM'000	31.07.2008 RM'000
Cash and bank balances	59,524	22,236
Bank overdrafts (included within short term borrowings in Note 24)	<u>(2,478)</u>	<u>(1,633)</u>
Total cash and cash equivalents	<u><u>57,046</u></u>	<u><u>20,603</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2009 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 2009. 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 2009.

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 2009 except for the adoption of the new/revised Financial Reporting Standards (“FRS”), Amendments to FRS and Issues Committee (“IC”) interpretations that are effective for financial year beginning 1 February 2009.

The following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

		Effective for financial periods beginning on or after
FRS and Interpretations		
FRS 7	Financial Instruments: Disclosure	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The other new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in disclosures.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 January 2009 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	
	31.07.2009 RM'000	31.07.2008 RM'000	31.07.2009 RM'000	31.07.2008 RM'000
Segment Revenue				
Malaysia	26,857	22,718	44,409	45,614
Overseas	3,549	3,010	6,936	5,712
Total revenue	<u>30,406</u>	<u>25,728</u>	<u>51,345</u>	<u>51,326</u>
Segment Results				
Malaysia	3,142	1,437	3,351	2,003
Overseas	1,424	1,229	3,194	2,517
Total results	<u>4,566</u>	<u>2,666</u>	<u>6,545</u>	<u>4,520</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. **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 2009.

9. **Debt and Equity Securities**

On 8 May 2009, 27,898,261 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.

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

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

11. **Discontinued Operations**

No major operations were discontinued during the current quarter.

12. Capital Commitments

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

13. Changes in Contingent Liabilities and Contingent Assets

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

14. Subsequent Events

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

15. Related Party Disclosures

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

	6 months ended	
	31.07.2009	31.07.2008
	RM'000	RM'000
Related companies: *		
Purchase of products	212	150
Sales commission	-	192
Rendering of services	43	55
Rental income	-	39
Associates:		
Sale of products	9,260	5,486

* 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

16. Performance Review

The Group's revenue was RM30.4 million for the 2nd quarter ended 31 July 2009, an increase of RM4.7 million or 18% (31 July 2008 – RM25.7 million). The higher revenue was attributable to the higher sales from our industrial and project related jobs.

The Group's profit before tax was RM6.1million for the 2nd quarter ended 31 July 2009, an increase of RM2.3m or 61% (31 July 2008 – RM3.8 million). The higher profit was due to higher margins and better control of costs.

17. Variation of Results Against Preceding Quarter

Group Results	Current quarter ended 31 July 2009	Preceding quarter ended 30 April 2009
	RM'000	RM'000
Revenue	30,406	20,939
Profit before tax	6,107	3,044

Revenue for the current quarter was RM30.4 million as compared to RM20.9 million in the preceding quarter and the profit before tax was RM6.1 million as compared to RM3.0 million in the preceding quarter. This was due to the higher revenue in the current quarter.

18. 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 trading environment in which the Group operates remains difficult although there are signs of improving economic conditions. Your Board continues to be cautious of current year prospects.

19. 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.

20. Income Tax Expense

	3 months ended		6 months ended	
	31.07.2009	31.07.2008	31.07.2009	31.07.2008
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	1,062	576	1,119	608
Foreign tax	479	525	1,487	1,398
Total income tax expense	<u>1,541</u>	<u>1,101</u>	<u>2,606</u>	<u>2,006</u>

The effective tax rate for the period was higher than the statutory tax rate due to the withholding taxes of RM415,000 (31 July 2008: RM396,000) on dividend declared by a foreign subsidiary.

21. Sale of Unquoted Investments and Properties

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

22. Marketable Securities

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

	6 months ended	
	31.07.2009	31.07.2008
	RM'000	RM'000
Purchase consideration	490	-
Purchase consideration/Acquired from trade debt settlement	-	5
Sales proceeds	-	5
Gain on disposal	-	0

There were no disposals of quoted securities during the quarter.

Details of investments in quoted securities:

	As at 31.07.2009	As at 31.01.2009
	RM'000	RM'000
Marketable securities:-		
At cost	883	393
At book value	966	232
At market value	966	232

23. Corporate Proposals

There were no corporate proposals that have not been completed.

24. Borrowings

	As at 31.07.2009	As at 31.01.2009
	RM'000	RM'000
Short Term Borrowings	13,549	5,849
Long Term Borrowings	15,840	16,083
Total Borrowings	29,389	21,932

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

25. Off Balance Sheet Financial Instruments

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

26. 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 case against Dura-Mine Sdn Bhd has been heard but the judgement has not been delivered. The case against Premier Amalgamated Sdn Bhd has been heard and judgement was given against the Company on 15 September 2009. The Company is appealing against the judgement. The case against Damini Corporation Sdn Bhd and Delta Perdana Sdn Bhd has not been heard.

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

27. Dividend Paid/ Payable

The final gross dividend of RM0.015 per share less tax at 25% for the financial year ended 31 January 2009 was approved by the shareholders on 14 July 2009 and subsequently paid on 14 August 2009 to shareholders whose names appeared in the Register of Members and/or Record of Depositors on 31 July 2009.

Your board has declared an interim gross dividend of RM0.02 per share less tax at 25% amounting to RM4.41 million for the financial year ending 31 January 2010 based on the enlarged share capital of 220.4 million shares. This compared with the interim dividend for the year ended 31 January 2009 of RM0.02 per share amounting to RM3.17 million.

The dividend will be paid on 26 October 2009 to shareholders whose names appear in the Register of Members and/or Record of Depositors on 15 October 2009.

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		6 months ended	
	31.07.2009	31.07.2008	31.07.2009	31.07.2008
Profit attributable to ordinary equity holders of the Company (RM'000)	4,566	2,641	6,545	4,508
Number of ordinary shares in issue ('000)	199,023	158,455	199,023	158,455
Adjustment for assumed conversion of ICULS ('000)	26,196	66,764	26,196	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	2.0	1.2	2.9	2.0

By Order of the Board

Teh Yong Fah
Company Secretary
28 September 2009