



Condensed consolidated interim financial statements
For the nine-month period ended 31 October 2012
Condensed consolidated statement of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 October 2012 Unaudited RM'000	31 October 2011 Unaudited RM'000	31 October 2012 Unaudited RM'000	31 October 2011 Unaudited RM'000
Revenue		57,722	31,326	154,244	103,615
Cost of sales		(44,125)	(20,487)	(115,990)	(71,009)
Gross profit		13,597	10,839	38,254	32,606
Other operating income		402	796	2,187	2,853
Administrative expenses		(1,459)	(954)	(2,983)	(2,231)
Selling and distribution costs		(724)	(471)	(1,861)	(1,302)
Other operating expenses		(5,051)	(4,869)	(15,019)	(14,764)
Operating profit		6,765	5,341	20,578	17,162
Finance costs		(593)	(663)	(1,827)	(1,426)
Share of results of an associate		611	241	2,232	1,340
Profit before tax	8	6,783	4,919	20,983	17,076
Income tax expense	9	(2,207)	(1,333)	(5,881)	(4,772)
Profit for the period, net of tax, attributable to owners of the parent		4,576	3,586	15,102	12,304
Other comprehensive income					
Net (loss)/gain from translation of foreign operations		(1,893)	3,726	736	8,292
Total comprehensive income for the period, net of tax, attributable to owners of the parent		2,683	7,312	15,838	20,596
Earnings per share attributable to owners of the parent (sen):					
Basic	10	2.0	1.6	6.7	5.5
Diluted	10	2.0	1.6	6.7	5.5

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



Condensed consolidated interim financial statements
For the nine-month period ended 31 October 2012
Condensed consolidated statement of financial position

		31 October 2012	31 January 2012	1 February 2011
	Note	Unaudited RM'000	Unaudited RM'000 (restated)	Unaudited RM'000 (restated)
Assets				
Non-current assets				
Property, plant and equipment	11	94,965	93,513	87,176
Intangible assets	12	400	454	496
Investments in associates		34,881	32,110	25,224
Deferred tax asset		1,925	1,835	1,722
		<u>132,171</u>	<u>127,912</u>	<u>114,618</u>
Current assets				
Inventories	13	46,920	38,615	39,814
Trade and other receivables		65,565	50,155	38,428
Other current assets		149	106	3,226
Investment securities	15	2,320	4,692	4,497
Cash and bank balances	14	51,610	59,574	61,714
		<u>166,564</u>	<u>153,142</u>	<u>147,679</u>
Total assets		<u>298,735</u>	<u>281,054</u>	<u>262,297</u>
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	16	112,651	112,651	112,650
Share premium	16	2,092	2,092	2,091
Other reserves		(2,875)	(3,611)	(11,785)
Retained earnings		109,957	103,303	92,417
Total equity		<u>221,825</u>	<u>214,435</u>	<u>195,373</u>
Non-current liabilities				
Interest-bearing loans and borrowings	17	16,297	19,237	11,570
Deferred tax liabilities		2,244	2,327	1,845
		<u>18,541</u>	<u>21,564</u>	<u>13,415</u>
Current liabilities				
Interest-bearing loans and borrowings	17	17,526	15,219	16,674
Trade and other payables		40,656	29,579	36,009
Tax payables		187	257	826
		<u>58,369</u>	<u>45,055</u>	<u>53,509</u>
Total liabilities		<u>76,910</u>	<u>66,619</u>	<u>66,924</u>
Total equity and liabilities		<u>298,735</u>	<u>281,054</u>	<u>262,297</u>

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 nine-month period ended 31 October 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	20,596	-	-	12,304	8,292	-	8,292
Transactions with owners							
Dividends	(8,450)	-	-	(8,450)	-	-	-
Issue of ordinary shares pursuant to employee share option scheme	3	2	1	-	-	-	-
At 31 October 2011	207,522	112,652	2,092	96,271	(3,493)	-	(3,493)
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	15,838	-	-	15,102	736	-	736
Transactions with owners							
Dividends	(8,448)	-	-	(8,448)	-	-	-
At 31 October 2012	221,825	112,651	2,092	109,957	(2,875)	-	(2,875)

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



Condensed consolidated interim financial statements
For the nine-month period ended 31 October 2012
Condensed consolidated statement of cash flows

