Condensed consolidated interim financial statements

For the six-month period ended 31 July 2012

Condensed consolidated statement of comprehensive income

	Note	Current quarter 3 months ended 31 July 2012 RM'000 Unaudited	31 July 2011 RM'000 Unaudited	Cumulative quarter 6 months ended 31 July 2012 RM'000 Unaudited	31 July 2011 RM'000 Unaudited
Revenue		56,555	41,350	96,228	72,085
Cost of sales		(42,683)	(28,522)	(71,865)	(50,522)
Gross profit		13,872	12,828	24,363	21,563
Other operating income		1,367	723	2,079	2,261
Administrative expenses		(801)	(716)	(1,524)	(1,277)
Selling and distribution costs		(694)	(449)	(1,137)	(831)
Other operating expenses		(5,487)	(5,379)	(9,968)	(9,895)
Operating profit		8,257	7,007	13,813	11,821
Finance costs		(642)	(395)	(1,234)	(763)
Share of results of an associate		82	703	1,621	1,099
Profit before tax	8	7,697	7,315	14,200	12,157
Income tax expense	9	(1,900)	(1,669)	(3,674)	(3,439)
Profit for the period, net of tax, attributable to owners of the parent		5,797	5,646	10,526	8,718
Other comprehensive income					
Net gain from translation of foreign operations		1,914	2,652	2,629	4,566
Total comprehensive income for the period, net of tax, attributable to owners of the parent		7,711	8,298	13,155	13,284
Earnings per share attributable to owners of the parent (sen):					
Basic	10	2.6	2.5	4.7	3.9
Diluted	10	2.6	2.5	4.7	3.9

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

George Kent (Malaysia) Berhad (1943-X)

Condensed consolidated interim financial statements

For the six-month period ended 31 July 2012

Condensed consolidated statement of financial position

	Note	31 July 2012 Unaudited RM'000	31 January 2012 Unaudited RM'000 (restated)	1 February 2011 Unaudited RM'000 (restated)
Assets				
Non-current assets				
Property, plant & equipment	11	96,382	93,513	87,176
Intangible assets	12	422	454	496
Investments in associates		35,520	32,110	25,224
Deferred tax asset		1,938	1,835	1,722
		134,262	127,912	114,618
Current assets				
Inventories	13	43,239	38,615	39,814
Trade and other receivables		69,664	50,155	38,428
Other current assets		116	106	3,226
Investment securities	15	2,066	4,692	4,497
Cash and bank balances	14	54,199	59,574	61,714
		169,284	153,142	147,679
Total assets		303,545	281,054	262,297
Equity and liabilities				
Share capital	16	112,651	112,651	112,650
Share premium	16	2,092	2,092	2,091
Other reserves		(982)	(3,611)	(11,785)
Retained earnings		113,829	103,303	92,417
Total equity		227,590	214,435	195,373
Non-current liabilities				
Interest-bearing loans and borrowings	17	17,060	19,237	11,570
Deferred tax liabilities		2,246	2,327	1,845
		19,306	21,564	13,415
Current liabilities				
Interest-bearing loans and borrowings	17	21,295	15,219	16,674
Trade and other payables		25,633	21,164	32,183
Other current liabilities		9,143	8,415	3,826
Tax payables		578	257	826
		56,650	45,055	53,509
Total liabilities		75,956	66,619	66,924
Total equity and liabilities		303,546	281,054	262,297

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the six-month period ended 31 July 2012
Condensed consolidated statements of changes in equity

	Attributable to owners of the Parent						
		Non-Distributable		Distributable	Non-Distributable		
	Equity, total RM'000	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Other reserves, total RM'000	Asset Revaluation Reserve - Freehold Land RM'000	Foreign Currency Translation Reserves RM'000
At 1 February 2011							
As previously stated	164,261	112,650	2,091	49,797	(277)	11,508	(11,785)
Effect of transition to MFRS	31,112	-	-	42,620	(11,508)	(11,508)	-
At 1 February 2011, restated	195,373	112,650	2,091	92,417	(11,785)	-	(11,785)
Total comprehensive income	13,284	-	-	8,718	4,566	-	4,566
Transactions with owners							
Issue of ordinary shares pursuant to employee share option scheme	3	2	1	-	-	-	-
At 31 July 2011	**208,660**	**112,652**	**2,092**	**101,135**	**(7,219)**	**-**	**(7,219)**
At 1 February 2012							
As previously stated	183,323	112,651	2,092	60,683	7,897	11,508	(3,611)
Effect of transition to MFRS	31,112	-	-	42,620	(11,508)	(11,508)	-
At 1 February 2012, restated	**214,435**	**112,651**	**2,092**	**103,303**	**(3,611)**	**-**	**(3,611)**
Total comprehensive income	13,155			10,526	2,629		2,629
At 31 July 2012	**227,590**	**112,651**	**2,092**	**113,829**	**(982)**	**-**	**(982)**

