



KELINGTON GROUP BERHAD

[Registration No. 199901026486 (501386-P)]

("KGB", "the Company" or "the Group")

**Interim Financial Statements
First Quarter Results
For the Financial period ended
31 March 2025**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

The unaudited financial results of Kelington Group Berhad and its subsidiaries (the "Group") for the period ended 31 March 2025 are as follow:-

	Unaudited	Unaudited			Unaudited	Unaudited		
	Current	Previous	+		3-months	3-months	+	
Note	Qtr Ended	Qtr Ended	-	%	Period	Period	-	%
	31.03.2025	31.03.2024			up to	up to		
	RM'000	RM'000			31.03.2025	31.03.2024		
					RM'000	RM'000		
Revenue	270,283	339,279	-	20	270,283	339,279	-	20
Cost of sales	(221,717)	(286,345)			(221,717)	(286,345)		
Gross profit	48,566	52,934	-	8	48,566	52,934	-	8
Other income	2,048	992			2,048	992		
	<u>50,614</u>	<u>53,926</u>			<u>50,614</u>	<u>53,926</u>		
Administrative expenses	(12,571)	(15,252)		-5%	(12,571)	(15,252)		-4%
Selling and distribution expenses	(914)	(851)		0%	(914)	(851)		0%
Other expenses	(2,844)	(2,701)		-1%	(2,844)	(2,701)		-1%
Finance costs	(2,154)	(2,397)		-1%	(2,154)	(2,397)		-1%
Net reversal of impairment losses on financial assets	2,079	-			2,079	-		
Profit before taxation	34,210	32,725	+	5	34,210	32,725	+	5
Income tax expense	(7,568)	(7,082)			(7,568)	(7,082)		
Profit after taxation	26,642	25,643	+	4	26,642	25,643	+	4
Other comprehensive (expense)/income								
Foreign currency translation differences	790	1,684			790	1,684		
	<u>790</u>	<u>1,684</u>			<u>790</u>	<u>1,684</u>		
Total comprehensive income for the period	27,432	27,327			27,432	27,327		
Profit after taxation attributable to:								
Shareholders of the Company	26,646	24,822	+	7	26,646	24,822	+	7
Non-controlling interests	(4)	821			(4)	821		
Profit after taxation for the financial period	26,642	25,643	+	4	26,642	25,643	+	4
Total comprehensive income attributable to:								
Shareholders of the Company	27,438	26,503			27,438	26,503		
Non-controlling interests	(6)	824			(6)	824		
Total comprehensive income for the period	27,432	27,327			27,432	27,327		
Basic earnings per ordinary share (sen):								
Basic earnings per share (sen)	B11 3.71	3.81			3.71	3.81		
Diluted earnings per share (sen)	B11 3.28	3.36			3.28	3.36		

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025**

	Note	Unaudited As At 31.03.2025 RM'000	Audited As At 31.12.2024 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		208,882	209,059
Goodwill on consolidation		6,862	6,826
Deferred tax assets		2,279	2,280
Right-of-use assets		4,014	5,068
		222,037	223,233
Current assets			
Inventories		17,240	19,787
Contract assets		160,151	150,909
Trade receivables		276,697	299,388
Other receivables, deposits and prepayments		34,177	41,964
Derivative assets	B7	7	-
Current tax assets		4,315	1,790
Fixed deposits with licensed banks		194,258	210,136
Cash and bank balances		276,070	202,978
		962,915	926,952
TOTAL ASSETS		1,184,952	1,150,185
EQUITY AND LIABILITIES			
Equity			
Share capital		192,994	183,981
Retained earnings		252,087	239,788
Other reserve		50,790	50,063
Treasury share		(534)	(534)
Total Equity attributable to Shareholders of the Company		495,337	473,298
Non-controlling interests		45	51
Total Equity		495,382	473,349
Non-current liabilities			
Deferred tax liabilities		12,729	10,902
Lease liabilities	B8 (a)	1,246	1,721
Hire purchase payables	B8 (b)	4,540	4,129
Long term borrowings	B8 (b)	75,618	74,531
		94,133	91,283
Current liabilities			
Contract liabilities		257,370	222,360
Trade payables		176,079	188,978
Other payables and accruals		43,091	57,607
Lease liabilities	B8 (a)	1,768	2,491
Current tax liabilities		15,092	11,710
Dividend payable		14,412	-
Short term borrowings	B8 (b)	87,614	102,397
Bank overdraft	B8 (b)	11	10
		595,437	585,553
Total liabilities		689,570	676,836
TOTAL EQUITY AND LIABILITIES		1,184,952	1,150,185
Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)		0.6897	0.6590

The Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of KGB for the financial year ended 31 December 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

	<-----Attributable to Equity Holders of the Company----->						Non-Distributable	Distributable	Non-Controlling Interest	Total Equity			
	<----- Non Distributable ----->					Retained Earnings					Total	RM'000	RM'000
	Share Capital	Treasury Share	Capital Reserve	Employee Share Scheme Reserve	Exchange Fluctuation Reserve								
As at 1 January 2025	183,981	(534)	40,314	3,895	5,854	239,788	473,298	51	473,349				
Profit after taxation for the financial period	-	-	-	-	-	26,646	26,646	(4)	26,642				
Other comprehensive expense:													
- Foreign currency translation differences	-	-	-	-	792	-	792	(2)	790				
Total comprehensive income for the financial period	-	-	-	-	792	26,646	27,438	(6)	27,432				
Contributions by and distribution to owners of the company:													
- Dividend payable for the period	9,013	-	-	-	-	(14,412)	(14,412)	-	(14,412)				
- Warrants exercised	-	-	-	-	-	-	9,013	-	9,013				
- Utilisation of non-distributable safety production reserve funds by a subsidiary	-	-	(65)	-	-	65	-	-	-				
Total recognised income and expense for the period	9,013	-	(65)	-	-	(14,347)	(5,399)	-	(5,399)				
As at 31 March 2025	192,994	(534)	40,249	3,895	6,646	252,087	495,337	45	495,382				
As at 1 January 2024	73,792	(534)	38,427	4,697	13,193	203,021	332,596	5,796	338,392				
Profit after taxation for the financial year	-	-	-	-	-	24,822	24,822	821	25,643				
Other comprehensive income:													
- Foreign currency translation differences	-	-	-	-	1,681	-	1,681	3	1,684				
Total comprehensive income for the financial period	-	-	-	-	1,681	24,822	26,503	824	27,327				
Contributions by and distribution to owners of the company:													
- Dividends payable for the period	-	-	-	-	-	(16,604)	(16,604)	-	(16,604)				
- Warrants exercised	27,396	-	-	-	-	-	27,396	-	27,396				
Total contributions by and distributions to owners of the Company	27,396	-	-	-	-	(16,604)	10,792	-	10,792				
As at 31 March 2024	101,188	(534)	38,427	4,697	14,874	211,239	369,891	6,620	376,511				

The Statements of Changes in Equity should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

**STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

	Unaudited 3-Months Ended 31.03.2025 RM'000	Unaudited 3-Months Ended 31.03.2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	34,210	32,725
Adjustments for:-		
Depreciation of property, plant and equipment	2,876	2,366
Depreciation of right-of-use assets	1,054	1,185
Property, plant and equipment written off	-	6
Interest expense	2,154	2,397
Interest income	(1,969)	(810)
Fair value gain on derivatives	(7)	(434)
Addition of provision of warranty costs	13	-
Writeback of impairment loss on trade receivables	(2,079)	-
Unrealised loss on foreign exchange	301	93
	<hr/>	<hr/>
Operating profit before working capital changes	36,553	37,528
Decrease/ (Increase) in inventory	2,467	(2,056)
Changes in net of contract assets /contract liabilities	24,742	(48,002)
Decrease in trade and other receivables	32,464	101,037
Decrease in trade and other payables	(27,103)	(30,910)
	<hr/>	<hr/>
CASH FROM OPERATIONS	69,123	57,597
Income tax paid	(4,891)	(8,230)
Interest paid	-	(18)
Interest received	1,969	810
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	66,201	50,159
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Purchase of plant and equipments	(2,658)	(10,327)
Withdrawal of fixed deposits with tenure more than 3 months	14,923	-
	<hr/>	<hr/>
NET CASH FROM/(FOR) INVESTING ACTIVITIES	12,265	(10,327)
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(2,154)	(2,379)
Net repayment of borrowings and lease liabilities	(14,301)	(33,504)
Proceeds from exercise of warrants	9,013	27,396
Net increase in pledged fixed deposits and bank balances	(775)	(395)
	<hr/>	<hr/>
NET CASH FOR FINANCING ACTIVITIES	(8,217)	(8,882)
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,249	30,950
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,112	1,227
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	357,434	237,322
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	428,795	269,499