	Note	9 months ended	
		31 October 2012 Unaudited RM'000	31 October 2011 Unaudited RM'000
Operating activities			
Profit before tax		20,983	17,076
<u>Adjustments for:</u>			
Interest income		(1,332)	(1,353)
Interest expenses		1,827	1,426
(Gain)/loss on disposal of property, plant and equipment	11	(42)	13
Loss/(gain) on disposal of investment securities		12	(17)
Net fair value (gain)/loss on held for trading investment securities		(78)	343
Amortisation of intangible assets	12	68	69
Depreciation of property, plant and equipment		2,301	1,805
Write-down of inventories	13	1,100	35
Loss/(gain) on foreign exchange - unrealised		131	(377)
Share of results of an associate		(2,232)	(1,340)
Other non-cash adjustments		(141)	(6)
Total adjustments		<u>1,614</u>	<u>598</u>
Operating cash flows before changes in working capital		22,597	17,674
<u>Changes in working capital</u>			
Increase in inventories		(9,405)	(7,084)
(Increase)/decrease in trade and other receivables		(15,620)	16,245
Increase/(decrease) in trade and other payables		8,111	(14,375)
Total changes in working capital		<u>(16,914)</u>	<u>(5,214)</u>
Interest received		1,332	1,353
Interest paid		(1,827)	(1,426)
Income tax paid		<u>(6,124)</u>	<u>(5,520)</u>
		<u>(6,619)</u>	<u>(5,593)</u>
Cash flows from operations		(936)	6,867
<u>Investing activities</u>			
Purchase of property, plant and equipment		(4,693)	(7,461)
Proceed from disposal of property, plant and equipment		699	-
Purchase of intangible assets		(14)	-
Purchase of investment securities		(1,281)	(882)
Proceed from disposal of investment securities		3,815	943
Others		141	116
Net cash used in investing activities		<u>(1,333)</u>	<u>(7,284)</u>
<u>Financing activities</u>			
(Repayment)/drawdown of bank borrowings		(218)	5,541
Dividends paid on ordinary shares		(5,069)	(8,450)
Proceed from exercise of employee share options		-	3
Others		-	154
Net cash generated from financing activities		<u>(5,287)</u>	<u>(2,752)</u>
Net change in cash and cash equivalents		(7,556)	(3,169)
Effect of exchange rate changes on cash and cash equivalents		133	1,053
Cash and cash equivalents at 1 February		54,896	59,345
Cash and cash equivalents at 31 October*		<u>47,473</u>	<u>57,229</u>
* Cash and cash equivalents comprise the following at 31 October:			
Cash and bank balances	14	51,610	60,722
Bank overdrafts		<u>(4,137)</u>	<u>(3,493)</u>
Total cash and cash equivalents		<u>47,473</u>	<u>57,229</u>

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 nine-month period ended 31 October 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 10 December 2012.

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

These condensed consolidated interim financial statements, for the period ended 31 October 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:



Explanatory notes pursuant to MFRS 134 For the nine-month period ended 31 October 2012

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 assets 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 October 2011 and 31 January 2012;
- an increase of RM31,403,000 for freehold land was recognised in property, plant and equipment and retained earnings as of 1 February 2011, 31 October 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 October 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 nine-month period ended 31 October 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 October 2011

	FRS as at 31 October 2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 31 October 2011 RM'000
Property, plant and equipment	61,570	31,112	92,682
Other reserves (Asset revaluation)	11,508	(11,508)	-
Retained earnings	53,651	42,620	96,271

(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 nine months period ended 31 October 2012.



**Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 October 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

Water infrastructure/Engineering comprises mainly revenue derived from the production and marketing of water related product and services, operation of water infrastructure and mechanical and engineering 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 RM'000	Water infrastructure / engineering RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
<u>Current quarter</u>				
3 months period ended				
31 October 2012				
Revenue:				
External customers	-	57,722	-	57,722
Results:				
Interest income	329	22	-	351
Depreciation and amortisation	-	844	-	844
Share of results of associate	-	611	-	611
Segment (loss)/profit (Note A)	(105)	6,870	18	6,783
3 months period ended				
31 October 2011				
Revenue:				
External customers	-	31,326	-	31,326
Results:				
Interest income	434	19	-	453
Depreciation and amortisation	-	645	-	645
Share of results of associate	-	241	-	241
Segment (loss)/profit (Note A)	(67)	5,408	(422)	4,919



Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 October 2012

6 Segment information (continued)

	Investment RM'000	Water infrastructure / engineering RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
Cumulative quarter				
9 months period ended				
31 October 2012				
Revenue:				
External customers	-	154,244	-	154,244
Results:				
Interest income	1,227	105	-	1,332
Depreciation and amortisation	-	2,369	-	2,369
Share of results of associate	-	2,232	-	2,232
Segment profit (Note A)	840	19,738	405	20,983
9 months period ended				
31 October 2011				
Revenue:				
External customers	-	103,615	-	103,615
Results:				
Interest income	1,237	116	-	1,353
Depreciation and amortisation	-	1,874	-	1,874
Share of results of associate	-	1,340	-	1,340
Segment profit (Note A)	1,254	15,908	(86)	17,076

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		Cumulative quarter	
	3 months ended		9 months ended	
	31 October	31 October	31 October	31 October
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Share of results of associate	611	241	2,232	1,340
Finance costs	(593)	(663)	(1,827)	(1,426)
	18	(422)	405	(86)



Explanatory notes pursuant to MFRS 134 For the nine-month period ended 31 October 2012

6 Segment information (continued)

Investment

During the quarter under review, the investment segment contributed -2% (31 October 2011: -1%) of the operating profit of the Group. For the nine months period ended 31 October 2012, the investment segment contributed 4% (31 October 2011: 7%) of the operating profit of the Group, mainly derived from investment activities.

Operating loss has increased 57% from RM0.07 million in the corresponding period in 2011 to RM0.11 million in the current period mainly due to higher operating expenses.

Water infrastructure/engineering

The water infrastructure/engineering segment remained the Group's main source of revenue, contributing 100% (31 October 2011: 100%) of the revenue of the Group. During the quarter under review, this segment contributed 101% (31 October 2011: 110%) of the operating profit of the Group. For the nine months period ended 31 October 2012, this segment contributed 94% (31 October 2011: 93%) of the operating profit of the Group.

Segment revenue of RM57.72 million for the current quarter ended 31 October 2012 increased by 84% compared to RM31.33 million for the corresponding quarter in 2011. Operating profit recorded RM6.87 million for the current quarter ended 31 October 2012, increased by 27% compared to a profit before tax of RM5.41 million for the corresponding quarter in 2011.

Segment revenue of RM154.24 million for the nine months period ended 31 October 2012 increased by 49% compared to RM103.62 million for the corresponding period in 2011. Operating profit recorded RM19.74 million for the current period ended 31 October 2012, increased by 24% compared to a profit before tax of RM15.91 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 October 2012.

Consolidated profit before tax

The Group's current quarter profit before tax of RM6.783 million (31 October 2011: RM4.919 million) has increased by 38%. The Group's cumulative quarter profit before tax of RM20.983 million (31 October 2011: RM17.076 million) has increased by 23%. 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 nine-month period ended 31 October 2012**

8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2012	31 October 2011	31 October 2012	31 October 2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(351)	(453)	(1,332)	(1,353)
Other income (including investment income)	(49)	(55)	(202)	(152)
Interest expenses	593	663	1,827	1,426
Depreciation of property, plant and equipment	821	627	2,301	1,805
Amortisation of intangible assets	23	18	68	69
Loss/(gain) on disposal of quoted and unquoted investments	19	15	12	(17)
(Gain)/loss on disposal of property, plant and equipment	(29)	13	(42)	13
Net fair value loss/(gain) on held for trading investment securities	20	294	(78)	343
Write-down of inventories	600	-	1,100	35
Gain on foreign exchange-realised	(15)	(195)	(61)	(954)
Loss/(gain) on foreign exchange - unrealised	618	(108)	131	(377)

9 Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31 October 2012	31 October 2011	31 October 2012	31 October 2011
	RM'000	RM'000	RM'000	RM'000
Current Tax:				
Malaysian income tax	992	727	2,972	2,499
Foreign tax	1,215	606	2,909	2,273
	<u>2,207</u>	<u>1,333</u>	<u>5,881</u>	<u>4,772</u>

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.



Explanatory notes pursuant to MFRS 134 For the nine-month period ended 31 October 2012

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.

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 9 months ended	
	31 October 2012	31 October 2011	31 October 2012	31 October 2011
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	4,576	3,586	15,102	12,304
Weighted average number of ordinary shares in issue ('000)	225,303	225,302	225,303	225,302
Effects of dilution				
- Share options ('000)	57	59	57	81
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	225,360	225,361	225,360	225,383
Basic earnings per share (sen)	2.0	1.6	6.7	5.5
Diluted earnings per share (sen)	2.0	1.6	6.7	5.5

11 Property, plant and equipment Acquisitions and disposals

During the nine months ended 31 October 2012, the Group acquired assets at a cost of RM4.82 million (31 October 2011: RM7.46 million).