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

George Kent (Malaysia) Berhad (1943-X)

Condensed consolidated interim financial statements
For the six-month period ended 31 July 2012

Condensed consolidated statement of cash flows

	Note	6 months ended 31 July 2012 Unaudited RM' 000	31 July 2011 Unaudited RM' 000
Operating activities			
Profit before tax		14,200	12,157
Adjustments for:			
Interest income		(981)	(900)
Interest expenses		1,234	763
Gain on disposal of property, plant and equipment	11	(13)	-
Net fair value gain on held for trading investment securities		(98)	(18)
Amortisation of intangible assets	12	45	51
Depreciation of property, plant and equipment		1,480	1,178
Write-down of inventories	13	500	35
Gain on foreign exchange - realised		(46)	(759)
Gain on foreign exchange - unrealised		(487)	(269)
The Group continues to perform well despite the global economic slowdov		(1,621)	(1,099)
Other non-cash adjustments		(114)	731
Total adjustments		(101)	(287)
Operating cash flows before changes in working capital		14,099	11,870
Changes in working capital			
Increase in inventories		(5,124)	(2,590)
(Increase)/decrease in trade and other receivables		(19,518)	8,761
Increase/(decrease) in trade and other payables		5,196	(14,143)
Total changes in working capital		(19,446)	(7,972)
Interest received		981	900
Interest paid		(1,234)	(763)
Income tax paid		(3,538)	(4,451)
		(3,790)	(4,314)
Cash flows from operations		(9,137)	(416)
Investing activities			
Purchase of property, plant and equipment		(4,731)	(5,725)
Proceed from disposal of property, plant and equipment		80	-
Purchase of intangible assets		(14)	-
Purchase of marketable securities		(671)	(678)
Proceed from disposal of marketable securities		3,437	497
Others		107	62
Net cash used in investing activities		(1,792)	(5,844)
Financing activities			
Drawdown/(Repayment) of bank borrowings		3,934	146
Proceed from exercise of employee share options		-	2
Others		(142)	(121)
Net cash generated from financing activities		3,792	27
Net change in cash and cash equivalents		(7,137)	(6,233)
Effect of exchange rate changes on cash and cash equivalents		1,655	720
Cash and cash equivalents at 1 February		54,896	59,345
Cash and cash equivalents at 31 July*		49,414	53,832

*** Cash and cash equivalents comprise the following at 31 July:**

Cash and bank balances	54,199	55,343
Bank overdrafts	(4,785)	(1,511)
Total cash and cash equivalents	49,414	53,832

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

Explanatory notes pursuant to MFRS 134
For the six-month period ended 31 July 2012

1 Corporate information

George Kent (Malaysia) Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad ("Bursa").

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 September 2012.

2 First-time adoption of Malaysian Financial Reporting Standard ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 July 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and Paragraph 9.22 of the Listing Requirements of Bursa. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial reporting issued by the International Accounting Standard Board. For the period up to and including the year ended 31 January 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 January 2012 which were prepared under FRS are available upon request from the Company registered office at Lot 1115, Batu 15, Jalan Dengkil, 47100 Puchong, Selangor Darul Ehsan.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 January 2013. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated 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 2012.

In preparing its opening MFRS Statement of Financial Position as at 1 February 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. This note includes reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

3 Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 January 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 January 2012 except as discussed below:

3 Significant accounting policies and application of MFRS 1 (continued)

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 *Business Combinations,* prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

(i) The classification of former business combinations under FRS is maintained;

(ii) There is no-remeasurement of original fair values determined at the time of business combination (date of acquisition).