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

Cash and bank balances	276,070	265,293
Fixed deposits	194,258	36,869
	<hr/>	<hr/>
	470,328	302,162
Less: bank overdraft	(11)	(2,575)
Less: fixed deposits pledged to licensed banks	(24,562)	(25,238)
Less: bank balance pledged to licensed banks	(6,960)	(4,850)
Less: fixed deposits with tenure of more than 3 months	(10,000)	-
	<hr/>	<hr/>
	428,795	269,499

The Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements of KGB for the year ended 31 December 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

A. Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 : Interim Financial Reporting and in accordance to the requirements of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**").

The interim financial statements should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended ("FYE") 31 December 2024. 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 financial year ended 31 December 2024.

The accounting policies and methods of presentation and computation adopted in this interim financial report are consistent with those adopted in the most recent annual financial statements for the FYE 31 December 2024. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on January 1, 2025, did not have any material impact on the financial results of the Group.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective date
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

The adoption of the above accounting standards and interpretations (including the consequential amendments) is expected to have no material financial impact on the financial statements of the Group and of the Company upon their initial application.

A2. Status of Audit Qualification

There were no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2024.

A3. Segmental Information

(a) Business Segment

The Group is organised into 2 main reportable segments as follows:

- (i) Engineering segment -
 - (1) involved in the provision of engineering services and construction activities;
 - (2) manufacturing and trading of engineering equipments and materials for contracts;
- (ii) Industrial gases segment -
 - involved in the manufacturing and trading of industrial and specialty gases, facility fee and leasing of tanks.
 - Also undertaking project-related activities associated with industrial gases.

Engineering segment		Industrial Gases Segment	The Group
Construction activities	Equipments & materials		
RM'000	RM'000	RM'000	RM'000

31.03.2025

Revenue				
External revenue	232,018	4,681	33,584	270,283
Inter-segment revenue	2,193	4,352	1	6,546
	<u>234,211</u>	<u>9,033</u>	<u>33,585</u>	<u>276,829</u>
Consolidated Adjustments				(6,546)
				<u>270,283</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

A3. Segmental Information (Cont'd)

(a) Business Segment (Cont'd)

Engineering segment		Industrial Gases Segment	The Group
Construction activities	Equipments & materials		
RM'000	RM'000	RM'000	RM'000

31.03.2024

Revenue

External revenue	294,678	390	44,211	339,279
Inter-segment revenue	2,238	15,761	65	18,064
	<u>296,916</u>	<u>16,151</u>	<u>44,276</u>	<u>357,343</u>

Consolidated Adjustments				(18,064)
				<u>339,279</u>

(b) Geographical information

Revenue is based on the country in which the customers are located. Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include goodwill and deferred tax assets.

	Revenue		Non-current Assets	
	31.03.2025 RM'000	31.03.2024 RM'000	31.03.2025 RM'000	31.03.2024 RM'000
Malaysia	79,843	151,641	200,777	178,129
China	101,023	104,007	4,295	4,970
Singapore	75,946	70,506	7,808	19,078
Taiwan	4,196	3,292	16	34
Others	9,275	9,833	-	-
	<u>270,283</u>	<u>339,279</u>	<u>212,896</u>	<u>202,211</u>

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 March 2025.

A5. Material Changes in Estimates

There were no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared with the previous financial quarters or financial year.

A6. Seasonal or Cyclical Factors

The interim operations of the Group were not affected by any significant seasonal or cyclical factors during the quarter under review.

A7. Dividends Paid

There were no dividend paid during the current quarter under review.

