

**GEORGE KENT (MALAYSIA) BERHAD**

**Condensed Consolidated Income Statements for the Year Ended 31 January 2010**

	Note	3 months ended		12 months ended	
		31.01.2010 RM'000	31.01.2009 RM'000	31.01.2010 RM'000	31.01.2009 RM'000
Revenue	4	41,265	26,754	125,084	106,933
Cost of sales		(28,159)	(17,349)	(82,457)	(72,212)
<b>Gross profit</b>		<b>13,106</b>	<b>9,405</b>	<b>42,627</b>	<b>34,721</b>
Other income		839	456	3,220	2,214
Administrative and other expenses		(4,260)	(4,240)	(18,398)	(22,035)
Distribution cost		(325)	(237)	(688)	(443)
<b>Operating Profit</b>		<b>9,360</b>	<b>5,384</b>	<b>26,761</b>	<b>14,457</b>
Finance costs		(190)	(593)	(1,256)	(1,734)
Share of profit of associates		428	598	1,214	1,895
<b>Profit before tax</b>		<b>9,598</b>	<b>5,389</b>	<b>26,719</b>	<b>14,618</b>
Income tax expense	19	(2,094)	(62)	(6,592)	(3,410)
<b>Profit for the year</b>		<b>7,504</b>	<b>5,327</b>	<b>20,127</b>	<b>11,208</b>
Attributable to:					
Equity holders of the Company		7,504	5,327	20,127	11,193
Minority interest		-	-	-	15
		<b>7,504</b>	<b>5,327</b>	<b>20,127</b>	<b>11,208</b>
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic/diluted, for profit for the year	27	<b>3.3</b>	<b>2.4</b>	<b>8.9</b>	<b>5.0</b>

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 January 2010**

	Note	As at 31.01.2010 RM'000	As at 31.01.2009 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment		49,943	49,503
Prepaid land lease payments		93	100
Intangible assets		461	519
Investments in unquoted shares of associates		17,709	16,943
Investments in unquoted debentures of associate		9,894	10,443
Deferred tax asset		1,530	1,201
		<u>79,630</u>	<u>78,709</u>
<b>Current assets</b>			
Inventories		27,674	29,643
Trade and other receivables		33,852	37,801
Tax recoverable		-	179
Marketable securities	21	3,182	232
Cash and bank balances		63,191	27,493
		<u>127,899</u>	<u>95,348</u>
<b>TOTAL ASSETS</b>		<u>207,529</u>	<u>174,057</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	8	112,610	96,263
Share premium		2,065	2,065
ICULS	8	-	16,347
Other reserves		11,445	12,986
Retained earnings		22,265	7,924
<b>Total equity</b>		<u>148,385</u>	<u>135,585</u>
<b>Non-current liabilities</b>			
Borrowings	23	14,196	16,083
Deferred tax liabilities		1,057	805
		<u>15,253</u>	<u>16,888</u>
<b>Current Liabilities</b>			
Borrowings	23	15,141	5,849
Trade and other payables		26,931	15,372
Current tax payable		1,819	363
		<u>43,891</u>	<u>21,584</u>
<b>Total liabilities</b>		<u>59,144</u>	<u>38,472</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>207,529</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 Year Ended 31 January 2010**

