

GEORGE KENT (MALAYSIA) BERHAD (1945-X)**Condensed Consolidated Statement of Comprehensive Income for the Period Ended 30 April 2010**

		3 months ended	
	Note	30.04.2010 RM'000	30.04.2009 RM'000
Revenue	4	32,475	20,939
Direct operating expenses		(22,476)	(13,988)
Gross profit		<u>9,999</u>	<u>6,951</u>
Other operating income		398	719
Operating expenses		(6,776)	(5,023)
Profit from operations		<u>3,621</u>	<u>2,647</u>
Finance costs		(297)	(342)
Share of profits of associates		376	512
Other Comprehensive Income:			
Net gain from translation of foreign operations		131	62
Net gain on fair value changes on available-for-sale financial assets		171	165
Other comprehensive income for the period		<u>302</u>	<u>227</u>
Profit before tax		<u>4,002</u>	<u>3,044</u>
Income tax expense	19	(1,074)	(1,065)
Total Comprehensive Income For the Period Attributable to Equity Holders of the Company		<u><u>2,928</u></u>	<u><u>1,979</u></u>
Earnings per share attributable to equity holders of the Company (sen):			
Basic/diluted, for profit for the period	27	<u>1.3</u>	<u>0.9</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD (1945-X)
Condensed Consolidated Statement of Financial Position As At 30 April 2010

		As at 30.04.2010	(Audited) As at 31.01.2010 (restated)
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		49,806	49,758
Intangible assets		449	461
Investments in unquoted shares of associates		15,537	17,734
Investments in unquoted debentures of associate		8,368	9,894
Deferred tax asset		1,760	1,866
		<u>75,920</u>	<u>79,713</u>
Current assets			
Inventories		27,269	28,537
Trade and other receivables		41,490	30,809
Marketable securities	21	2,631	3,182
Cash and bank balances		52,674	63,341
		<u>124,064</u>	<u>125,869</u>
TOTAL ASSETS		<u>199,984</u>	<u>205,582</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	8	112,620	112,610
Share premium		2,071	2,065
Other reserves		5,905	11,437
Retained earnings		24,761	22,004
Total equity		<u>145,357</u>	<u>148,116</u>
Non-current liabilities			
Borrowings	23	13,031	14,196
Deferred tax liabilities		1,057	1,057
		<u>14,088</u>	<u>15,253</u>
Current Liabilities			
Borrowings	23	12,996	15,142
Trade and other payables		26,486	25,256
Current tax payable		1,057	1,815
		<u>40,539</u>	<u>42,213</u>
Total liabilities		<u>54,627</u>	<u>57,466</u>
TOTAL EQUITY AND LIABILITIES		<u>199,984</u>	<u>205,582</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD
Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 April 2010

	Attributable to owners of the Company								
	Non-Distributable			Distributable			Non-Distributable		
	Equity attributable to owners of the parent, total RM'000	Share Capital RM'000	Share Premium RM'000	ICULS RM'000	Retained Earnings RM'000	Other reserves, total RM'000	Fair Value Adjustment Reserve RM'000	Asset Revaluation Reserve - Freehold Land RM'000	Foreign Currency Translation Reserves RM'000
At 1 February 2009	135,585	96,263	2,065	16,347	7,924	12,986	-	11,508	1,478
Total comprehensive income	(878)	-	-	-	1,979	(2,857)	-	-	(2,857)
At 30 April 2009	134,707	96,263	2,065	16,347	9,903	10,129	-	11,508	(1,379)
At 1 February 2010	148,116	112,610	2,065	-	22,004	11,437	-	11,508	(71)
Total comprehensive income	(2,775)	-	-	-	2,757	(5,532)	171	-	(5,703)
Transactions with owners									
Issue of ordinary shares pursuant to employee share option scheme	16	10	6	-	-	-	-	-	-
At 30 April 2010	145,357	112,620	2,071	-	24,761	5,905	171	11,508	(5,774)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD**Condensed Consolidated Statement of Cash Flows for the Period Ended 30 April 2010**