A8. Valuation of Property, Plant and Equipment

Property, plant and equipment of the Group were not revalued during the current quarter under review. As at 31 March 2025, all the property, plant and equipment were stated at cost less accumulated depreciation.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

A9. Movement of Debt And Equity Securities

Saved as disclosed in the following, there were no issuance, cancellation, resale and repayment of debt and equity securities during the current quarter under review:

Exercise of Warrants

During the quarter under review, KGB issued 6,530,866 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM1.38 which amounted to RM9,012,595.

A10. Changes in Composition of the Group

There were no change in the composition of the Group during the current quarter under review.

A11. Discontinued Operation

There were no discontinued operations within the activities of the Group for the quarter under review.

A12. Capital Commitments

Saved as disclosed in the following, there were no capital commitments for the purchase of any property, plant and equipment or any other expenses that were not accounted for in the financial statements of the current quarter under review.

	As at 31.03.2025
	RM'000
Purchase of plant & equipment	<u>9,517</u>

A13. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as at 31 March 2025.

A14. Material Subsequent Events

Saved as disclosed in note 10 of part B, there has been no material subsequent events after the quarter ended 31 March 2025.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

B. Additional information required by the Bursa Malaysia's Listing Requirements

B1 Review Of Performance

	Current Year Quarter 31.03.2025 RM'000	Preceding Year Corresponding Quarter 31.03.2024 RM'000	Changes	
			Amount RM'000	%
Revenue	270,283	339,279	(68,996)	-20%
Profit before tax ("PBT")	34,210	32,725	1,485	5%
Profit after tax ("PAT")	26,642	25,643	999	4%
Profit attributable to shareholders of the company	26,646	24,822	1,824	7%

(a) Current Quarter vs. Previous Year Corresponding Quarter

	Revenue 1Q2025 31.03.2025 RM'000	% of total	Revenue 1Q2024 31.03.2024 RM'000	% of total	Changes
					%
- Advanced Engineering (Ultra High Purity)	199,496	74%	205,518	61%	-3%
- Process Engineering	9,145	3%	21,357	6%	-57%
- General Contracting	25,570	9%	70,041	21%	-63%
- Equipments and materials	9,033	3%	16,151	5%	-44%
Industrial gases segment	33,585	12%	44,276	13%	-24%
Consolidated Adjustments	(6,546)		(18,064)		
Total	270,283		339,279		-20%

Kelington's revenue declined by 20% YoY to RM270.3 million in 1Q2025 compared to 1Q2024. This was mainly attributed to reduced revenue contributions from Malaysia due to timing differences in revenue recognition. However, underlying business activity remains strong, as reflected by RM390 million in new project wins in 1Q2025, up from RM235 million in new project wins in 1Q2024. These will be recognised progressively in the coming periods.

The Company would like to highlight, effective from this quarter, our Ultra High Purity ("UHP") segment will be renamed as Advanced Engineering. This change more accurately reflects the expanded scope of our offerings, which go beyond UHP systems to include a broader range of advanced engineering solutions. The segment continues to serve key growth industries, particularly the semiconductor and electrical and electronics (E&E) sectors, where demand remains strong for high-value and advanced engineering services.

In terms of geographical breakdown, revenue contribution was led by China (37%), followed by Malaysia (30%) and Singapore (28%).

Revenue from China decreased to RM101.0 million, representing a 2.9% decline from RM104.0 million in the corresponding period of the previous year. The variance was mainly due to differences in the timing of revenue recognition for ongoing projects. Despite the minor fluctuation, project activities in the region remain steady.

In Malaysia, revenue decreased by 47.4% to RM79.8 million, down from RM151.6 million in 1Q2024. This reduction was primarily due to several major projects nearing completion, leading to a gradual reduction in revenue recognition. Furthermore, while a number of new projects have been secured, they are currently in the early stages and have yet to contribute meaningfully to revenue.

However, revenue from Singapore saw a modest increase of 7.72%, rising to RM75.9 million in 1Q2025 from RM70.5 million in 1Q2024. This improvement was primarily driven by higher contributions from Advanced Engineering projects.