(b) Property, plant and equipment

Except for certain of the freehold land of the Group and of the Company, which are carried at valuation, all other property, plant and equipment are carried at cost less accumulated depreciation. Certain freehold land of the Company and of the Group have not been revalued since they were first revalued in 1996. The directors have not adopted a policy of regular revaluations of such assests and no later valuation has been recorded. As permitted under the transitional provisions of MASB Approved Accounting Standard IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1996 valuation less accumulated depreciation.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 *Property, Plant and Equipment.* At the date of transition to MFRS, the group elected to apply the "deemed cost" transition exemption and use the fair value at date of transition as deemed cost. Accordingly, the financial impact is as follows:

- a decrease of RM291,000 for building on freehold land was recognised in property, plant and equipment and retained earnings as of 1 February 2011, 31 July 2011 and 31 January 2012;
- an increase of RM31,403,000 for freehold land was recognised in property plant and equipment (31 July 2011: RM31,403,000; 31 January 2012: RM31,403,000) was recognised in property, plant and equipment and retained earnings as of 1 February 2011, 31 July 2011 and 31 January 2012; and
- a reclassification of RM11,508,000 from asset revaluation reserve to retained earnings as of 1 February 2011, 31 July 2011 and 31 January 2012.

(c) Estimates

The estimates at 1 February 2011 and 31 January 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at at 1 February 2011, the date of transition to MFRS and as of 31 January 2012.

Explanatory notes pursuant to MFRS 134
For the six-month period ended 31 July 2012

3 Significant accounting policies and application of MFRS 1 (continued)

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 February 2011

	FRS as at 1 February 2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 1 February 2011 RM'000
Property, plant and equipment	56,064	31,112	87,176
Other reserves (Asset revaluation)	11,508	(11,508)	-
Retained earnings	49,797	42,620	92,417

(ii) Reconciliation of equity as at 31 July 2011

	FRS as at 31 July 2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 31 July 2011 RM'000
Property, plant and equipment	61,047	31,112	92,159
Other reserves (Asset revaluation)	11,508	(11,508)	-
Retained earnings	48,764	42,620	91,384

(iii) Reconciliation of equity as at 31 January 2012

	FRS as at 31 January 2012 RM'000	Effect of transition to MFRS RM'000	MFRS as at 31 January 2012 RM'000
Property, plant and equipment	62,401	31,112	93,513
Other reserves (Asset revaluation)	11,508	(11,508)	-
Retained earnings	60,683	42,620	103,303

4 Changes in estimates

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

5 Changes in composition of the Group

On 13 June 2012, the Board of Directors had announced that the final meeting for members' voluntary winding-up of George Kent (Sabah) Sdn Bhd, a subsidiary of the Company, was duly held on 12 March 2012. Pursuant to Section 272(5) of the Companies Act 1965, George Kent (Sabah) Sdn Bhd has been dissolved with effect from 12 June 2012, i.e. on the expiration of three (3) months after lodging of prescribed documents to Registrar of Companies in regards to the final meeting.

Save as disclosed above, there were no significant changes in the composition of the Group during the quarter and six months period ended 31 July 2012.

Explanatory notes pursuant to MFRS 134
For the six-month period ended 31 July 2012

6 Segment information

Segment information is presented in respect of the Group's operating segments. The activities within each of these segments are explained below:

(a) Investment

Investment comprised mainly income derived from investment activities.

(b) Water infrastructure/engineering construction

Water infrastructure/Engineering construction comprises mainly revenue derived from the production and marketing of water related product and services, operation of water infrastructure and mechanical & electrical engineering construction contracts.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

	Investment	Water infrastructure/ engineering construction	Adjustments and eliminations	Per condensed consolidated financial statements
Current quarter	RM'000	RM'000	RM'000	RM'000
3 months period ended 31 July 2012				
Revenue:				
External customers	-	56,555	-	56,555
Results:				
Interest income	447	77	-	524
Depreciation and amortisation	-	820	-	820
Share of results of associate	-	82	-	82
Segment profit (Note A)	648	7,609	(560)	7,697
3 months period ended 31 July 2011				
Revenue:				
External customers	-	32,412	-	32,412
Results:				
Interest income	455	71	-	526
Depreciation and amortisation	-	721	-	721
Share of results of associate	-	703	-	703
Segment profit (Note A)	445	6,562	308	7,315