	3 Months ended	
	30.04.2010 RM' 000	30.04.2009 RM' 000
Net cash (used in)/ generated from operating activities	(3,433)	7,045
Net cash generated from/ (used in) investing activities	339	(997)
Net cash (used in)/ generated from financing activities	<u>(3,231)</u>	<u>9,491</u>
Net (decrease)/ increase in cash & cash equivalents	(6,325)	15,539
Effect of exchange rate changes	(4,277)	(789)
Cash & cash equivalents at beginning of the period	62,206	26,688
Cash & cash equivalents at end of the period *	<u>51,604</u>	<u>41,438</u>

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

	As at 30.04.2010 RM'000	As at 30.04.2009 RM'000
	Cash and bank balances	52,674
Bank overdrafts	<u>(1,070)</u>	<u>(2,950)</u>
Total cash and cash equivalents	<u>51,604</u>	<u>41,438</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

GEORGE KENT (MALAYSIA) BERHAD

Part A – Explanatory Notes Pursuant to Financial Reporting Standard 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“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 2010. 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 2010.

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 2010 except for the adoption of the new/revised FRS, Amendments to FRS and Issues Committee (“IC”) interpretations that are effective for financial year beginning 1 February 2010.

On 1 February 2010, the Group adopted the following FRSs:-

FRSs, Amendments to FRSs and Interpretations

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based Payment: Vesting Condition and Cancellation
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events After the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 139, FRS 7 and IC	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives

Interpretation 9	Investment Property
Amendment to FRS 140	Reassessment of Embedded Derivatives
IC Interpretation 9	Interim Financial Reporting and Impairment
IC Interpretation 10	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 11	Customer Loyalty Programmes
IC Interpretation 13	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 14	

Other than for the application of FRS 8, FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 8: Operating Segments (FRS 8)

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101(revised): Presentation of Financial Statements (FRS 101)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

(c) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139)

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 February 2010.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, loans and receivables and AFS investments.

(i) Loans and receivables

Prior to 1 February 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate (EIR) method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in profit or loss.

(ii) Available-for-sale (AFS) Financial Assets

Prior to 1 February 2010, the Group classified its investments in equity instruments as marketable securities. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, these investments are designated as AFS financial assets. Any gains or losses from changes in fair value of the AFS financial assets are recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the AFS financial asset is derecognised.

Dividends on an AFS financial assets are recognised in profit or loss when the Group's right to receive payment is established.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, and are carried at amortised cost.

(d) Amendment to FRS 117, Leases

Prior to the adoption of the Amendment to FRS 117, leasehold land were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which the risks and rewards incident to ownership lie. In making this judgment, the Directors have concluded that lands with an initial lease period of 50 years or more are finance leases because the present value of the minimum lease payments (i.e., the consideration paid or payable) is substantially equal to the fair value of the land. Accordingly, the Group has changed the classification of long leasehold land from operating leases to finance leases in the current quarter. This change in classification has no effect on the profit or loss of the current period ended 30 April 2010 or the comparative prior period. The effect of the reclassification on the comparative of the prior year's statement of financial position is as follows:

1st February 2010	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Prepaid lease payments	93	(93)	-
Reclassified to Interests in leased land under Property, Plant & Equipment	-	93	93

Other than the above, the rest of the new and revised FRSs, IC Interpretations and Amendments do not have material impact on the accounting policies, financial position or performance of the Group for the current period under review.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 January 2010 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	
	30.04.2010	30.04.2009
	RM'000	RM'000
Segment Revenue		
Malaysia	29,582	17,552
Overseas	2,893	3,387
Total revenue	<u>32,475</u>	<u>20,939</u>
Segment Results		
Malaysia	2,195	209
Overseas	733	1,770
Total results	<u>2,928</u>	<u>1,979</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. **Debt and Equity Securities**

On 29 April 2010, 19,500 new ordinary shares of RM0.50 each were issued pursuant to the conversion of Employee Share Option Scheme.

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

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

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

10. **Discontinued Operations**

No major operations were discontinued during the current quarter.