In terms of business segments, the Advanced Engineering division remained the Group's primary revenue contributor, accounting for 74% of total revenue in 1Q2025, up from 61% in 1Q2024. Although revenue from this segment dipped slightly by 3% to RM199.5 million compared to the same quarter last year, its larger share of overall revenue led to stronger project margins, supporting overall profitability. This reflects the successful completion of several Advanced Engineering projects in Singapore and underscores the Group's strategic emphasis on the Advanced Engineering segment.

The Process Engineering division recorded a 57% decline in revenue compared to the same period in 2024, contributing RM9.1 million in 1Q2025. This decrease was primarily due to the near completion of a process engineering project awarded in Malaysia in 2022.

Revenue from the General Contracting division declined by 63%, falling to RM25.6 million in 1Q2025 from RM70.0 million in 1Q2024. The decrease was largely driven by reduced contributions from projects in Malaysia and Singapore, as these projects have progressed beyond their peak activity phase.

In 1Q2025, revenue from the Industrial Gases division declined by 24% year-on-year. While sales of liquid carbon dioxide (LCO₂) continued to grow across both domestic and export markets, the overall decline was due to softer demand for certain specialty gases and reduced project-related work in the industrial gas segment.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

B1 Review Of Performance (Cont'd)

(a) Current Quarter vs. Previous Year Corresponding Quarter (Cont'd)

Amid lower revenue in 1Q2025, gross profit declined by 8% to RM48.6 million, compared to RM52.9 million in 1Q2024. However, gross profit margin improved to 18.0%, up from 15.6% in the corresponding period. This was supported by a strategic focus on revenue mix, a more favorable project portfolio, and stable contributions from the Industrial Gases division. During the quarter, the Group recorded a reversal of impairment totaling RM2.1 million, primarily due to the recovery of a previously impaired debt in Malaysia. This contributed to an improvement in profitability.

Despite the softer topline, PAT rose 4% year-on-year, supported by margin enhancement efforts, improved other income, and one-off impairment reversal gains.

(b) Variation of Results Against Preceding Quarter

	Current Quarter 1Q2025 Unaudited 31.03.2025 RM'000	Immediate Preceding Quarter 12Q2024 Audited 31.12.2024 RM'000	Changes	
			Amount RM'000	%
Revenue	270,283	304,374	(34,091)	-11%
Profit before tax ("PBT")	34,210	48,392	(14,182)	-29%
Profit after tax ("PAT")	26,642	40,350	(13,708)	-34%
Profit attributable to shareholders of the company	26,646	39,942	(13,296)	-33%

Revenue for 1Q2025 declined by 11% quarter-on-quarter to RM270.3 million, mainly due to lower contributions from Malaysia and Singapore, stemming from timing differences in revenue recognition. In line with the lower topline, PBT and PAT fell by 29% and 34% respectively, primarily driven by the decline in revenue.

(c) Statement of Financial Position

Financial Indicators	As at 31.03.2025 Unaudited RM'000	As at 31.12.2024 Audited RM'000
Total assets	1,184,952	1,150,185
Total equity	495,382	473,349
Debt	170,797	185,279
Fixed deposits, cash & bank balances	470,328	413,114
Net cash	299,531	227,835
Debt-to-Equity (Gearing)	0.34	0.39

As of 31 March 2025, the Group's shareholders' equity (excluding non-controlling interests) rose to RM495.4 million from RM473.3 million as of 31 December 2024. This growth was driven by the exercise of warrants and quarterly profits. During the quarter, the Company declared total dividends of RM14.4 million to its shareholders.

The Group's total debt decreased to RM170.8 million as of 31 March 2025, down from RM185.3 million as of 31 December 2024. This reduction was primarily due to the settlement of project financing in China, though partially offset by loans drawn down for capital expenditures and working capital in the industrial gases division. Additionally, the net cash balance improved significantly, reaching RM299.5 million in the first quarter of 2025, up from RM227.8 million in 2024. This increase in net cash was mainly driven by project proceeds, and funds from the exercise of warrants.

As a result, the Group's financial position remains robust, with an improved gearing ratio of 0.34 times.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

B2 Commentary Of Prospects

Global economic activity is anticipated to moderate, influenced by ongoing trade uncertainties and the implementation of new tariff measures.