	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	-	-	-	4,190	-	4,190	-	4,190
Net income recognised directly in equity	-	-	-	4,190	-	4,190	-	4,190
Profit for the year	-	-	-	-	11,193	11,193	15	11,208
Total recognised income and expense for the year	-	-	-	4,190	11,193	15,383	15	15,398
Deemed disposal of a subsidiary	-	-	-	-	-	-	(928)	(928)
Dividends	-	-	-	-	(2,377)	(2,377)	-	(2,377)
Issue of ordinary shares pursuant to the conversion of ICULS	17,035	-	(17,035)	-	-	-	-	-
<b>At 31 January 2009</b>	96,263	2,065	16,347	12,986	7,924	135,585	-	135,585
Foreign currency translation	-	-	-	(1,541)	-	(1,541)	-	(1,541)
Net income recognised directly in equity	-	-	-	(1,541)	-	(1,541)	-	(1,541)
Profit for the year	-	-	-	-	20,127	20,127	-	20,127
Total recognised income and expense for the year	-	-	-	(1,541)	20,127	18,586	-	18,586
Dividends	-	-	-	-	(5,786)	(5,786)	-	(5,786)
Issue of ordinary shares pursuant to the conversion of ICULS	16,347	-	(16,347)	-	-	-	-	-
<b>At 31 January 2010</b>	112,610	2,065	-	11,445	22,265	148,385	-	148,385

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 Year Ended 31 January 2010**

	12 months ended	
	31.01.2010 RM' 000	31.01.2009 RM' 000
Net cash generated from/(used in) operating activities	38,361	(9,173)
Net cash (used in)/ generated from investing activities	(3,924)	9,925
Net cash generated from financing activities	<u>1,289</u>	<u>2,951</u>
Net increase in cash & cash equivalents	35,726	3,703
Effect of exchange rate changes	(358)	2,164
Cash & cash equivalents at beginning of the year	26,688	20,821
Cash & cash equivalents at end of the year *	<u><u>62,056</u></u>	<u><u>26,688</u></u>

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

	As at 31.01.2010 RM'000	As at 31.01.2009 RM'000
Cash and bank balances	63,191	27,493
Bank overdrafts	<u>(1,135)</u>	<u>(805)</u>
Total cash and cash equivalents	<u><u>62,056</u></u>	<u><u>26,688</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 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 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 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 years 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		12 months ended	
	31.01.2010	31.01.2009	31.01.2010	31.01.2009
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Malaysia	38,023	23,049	111,553	93,919
Overseas	3,242	3,705	13,531	13,014
Total revenue	41,265	26,754	125,084	106,933
<b>Segment Results</b>				
Malaysia	7,068	3,660	14,798	6,686
Overseas	436	1,667	5,329	4,522
Total results	7,504	5,327	20,127	11,208

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

On 4 January 2010, 122,992 new ordinary shares of RM0.50 each were issued pursuant to the compulsory conversion of the remaining ICULS.

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 RM7,852,000 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 year:

	12 months ended	
	31.01.2010	31.01.2009
	RM'000	RM'000
Related companies: *		
Purchase of products	292	250
Sales commission	-	330
Rendering of services	81	99
Rental income	-	27
Associates:		
Sale of products	18,928	20,351

\* 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**

**15. Performance Review**

The Group's profit before tax for Q4FY2010 of RM9.598 million was 78% higher than corresponding period. The Group's revenue for Q4FY2010 of RM41.265 million was 54% higher compared to Q4FY2009. The better results achieved during Q4 FY2010 are due to higher sales achieved for meter, OEM and other products and project related works. The profit before tax was further improved by the implementation of better cost control measures.

The Group's profit before tax for FY2010 of RM26.719 million was 83% higher than the profit before tax recorded for previous financial year. The Group's revenue for FY2010 of RM125.084 million was 17% higher compared to the revenue recorded for FY2009. The higher revenue was contributed mainly from higher sales of project related jobs which was partly off-set by lower sales achieved for meter, OEM and industrial products. The lower sales of meters, OEM and industrial products were due to lower average prices achieved during the financial year.

The higher profit before tax achieved for FY2010 was due mainly to higher profit contribution from project related works. The profit contribution from meters, OEM and industrial products remained stable, compared to FY2009, despite achieving lower sales as aforesaid, due mainly to the implementation of better cost control measures.