Explanatory notes pursuant to MFRS 134
For the six-month period ended 31 July 2012

6 Segment information (continued)

Cumulative quarter	Investment RM'000	Water infrastructure/ engineering construction RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
6 months period ended 31 July 2012				
Revenue:				
External customers	-	96,228	-	96,228
Results:				
Interest income	898	83	-	981
Depreciation and amortisation	-	1,525	-	1,525
Share of results of associate	-	1,621	-	1,621
Segment profit (Note A)	945	12,868	387	14,200
6 months period ended 31 July 2011				
Revenue:				
External customers	-	72,085	-	72,085
Results:				
Interest income	803	97		900
Depreciation and amortisation	-	1,229		1,229
Share of results of associate	-	1,099		1,099
Segment profit (Note A)	1,321	10,500	336	12,157

Note A

The following items are added to/(deducted from) segment profit to arrive at "Profit before taxation from operations" presented in the consolidated statement of comprehensive income:

	Current quarter 3 months ended		**Cumulative quarter 6 months ended**	
	31 July 2012	**31 July 2011**	**31 July 2012**	**31 July 2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share of results of associate	82	703	1,621	1,099
Finance costs	(642)	(395)	(1,234)	(763)
	(560)	308	387	336

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2012

6 Segment information (continued)

Investment

During the quarter under review, the investment segment contributed 8% (31 July 2011: 6%) of the operating profit of the Group. For the six months periods ended 31 July 2012, the investment segment contributed 7% (31 July 2011: 11%) of the operating profit of the Group, mainly derived from investment activities.

Operating profit has decreased 28% from RM1.32 million in the corresponding period in 2011 to RM0.95 million in the current period mainly due to higher operating expenses.

Water infrastructure/engineering construction

The water infrastructure/engineering construction segment remained the Group's main source of revenue, contributing 100% (31 July 2010: 100%) of the revenue of the Group. During the quarter under review, this segment contributed 92% (31 July 2011: 94%) of the operating profit of the Group. For the six months periods ended 31 July 2012, this segment contributed 93% (31 July 2011: 89%) of the operating profit of the Group.

Segment revenue of RM56.56 million for the current quarter ended 31 July 2012 increased by 74% compared to RM32.41 million for the corresponding quarter in 2011. Operating profit recorded RM7.61 million for the current quarter ended 31 July 2012, increased by 16% compared to a profit before tax of RM6.56 million for the corresponding quarter in 2011.

Segment revenue of RM96.23 million for the six months period ended 31 July 2012 increased by 33% compared to RM72.09 million for the corresponding period in 2011. Operating profit recorded RM12.87 million for the current period ended 31 July 2012, increased by 23% compared to a profit before tax of RM10.5 million for the corresponding period in 2011.

The operations for this segment are mainly concentrated in Malaysia, with the regional activities in the ASEAN countries and Papua New Guinea. Its core businesses are centred in the water industry and engineering works. Despite the sovereign debt crisis in Europe, the economies in the region showed resilience. The demand for water meters and manufactured products and the progress of project works is encouraging and led to higher revenue for the current quarter and cumulative quarter ended 31 July 2012.

Consolidated profit before tax

The Group's current quarter profit before tax of RM7.697 million (31 July 2011: RM7.315 million) has increased by 5%. The Group's cumulative quarter profit before tax of RM14.2 million (31 July 2011: RM12.157 million) has increased by 17%. The main factors which have affected the Group's profit before tax have been discussed above.