Despite this, the global semiconductor industry continues to grow, supported by increasing demand from artificial intelligence (AI) applications and data centres. This has led to a steady increase in the construction of semiconductor wafer fabrication plants worldwide, as many countries are now building their own domestic wafer fabrication plants to strengthen local supply chain and reduce dependency on external sources.

In addition, the recent decision by the US President to revise export restrictions on advanced AI chips, referred to as the AI diffusion rule, is expected to benefit the global semiconductor market and provide a more stable operating environment for industry players.

Against this backdrop, we are actively broadening our market reach in line with our growth strategy. In addition to our core markets, we are now tendering for projects in Europe, where opportunities are emerging amid the sector's global expansion.

Meanwhile, in Malaysia, the National Semiconductor Strategy (NSS) and the New Industrial Master Plan 2030 is set to reshape the country's industrial landscape by accelerating semiconductor growth, promoting the establishment of new manufacturing facilities and attracting higher levels of foreign investment.

For the three months ended 31 March 2025, we secured RM390 million in new contract wins, which is higher than the RM235 million recorded in the same period last year. While this represents a positive development, we remain cautiously optimistic moving forward, as global trade policies gradually become clearer.

In our Industrial Gas segment, demand for liquid carbon dioxide (LCO₂) remains steady, particularly from the food and beverage sector.

In addition, the growing emphasis on sustainability and emissions reduction is accelerating the development of the Carbon Capture, Utilisation, and Storage (CCUS) industry, creating new avenues for long-term growth. As part of our long-term strategy, we aim to position ourselves as a key player in this space.

Including carried-forward projects, our total order book stands at RM1.66 billion, with RM1.43 billion remain outstanding.

While global growth is expected to moderate in 2025 amid ongoing trade uncertainties and the new tariff measures, our existing orderbook offers near-term visibility. Amidst a challenging external environment, we will prioritize cost management and cash flow discipline, and with a healthy cash position, we are well-positioned to navigate any potential slowdown in market activity.

B3 Profit Forecast and Profit Guarantee

The Company did not announce any profit forecast or profit estimate for the FYE 31 December 2025 in any public document and hence this information is not applicable.

B4 Profit for the Period

	Quarter ended		Year-to-date ended	
	31.03.2025 RM'000	31.03.2024 RM'000	31.03.2025 RM'000	31.03.2024 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	1,969	810	1,969	810
Interest expense	(2,154)	(2,397)	(2,154)	(2,397)
Net (provision)/ reversal of impairment loss on financial assets:				
- specified	2,079	-	2,079	-
Depreciation and amortisation	(2,876)	(2,366)	(2,876)	(2,366)
Depreciation of right-of-use assets	(1,054)	(1,185)	(1,054)	(1,185)
Property, plant and equipment written off	-	(6)	-	(6)
Unrealised Foreign exchange loss	(301)	(93)	(301)	(93)
Realised Foreign exchange loss	(106)	(125)	(106)	(125)
Provision of warranty costs	(13)	-	(13)	-
Net fair value adjustments of financial derivatives	7	434	7	434

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

B5 Taxation

	Current quarter	Cumulative
	ended 31.03.2025 RM'000	Year to date ended 31.03.2025 RM'000
Company taxation	5,748	5,748
Deferred taxation	1,820	1,820
	<u>7,568</u>	<u>7,568</u>

The effective tax rate of the Group for the current financial year under review is lower than the statutory tax rate due to the tax rate in Singapore is relatively lower. Apart from this, there are some tax exemptions in China due to expenditure on research and developments.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

B6 Corporate Proposal

There were no outstanding corporate proposals announced but not completed as at the date of this quarterly report.

B7 Derivatives Financial Instruments

The outstanding foreign currency forward contracts as at 31 March 2025 were as follows:

	31.03.2025 RM'000
Type of Derivatives	
Forward Contract (US Dollar)	
Fair value	1,772
Contract (Notional Value)	(1,765)
Total derivatives assets	<u>7</u>

The Group maintains a natural hedge, whenever is possible, by matching the receivables and the payables in the same currency, any unmatched balances will be hedged by the forward foreign currency contracts

B8 Lease Liability and Group Borrowings

(a) Lease liability

The lease liability as at 31 March 2025 versus 31 March 2024 were as follows:

	31.03.2025 RM'000	31.03.2024 RM'000
Non-current	1,246	1,393
Current	1,768	4,140
Total	<u>3,014</u>	<u>5,533</u>

The lease liability comprises tenancy agreements of more than one year. The reduction in lease liability as of 31 March 2025, compared to the same period last year, was primarily due to rental repayments made during the 12 months.

