

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

	Note	3 months ended		9 months ended	
		31.10.2009 RM'000	31.10.2008 RM'000	31.10.2009 RM'000	31.10.2008 RM'000
Revenue	4	32,474	28,853	83,819	80,179
Cost of sales		(20,279)	(19,309)	(54,298)	(54,863)
<b>Gross profit</b>		<u>12,195</u>	<u>9,544</u>	<u>29,521</u>	<u>25,316</u>
Other income		812	177	2,381	1,758
Administrative and other expenses		(5,019)	(7,292)	(14,138)	(17,795)
Distribution cost		(66)	(62)	(363)	(206)
<b>Operating Profit</b>		<u>7,922</u>	<u>2,367</u>	<u>17,401</u>	<u>9,073</u>
Finance costs		(364)	(457)	(1,066)	(1,141)
Share of profit of associates		412	793	786	1,297
<b>Profit before tax</b>		<u>7,970</u>	<u>2,703</u>	<u>17,121</u>	<u>9,229</u>
Income tax expense	20	(1,892)	(1,342)	(4,498)	(3,348)
<b>Profit for the period</b>		<u>6,078</u>	<u>1,361</u>	<u>12,623</u>	<u>5,881</u>
Attributable to:					
Equity holders of the Company		6,078	1,358	12,623	5,866
Minority interest		-	3	-	15
		<u>6,078</u>	<u>1,361</u>	<u>12,623</u>	<u>5,881</u>
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic/diluted, for profit for the period	28	<u>2.7</u>	<u>0.6</u>	<u>5.6</u>	<u>2.6</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 October 2009**

	Note	As at 31.10.2009 RM'000	As at 31.01.2009 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	8	50,010	49,503
Prepaid land lease payments		96	100
Intangible assets		476	519
Investments in unquoted shares of associates		17,919	16,943
Investments in unquoted debentures of associate		10,094	10,443
Deferred tax asset		1,201	1,201
		<u>79,796</u>	<u>78,709</u>
<b>Current assets</b>			
Inventories		29,292	29,643
Trade and other receivables		30,438	37,801
Tax recoverable		-	179
Marketable securities	22	1,736	232
Cash and bank balances		61,932	27,493
		<u>123,398</u>	<u>95,348</u>
<b>TOTAL ASSETS</b>		<u>203,194</u>	<u>174,057</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	9	110,212	96,263
Share premium		2,065	2,065
ICULS	9	2,398	16,347
Other reserves		12,327	12,986
Retained earnings		14,761	7,924
<b>Total equity</b>		<u>141,763</u>	<u>135,585</u>
<b>Non-current liabilities</b>			
Borrowings	24	15,063	16,083
Deferred tax liabilities		805	805
		<u>15,868</u>	<u>16,888</u>
<b>Current Liabilities</b>			
Borrowings	24	16,244	5,849
Trade and other payables		27,844	15,372
Current tax payable		1,475	363
		<u>45,563</u>	<u>21,584</u>
<b>Total liabilities</b>		<u>61,431</u>	<u>38,472</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>203,194</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 Nine-Month Ended 31 October 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			
<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 the conversion of 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>
<b>At 1 February 2009</b>	<b>96,263</b>	<b>2,065</b>	<b>16,347</b>	<b>12,986</b>	<b>7,924</b>	<b>135,585</b>	<b>-</b>	<b>135,585</b>
Foreign currency translation	-	-	-	(659)	-	(659)	-	(659)
Net income recognised directly in equity	-	-	-	(659)	-	(659)	-	(659)
Profit for the period	-	-	-	-	12,623	12,623	-	12,623
Total recognised income and expense for the period	-	-	-	(659)	12,623	11,964	-	11,964
Dividends	-	-	-	-	(5,786)	(5,786)	-	(5,786)
Issue of ordinary shares pursuant to the conversion of ICULS	13,949	-	(13,949)	-	-	-	-	-
<b>At 31 October 2009</b>	<b>110,212</b>	<b>2,065</b>	<b>2,398</b>	<b>12,327</b>	<b>14,761</b>	<b>141,763</b>	<b>-</b>	<b>141,763</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 2009 and the accompanying explanatory notes attached to the interim financial statements.

**GEORGE KENT (MALAYSIA) BERHAD**  
**Condensed Consolidated Cash Flow Statement for the Nine-Month Ended 31 October 2009**

	9 months ended	
	31.10.2009 RM' 000	31.10.2008 RM' 000
Net cash generated from operating activities	35,338	349
Net cash (used in)/ generated from investing activities	(2,692)	1,282
Net cash generated from/ (used in) financing activities	<u>1,863</u>	<u>(2,805)</u>
Net increase/ (decrease) in cash & cash equivalents	34,509	(1,174)
Effect of exchange rate changes	(1,796)	956
Cash & cash equivalents at beginning of the quarter	26,688	20,821
Cash & cash equivalents at end of the period *	<u><u>59,401</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
	31.10.2009 RM'000	31.10.2008 RM'000
Cash and bank balances	61,932	22,236
Bank overdrafts (included within short term borrowings in Note 24)	<u>(2,531)</u>	<u>(1,633)</u>
Total cash and cash equivalents	<u><u>59,401</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.