Assets with carrying amount of RM657,132 (31 October 2011: RM13,002) were disposed of by the Group during the nine months period ended 31 October 2012, resulting in a gain on disposal of RM41,578 (31 October 2011: loss of RM13,002), recognised and included in other operating income in the statement of comprehensive income.



**Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 October 2012**

12 Intangible assets

	Computer software RM'000	Develop- ment 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 October 2012	303	980	1,283
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	30	38	68
At 31 October 2012	208	675	883
Net carrying amount:			
At 1 February 2011	104	392	496
At 31 January 2012	111	343	454
At 31 October 2012	95	305	400

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 nine months ended 31 October 2012, the Group recognised a write-down of inventories of RM1,100,000 (31 October 2011: RM34,704). This expense was included in the cost of sales in the statement of comprehensive income.



**Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 October 2012**

14 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 October 2012 RM'000	31 January 2012 RM'000	1 February 2011 RM'000
Cash at bank and in hand	25,591	30,070	26,041
Short term deposits	26,019	29,504	35,673
	<u>51,610</u>	<u>59,574</u>	<u>61,714</u>

15 Fair value hierarchy

The Group used the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- 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 October 2012				
Financial assets held for trading:				
- Quoted shares	2,320	2,320	-	-
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 October 2012 RM'000	31 January 2012 RM'000	1 February 2011 RM'000
Secured			
Short term borrowings	17,526	15,219	16,674
Long term borrowings	16,297	19,237	11,570
	<u>33,823</u>	<u>34,456</u>	<u>28,244</u>

18 Provisions for costs of restructuring

Not applicable.



**Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 October 2012**

19 Dividends

The final gross dividend of RM0.03 per share less tax at 25% for the financial year ended 31 January 2012 was approved by the shareholders on 18 July 2012 and subsequently paid on 16 August 2012 to shareholders whose name appeared in the Register of Members and/or Record of Depositors on 2 August 2012. The total gross dividend (interim and final) declared and paid for the financial year ended 31 January 2012 was RM0.05 per share. In Ringgit Malaysia term, the total net dividend for the financial year ended 31 January 2012 was RM8.448 million (FY2011: RM8.448 million).

Your board has declared an interim gross dividend of RM0.02 per share less tax at 25% (FY2012: RM0.02 less 25% tax) amounting to RM3.379 million (FY2012: RM3.379 million) for the financial year ending 31 January 2013 and subsequently paid on 22 November 2012 to shareholders whose names appear in the Register of Members and/or Record of Depositors on 23 October 2012.

20 Commitments

Capital expenditure as at the reporting date is as follows:

	31 October 2012 RM'000	31 January 2012 RM'000	1 February 2011 RM'000
Approved but not contracted for:			
Property, plant and equipment	2,487	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 nine months period ended 31 October:

	Cumulative quarter 9 months ended	
	31 October 2012 RM'000	31 October 2011 RM'000
Related companies: *		
Rental income for motor vehicle	-	11
Purchase of tiles	-	110
Purchase of air tickets	298	97
Professional and share registration charges	184	70
Sale of products	2,645	-

* 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 nine-month period ended 31 October 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 October 2012 is 12% lower than the preceding quarter due to unrealised foreign exchange losses of RM618,000.

26 Commentary on prospects

The Group showed significant improvement in its financial performance amidst the continuing global economic uncertainties. The continuous expansion and improvements of our capacity in our manufacturing capabilities are expected to support the growing demand for our meter and non-meter products. The Group will also continue to strengthen its M & E engineering capabilities to cater for its growing order book.

Construction has become an increasingly important part of our business. The Ampang LRT Extension Project is not expected to 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, forecast, 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 28 September 2012.

32 Dividend payable

Please refer to Note 19 for details.

33 Disclosure of nature of outstanding derivatives

Not applicable.



**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the nine-month period ended 31 October 2012**

34 Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 31 October 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 October 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 October 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 October 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 October 2012 RM'000	Previous financial year ended 31 January 2012 RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries		
- Realised	(75,344)	(75,064)
- Unrealised	41,990	40,593
	<u>(33,354)</u>	<u>(34,471)</u>
Total share of retained profits from an associate		
- Realised	24,009	21,772
- Unrealised	(1)	(369)
	<u>(9,346)</u>	<u>(13,068)</u>
Less: Consolidation adjustments	119,303	116,371
Total Retained profits as per financial statements	<u>109,957</u>	<u>103,303</u>

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.