(b) Group Borrowings

The borrowings as at 31 March 2025 versus 31 March 2024 were as follows.

	As At 31 March 2025					
	Current Liabilities		Non-current Liabilities		Total Borrowings	
	Currency ('000)	RM'000	Currency ('000)	RM'000	Currency ('000)	RM'000
<u>Secured</u>						
Term Loan	<i>RM11,776</i>	11,776	<i>RM73,313</i>	73,313	<i>RM85,089</i>	85,089
Revolving loan	<i>RMB7,000; NTD16,000; RM25,000</i>	31,413	<i>RM2,305</i>	2,305	<i>RMB7,000; NTD16,000; RM27,305</i>	33,718
Post buyer Loan/ Invoice financing	<i>RMB57,266, RM7,466</i>	42,415	-	-	<i>RMB57,266, RM7,466</i>	42,415
Hire Purchase Payable	<i>SGD43, RM1,869</i>	2,010	<i>SGD262, RM3,675</i>	4,540	<i>SGD305, RM5,544</i>	6,550
Bank overdraft	<i>RM11</i>	11	-	-	<i>RM10</i>	11
<u>Unsecured</u>						
Nil	-	-	-	-	-	-
		<u>87,625</u>		<u>80,158</u>		<u>167,783</u>
Weighted average interest rate of borrowings						4.75%
Proportion of borrowings between fixed interest rate and floating interest rate						4%:96%

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

B8 Lease Liability and Group Borrowings (Cont'd)

(b) Group Borrowings (cont'd)

	As At 31 March 2024					
	Current Liabilities		Non-current Liabilities		Total Borrowings	
	Currency ('000)	RM'000	Currency ('000)	RM'000	Currency ('000)	RM'000
<u>Secured</u>						
Term Loan	RM14,172	14,172	RM62,569	62,569	RM76,741	76,741
Revolving loan	NTD8,000, RM23,000	24,182	RM2,750	2,750	NTD8,000, RM25,750	26,932
Post buyer loan/Invoice financing	RMB65,450, RM4,508	47,286	-	-	RMB65,450, RM4,508	47,286
Hire Purchase Payable	SGD43, RM1,827	1,975	SGD323, RM4,513	5,602	SGD354, RM6,340	7,577
Bank overdraft	RM2,575	2,575	-	-	RM2,575	2,575
<u>Unsecured</u>						
Nil	-	-	-	-	-	-
		90,190		70,921		161,111
Weighted average interest rate of borrowings						5.02%
Proportion of borrowings between fixed interest rate and floating interest rate						5%:95%

As of 31 March 2025, the increase in borrowings compared to the same period last year was mainly due to loan drawdowns for capital expenditure and working capital needs of the Industrial Gases division, as well as higher borrowings to support working capital in Taiwan. In contrast, hire purchase liabilities declined as instalments were repaid.

B9 Material Litigation

Save as disclosed below, as at the date of this quarterly report, neither KGB nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any fact likely to give rise to any proceedings, which may materially or adversely affect the financial position or business of the Group:-

(1) Updates on legal proceeding against Hui Neng Mechanical & Electrical Engineering Co. ("Hui Neng")(27518963)

On 29 June 2016, the Judge has decided in favour of Kelington Taiwan and allowed Kelington Taiwan's claim of NTD34,234,442 (equivalent to RM4,279,305) being the net amount after deducting Hui Neng's progress claim of NTD1,765,558, plus all interest thereon since 13 March 2015 until full and final settlement and that all litigation cost shall be borne by Hui Neng.

On 25 July 2016, Hui Neng has submitted an appeal to the Court.

On 14 October 2016, Hui Neng has submitted a written plea to the High Court, Taiwan. On 9 December 2016, Kelington Taiwan answered to the plea submitted by Hui Neng to the High Court.