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:

		<b>Effective for financial periods beginning on or after</b>
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 Group 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		9 months ended	
	31.10.2009 RM'000	31.10.2008 RM'000	31.10.2009 RM'000	31.10.2008 RM'000
<b>Segment Revenue</b>				
Malaysia	29,121	25,256	73,530	70,870
Overseas	3,353	3,597	10,289	9,309
Total revenue	<u>32,474</u>	<u>28,853</u>	<u>83,819</u>	<u>80,179</u>
<b>Segment Results</b>				
Malaysia	4,379	1,023	7,730	3,026
Overseas	1,699	338	4,893	2,855
Total results	<u>6,078</u>	<u>1,361</u>	<u>12,623</u>	<u>5,881</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. **Seasonality or Cyclical Factors**

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 RM378,000 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**

On 9 November 2009, 4,673,051 new ordinary shares of RM0.50 each were issued pursuant to the conversion of ICULS.

On 2 December 2009, the Company announced that the remaining 122,992 ICULS will be compulsorily converted on 4 January 2010.

Save for the above, 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:

	9 months ended	
	31.10.2009	31.10.2008
	RM'000	RM'000
Related companies: *		
Purchase of products	240	238
Sales commission	-	271
Rendering of services	62	77
Rental income	-	54
Associates:		
Sale of products	14,316	10,507

\* 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 RM32.5 million for the 3rd quarter ended 31 October 2009, an increase of RM3.6 million or 13% (31 October 2008 : RM28.8 million). The higher revenue was attributable to the higher sales from our project related jobs.

The Group's profit before tax was RM8.0 million for the 3rd quarter ended 31 October 2009, an increase of RM5.3 million or 195% (31 October 2008 : RM2.7 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 October 2009	Preceding quarter ended 31 July 2009
	RM'000	RM'000
Revenue	32,474	30,406
Profit before tax	7,970	6,107

Revenue for the current quarter was RM32.5 million as compared to RM30.4 million in the preceding quarter and the profit before tax was RM8.0 million as compared to RM6.1 million in the preceding quarter. This was due to the higher sales volume achieved by the manufacturing activities during the quarter.

**18. Prospects**

The trading environment in which the Group operates remains challenging although there are signs of improving economic conditions. In spite of this tenuous environment, the Group expects to sustain the improved result for the current financial year.

**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		9 months ended	
	31.10.2009	31.10.2008	31.10.2009	31.10.2008
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	1,473	277	2,592	885
Foreign tax	419	1,065	1,906	2,463
Total income tax expense	1,892	1,342	4,498	3,348

The effective tax rate for the previous year was higher than the statutory tax rate due to withholding tax of RM816,000 (31 October 2009: RM415,000) 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:

	3 months ended		9 months ended	
	31.10.2009	31.10.2008	31.10.2009	31.10.2008
	RM'000	RM'000	RM'000	RM'000
Purchase consideration	1,471	-	1,961	-
Purchase consideration/Acquired from trade debt settlement	523	-	523	5
Sales proceeds	742	-	742	5
Gain on disposal	219	-	219	0

Details of investments in quoted securities:

	As at	As at
	31.10.2009	31.01.2009
	RM'000	RM'000
Marketable securities:-		
At cost	1,620	393
At book value	1,736	232
At market value	1,736	232

## 23. Corporate Proposals

There were no corporate proposals that have not been completed.

## 24. Borrowings

	As at	As at
	31.10.2009	31.01.2009
	RM'000	RM'000
Short Term Borrowings:-		
Bank overdrafts	2,531	805
Revolving credits	7,000	3,200
Bankers acceptance	4,005	-
Term loans	2,400	1,700
Hire purchase and finance lease liabilities	308	144
	16,244	5,849
Long Term Borrowings:-		
Term loans	14,056	15,756
Hire purchase and finance lease liabilities	1,007	327
	15,063	16,083
Total Borrowings	31,307	21,932

The total borrowings are 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 Damini Corporation Sdn Bhd and Delta Perdana 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 has filed an appeal against the judgement. The case against Dura-Mine Sdn Bhd has been heard and the judgement was given in favour of the Company on 6 November 2009. Dura-Mine Sdn Bhd has filed an appeal and stay of execution of the judgement.

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

## 27. Dividend Paid

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.

The interim gross dividend of RM0.02 per share less tax at 25% for the financial year ending 31 January 2010 was 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		9 months ended	
	31.10.2009	31.10.2008	31.10.2009	31.10.2008
Profit attributable to ordinary equity holders of the Company (RM'000)	6,078	1,358	12,623	5,866
Number of ordinary shares in issue ('000)	206,055	158,455	206,055	158,455
Adjustment for assumed conversion of ICULS ('000)	19,164	66,764	19,164	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	2.7	0.6	5.6	2.6

By Order of the Board

Teh Yong Fah  
Company Secretary  
15 December 2009