7 Seasonality of operations

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

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2012

8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31 July 2012 RM'000	**31 July 2011 RM'000**	**31 July 2012 RM'000**	**31 July 2011 RM'000**
Interest income	(524)	(526)	(981)	(900)
Other income (including investment income)	(843)	(197)	(1,098)	(1,361)
Interest expenses	642	395	1,234	763
Depreciation of property, plant and equipment	797	689	1,480	1,178
Amortisation of intangible assets	24	32	45	51
Loss/(Gain) on disposal of quoted and unquoted investments	12	11	(7)	(32)
Gain on disposal of property, plant and equipment	(17)	-	(13)	-
Net fair value (gain)/loss on held for trading investment securities	(267)	8	(98)	(18)
Write-down of inventories	500	-	500	35
Gain on foreign exchange-realised	(478)	(490)	(46)	(759)
(Gain)/Loss on foreign exchange - unrealised	(60)	454	(487)	(269)

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31 July 2012 RM'000	**31 July 2011 RM'000**	**31 July 2012 RM'000**	**31 July 2011 RM'000**
Current Tax:				
Malaysian income tax	1,302	1,203	1,980	1,772
Foreign tax	598	466	1,694	1,667
	1,900	1,669	3,674	3,439

Domestic income tax is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10 Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of the dilutive potential ordinary shares into ordinary shares.

Explanatory notes pursuant to MFRS 134
For the six-month period ended 31 July 2012

10 Earnings Per Share (continued)

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31 July 2012	31 July 2011	31 July 2012	31 July 2011
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	5,797	5,646	10,526	8,718
Weighted average number of ordinary shares in issue ('000)	225,303	225,302	225,303	225,302
Effects of dilution				
'- Share options ('000)	56	85	50	85
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	225,359	225,387	225,353	225,387
Basic earnings per share (sen)	2.6	2.5	4.7	3.9
Diluted earnings per share (sen)	2.6	2.5	4.7	3.9

11 Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 July 2012, the Group acquired assets at a cost of RM4.731 million (31 July 2011: RM6.189 million).

Assets with carrying amount of RM484,297 were disposed of by the Group during the six months period ended 31 July 2012 (31 July 2011: Nil), resulting in a gain on disposal of RM13,000 (31 July 2011: Nil), recognised and included in other operating income in the statement of comprehensive income.

12 Intangible assets

	Computer software RM'000	Development costs RM'000	Total RM'000
Cost:			
At 1 February 2011	243	980	1,223
Addition	46	-	46
At 31 January 2012 and 1 February 2012	289	980	1,269
Addition	14	-	14
At 31 July 2012	303	980	1,283

Explanatory notes pursuant to MFRS 134
For the six-month period ended 31 July 2012

12 Intangible assets (continued)

	Computer software RM'000	Development costs RM'000	Total RM'000
Accumulated amortisation:			
At 1 February 2011	139	588	727
Amortisation	39	49	88
At 31 January 2012 and 1 February 2012	178	637	815
Amortisation	20	25	45
At 31 July 2012	198	662	860
Net carrying amount:			
At 1 February 2011	104	392	496
At 31 January 2012	111	343	454
At 31 July 2012	105	318	422

Computer software

Computer software is stated at cost less any accumulated impairment losses and amortised on a straight-line basis over the estimated economic useful lives at the annual rate of 20%. Impairment is assessed whenever there is an indication that the intangible asset may be impaired. The amortisation of computer software is included in administrative expenses in the statement of comprehensive income.

Development costs

Development costs, considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised using the straight-line basis from the commencement of the contract to which they relate over the period of their expected benefit not exceeding 20 years. The amortisation of development costs is included in administrative expenses in the statement of comprehensive income.

13 Inventories

During the six months ended 31 July 2012, the Group recognised a write-down of inventories of RM500,000 (31 July 2011: RM34,704) that was obsolete. This expense was included in the cost of sales in the statement of comprehensive income.

14 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 July 2012 RM'000	31 January 2012 RM'000	1 February 2011 RM'000
Cash at bank and in hand	25,425	30,070	26,041
Short term deposits	28,774	29,504	35,673
	54,199	59,574	61,714

Explanatory notes pursuant to MFRS 134
For the six-month period ended 31 July 2012

15 Fair value hierarchy

The Group use the following hierarchy for determining the vair value of all financial instruments

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
Level 2 - Input that are based on observable market data
Level 3 - Input that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 July 2012				
Financial assets held for trading:				
- Quoted shares	2,066	2,066	-	-
At 31 January 2012				
Financial assets held for trading:				
- Quoted shares	4,692	4,692	-	-

16 Share capital, share premium and treasury shares

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current interim period.