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

	<b>Current quarter ended 31.01.2010</b>	<b>Preceding quarter ended 31.10.2009</b>	<b>Difference</b>
	RM'000	RM'000	%
Revenue	41,265	32,474	27
Profit before tax	9,598	7,970	20

Revenue for the current quarter was RM41.27 million as compared to RM32.47 million in the preceding quarter and the profit before tax was RM9.60 million as compared to RM7.97 million in the preceding quarter, an increase of 27% and 20% respectively. The higher revenue and profit was attributable to the higher sales of meters, OEM products and contracts in the current quarter.

**17. Prospects**

The economic environment in which the Group operates continues to improve since the quarter under review. With a strong order book, the Board is optimistic for the current financial year.

**18. Profit Forecast or Profit Guarantee**

Not applicable.



**19. Income Tax Expense**

	3 months ended		12 months ended	
	31.01.2010	31.01.2009	31.01.2010	31.01.2009
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	1,765	72	4,357	957
Foreign tax	579	642	2,485	3,105
	<u>2,344</u>	<u>714</u>	<u>6,842</u>	<u>4,062</u>
Overprovision of Malaysian income tax in prior years	-	(652)	-	(652)
	<u>2,344</u>	<u>62</u>	<u>6,842</u>	<u>3,410</u>
Deferred tax	(250)	-	(250)	-
Total income tax expense	<u>2,094</u>	<u>62</u>	<u>6,592</u>	<u>3,410</u>

The effective tax rate for the previous year was lower than the statutory tax rate due to the write back of overprovision in prior years.

**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		12 months ended	
	31.01.2010	31.01.2009	31.01.2010	31.01.2009
	RM'000	RM'000	RM'000	RM'000
Purchase consideration	1,670	-	3,631	-
Sales proceeds	672	-	1,414	5
Gain on disposal	34	-	253	0

Details of investments in quoted securities:

	As at	As at
	31.01.2010	31.01.2009
	RM'000	RM'000
Marketable securities:-		
At cost	3,225	393
At book value	3,182	232
At market value	3,182	232

**22. Corporate Proposals**

There were no corporate proposals that have not been completed.

**23. Borrowings**

	<b>As at 31.01.2010 RM'000</b>	<b>As at 31.01.2009 RM'000</b>
Short Term Borrowings:-		
Bank overdrafts	1,135	805
Revolving credits	4,500	3,200
Bankers acceptance	6,836	-
Term loans	2,400	1,700
Hire purchase and finance lease liabilities	270	144
	<hr/> 15,141	<hr/> 5,849
Long Term Borrowings:-		
Term loans	13,456	15,756
Hire purchase and finance lease liabilities	740	327
	<hr/> 14,196	<hr/> 16,083
Total Borrowings	<hr/> 29,337	<hr/> 21,932

All borrowings are denominated in Ringgit Malaysia and secured against landed properties 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 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.

**26. Dividend Paid**

There was no dividend paid in the current quarter.

Subject to the shareholders' approval at the forthcoming Annual General Meeting ("AGM"), the Directors have recommended a final gross dividend of RM0.02 per share less tax at 25% for the financial year ended 31 January 2010 (31 January 2009 : RM0.015). If approved at the AGM, the total gross dividend (interim and final) declared for the financial year ended 31 January 2010 will amount to RM0.04 per share. In Ringgit Malaysia term, this will total a net of tax amount of RM 6.685 million (31 January 2009 : RM 4.857 million).

## 27. Earnings per Share

Basic earnings per share amount is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. 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.

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.01.2010</b>	<b>31.01.2009</b>	<b>31.01.2010</b>	<b>31.01.2009</b>
Profit attributable to ordinary equity holders of the Company (RM'000)	7,504	5,327	20,127	11,193
Number of ordinary shares in issue ('000)	225,219	192,526	225,219	192,526
Adjustment for assumed conversion of ICULS ('000)	-	32,693	-	32,693
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 year	3.3	2.4	8.9	5.0

By Order of the Board

Teh Yong Fah  
Company Secretary  
23 March 2010