11. **Capital Commitments**

There were capital commitments of RM10.9 million for plant and equipment as at the end of the current quarter.

12. Changes in Contingent Liabilities and Contingent Assets

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

13. Subsequent Events

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

14. Related Party Disclosures

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

	3 months ended	
	30.04.2010	30.04.2009
	RM'000	RM'000
Related companies: *		
Purchase of products	30	57
Rendering of services	19	25
Associates:		
Sale of products	4,744	4,122
	<hr/>	<hr/>

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

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

15. Performance Review

The Group's revenue and profit before tax for Q1 FY2011 of RM32.475 million and RM4.0 million were 55% and 31% higher than revenue and profit before tax recorded for Q1 FY2010 respectively. The better results achieved during Q1 FY2011 are due to higher sales achieved for meters, meter parts and project related works.

16. Variation of Results Against Preceding Quarter

Group Results	Current quarter ended 30.04.2010	Preceding quarter ended 31 .01.2010	Difference
	RM'000	RM'000	%
Revenue	32,475	41,265	-21
Profit before tax	4,002	9,598	-58

Revenue for the current quarter was RM32.5 million as compared to RM41.3 million in the preceding quarter and the profit before tax was RM4.0 million as compared to RM9.6 million in the preceding quarter, a decrease of 21% and 58% respectively. The lower revenue and profit was attributable to the lower sales of meters, meter related parts and project related jobs in the current quarter.

17. Prospects

The measures put in place three years ago have resulted in a healthy order book and a more efficient management. With the economies improving, the Board is optimistic of the prospect for the current financial year.

18. Profit Forecast or Profit Guarantee

Not applicable.

19. Income Tax Expense

	3 months ended	
	30.04.2010	30.04.2009
	RM'000	RM'000
Current tax:		
Malaysian income tax	701	57
Foreign tax	373	1,008
Total income tax expense	<u>1,074</u>	<u>1,065</u>

The effective tax rate for the previous year was higher than the statutory tax rate due to the different statutory tax rate of an overseas subsidiary.

20. Sale of Unquoted Investments and Properties

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

21. Marketable Securities

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

	3 months ended	
	30.04.2010	30.04.2009
	RM'000	RM'000
Purchase consideration	337	-
Sales proceeds	1,065	-
Gain on disposal	6	-

Details of investments in quoted securities:

	As at	As at
	30.04.2010	31.01.2010
	RM'000	RM'000
Marketable securities:-		
At cost	2,459	3,226
At book value	2,631	3,182
At market value	2,631	3,182

22. Corporate Proposals

There were no corporate proposals that have not been completed.

23. Borrowings

	As at	As at
	30.04.2010	31.01.2010
	RM'000	RM'000
Short Term Borrowings:-		
Bank overdrafts	1,069	1,135
Revolving credits	4,500	4,500
Bankers acceptance	4,756	6,836
Term loans	2,400	2,400
Hire purchase and finance lease liabilities	271	271
	12,996	15,142
Long Term Borrowings:-		
Term loans	12,356	13,456
Hire purchase and finance lease liabilities	675	740
	13,031	14,196
Total Borrowings	26,027	29,338

All borrowings are denominated in Ringgit Malaysia and secured against a landed property of the Group.

24. Off Balance Sheet Financial Instruments

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

25. 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 cases against Damini Corporation Sdn Bhd & Delta Perdana Sdn Bhd and Premier Amalgamated Sdn Bhd have been heard and judgements were given against the Company on 23 April 2010 and 15 September 2009 respectively. The Company has filed appeals against the judgements. 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.

26. Dividend Paid

There was no dividend paid in the current quarter.

27. 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	
	30.04.2010	30.04.2009
Profit attributable to ordinary equity holders of the Company (RM'000)	2,928	1,979
Number of ordinary shares in issue ('000)	225,239	192,526
Adjustment for assumed conversion of ICULS ('000)	-	32,693
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	225,239	225,219
Earnings per share attributable to equity holders of the Company (sen):		
Basic/diluted, for profit for the period	1.3	0.9

By Order of the Board

Teh Yong Fah
Company Secretary
29 June 2010