17 Interest-bearing loans and borrowings

	31 July 2012 RM'000	31 January 2012 RM'000	1 February 2011 RM'000
Secured			
Short term borrowings	21,295	15,219	16,674
Long term borrowings	17,060	19,237	11,570
	38,355	34,456	28,244

18 Provisions for costs of restructuring

Not applicable.

19 Dividends

On 18 July 2012, Shareholders of the Company had approved the final gross dividend of RM0.03 less tax 25% per share for the financial year ended 31 January 2012 (FY2011 : RM0.03 less tax). The dividend was paid on 16 August 2012, amounting to RM5.069 million. The total gross dividend (interim and final) declared and paid for the financial year ended 31 January 2012 was RM0.05 less tax 25% per share. In Ringgit Malaysia term, the total net dividend amounted to RM8.448 million (FY2011 : RM8.448 million).

Your Board has declared an interim gross dividend of RM0.02 per share less tax at 25% (FY 2012: RM0.02 less 25% tax) amounting to RM3.379 million (FY 2012: RM3.379 million) for the financial year ending 31 January 2013.

The dividend will be paid on 22 November 2012 to shareholders whose names appear in the Register of Members and/or Record of Depositors on 23 October 2012.

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2012

20 Commitments

Capital expenditure as at the reporting date is as follows:

	31 July 2012	31 January 2012	1 February 2011
	RM'000	RM'000	RM'000
Approved but not contracted for:			
Property, plant and equipment	471	3,880	12,479

21 Contingencies

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

22 Related party transactions

The Group had the following transactions with related parties during the six-months period ended 31 July:

	Cumulative quarter 6 months ended	
	31 July 2012	31 July 2011
	RM'000	RM'000
Related companies: *		
Rental income for motor vehicle	-	11
Purchase of tiles	-	82
Purchase of air tickets	179	53
Professional and share registration charges	119	47
Sale of products	883	-

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

23 Events after the reporting period

There were no material event subsequent to the end of current interim period.

Explanatory notes pursuant to Bursa Malaysia Listing Requirements:

Chapter 9, Appendix 9B, Part A

For the six-month period ended 31 July 2012

24 Performance review

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

25 Comment on material change in profit before taxation

The profit before taxation for the current quarter ended 31 July 2012 is 18% higher than the preceeding quarter due to higher sale of meters and contribution from the project related works in the current quarter.

26 Commentary on prospects

The Group continues to perform well despite the global economic slowdown and the ongoing Euro zone debt crisis. The continuous improvements in our manufacturing capabilities including the upgrade of the manufacturing facilities have strengthened our ability to fulfill the demand for our meter and non-meter products.The Group has been able to leverage on both its manufacturing and M & E engineering construction capabilities to grow its revenue base.

The Ampang LRT Extension Project will not have any significant effect on the earnings of the Group for the financial year ending 31st January 2013 but is expected to contribute positively to the future earnings of the Group.

The Board is optimistic of the Group's prospects for the rest of the financial year.

27 Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

Not applicable.

28 Statement by directors on achievability of revenue or profit estimate, forcast, projection or internal targets

Not applicable.

29 Profit forecast or profit guarantee

Not applicable.

30 Corporate proposals

There were no corporate proposals announced but not completed as at the date of issue of these interim financial statements.

31 Changes in material litigation

There are no changes to the status of the material litigations since the last quarterly results announced by the Company on 25 June 2012.

32 Dividend payable

Please refer to Note 19 for details.

33 Disclosure of nature of outstanding derivatives

Not applicable.

34 Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 31 July 2012 or the previous financial year ended 31 January 2012.

35 Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 July 2012 or the previous financial year ended 31 January 2012.

36 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any gains/losses arising from fair value changes of financial liabilities as at 31 July 2012 and 31 January 2012.

37 Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 31 July 2012 and 31 January 2012 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 31 July 2012 RM'000	**Previous financial year ended 31 January 2012 RM'000**
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(71,770)	(75,064)
- Unrealised	42,897	40,593
	(28,873)	(34,471)
Total share of retained profits from an associate		
- Realised	24,754	21,772
- Unrealised	(1)	(369)
	(4,120)	(13,068)
Less: Consolidation adjustments	117,949	116,371
Total Retained profits as per financial statements	113,829	103,303

38 Auditors'report on preceding annual financial statements

The auditors'report on the financial statements for the year ended 31 January 2012 was not qualified.