On 19 January 2017, High court decided to call the witnesses to Court to give evidence on the next hearing. On 24 February 2017, 7 April 2017, 18 May 2017, 6 July 2017, 25 August 2017, 28 September 2017, 16 November 2017, 21 December 2017, 2 February 2018, 15 March 2018, 22 June 2018, 5 July 2018, 1 August and 29 August, High court had heard the evidences given by the witnesses and fixed the final hearing on 12 September 2018.

On 12 September 2018, High Court Taiwan has delivered its court decision and ordered that Hui Neng shall pay Kelington Taiwan the sum of NTD 29,328,814 (equivalent to RM3,946,129) plus interest of 5% per annum thereon since 10 October 2015.

On 11 January 2021, Kelington Taiwan received a judgement from the Supreme Court of Taiwan which in response to Hui Neng's petition made on 23 October 2018 that the original court judgment made on 12 September 2018 was set aside except for the provisional execution, and the case shall re-submit to the Taiwan High Court in Kaohsiung.

On 8 May 2024, High Court of Taiwan has delivered its court decision and ordered that Hui Neng shall pay Kelington Taiwan the sum of NTD 28,067,575 (approximately RM4,108,279), plus an interest of 5% per annum thereon since 11 August 2018. Hui Neng is currently appealing against the decision of the High Court of Taiwan and the matter is ongoing. KTW has replied to Hui Neng's claim and the matter is currently pending decision from court.

The Company will announce further developments on the above matter in due course.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

9 Material Litigation (Cont'd)

(2) Commencement of arbitration proceeding by Kelington Technologies Sdn. Bhd. ("KTSB"), a wholly owned subsidiary of Kelington against JCT Industries Group Sdn. Bhd ("JCT")

On 19 August 2022, KTSB served a Notice of Arbitration to JCT ("Respondent"). The arbitration proceedings commenced under the Notice of Arbitration filed pursuant to the Arbitration Act 2005 and the PAM Arbitration Rules.

In summary, KTSB claims from the Respondent by way of counterclaims, including but not limited to:

- 1 the sum of RM6,272,033.97;
- 2 further, or alternatively, such sums as may be determined by this Honourable Tribunal on a quantum meruit basis;
- 3 interest for such period and rate as the Honourable Tribunal deems fit;
- 4 interest from the date of the award until full and final settlement;
- 5 costs of the arbitration; and
- 6 such further relief as the Honourable Tribunal deems fit and proper.

On 14 November 2022, KTSB received a notice dated 8 November 2022 from Pertubuhan Akitek Malaysia (PAM) that a sole arbitrator has been appointed for the Arbitration Proceedings.

On 22 April 2024, KTSB served a statement of case to JCT pursuant to Article 10 of the Pertubuhan Arkitek Malaysia Rules 2019 (PAM Rules 2019).

Particulars of the Primarily Reliefs

In this arbitral proceeding, the Claimant seeks from the Respondent, amongst others, the outstanding payment of RM6,272,033.97, and costs and interests arising from the same.

On 18 July 2024, KTSB received a statement of defence dated 18 July 2024 ("Defence") from JCT in response to the KTSB's Statement of case ("SOC"). In the Defence from JCT, JCT denied KTSB's claim and has prayed for Kelington's claim sum of RM6,272,033.97 with interests to be dismissed.

On 12 August 2024, KTSB served a Statement of Reply to Defence ("SOR") to JCT in response to JCT's Defence. In the SOR to JCT, KTSB denied the Defence filed by JCT and has requested that the reliefs set forth in KTSB's SOC to be allowed with costs.

On 15 October 2024, KTSB was notified by Pertubuhan Arkitek Malaysia (PAM) of the appointment of Ar. Alice Leong Pek Lian as the new arbitrator. This appointment is necessitated by the previous arbitrator informing parties on his ill-health condition which prevents him from continuing his duties as the arbitrator.

On 7 March 2025, KTSB reached a settlement with JCT in relation to the Arbitration Proceedings. JCT will pay KTSB a total settlement sum of RM4.3 million in 11 instalments, with the final instalment expected to be paid on or before 1 January 2026. In the event of any default in payment, the outstanding amount will become immediately due, with a late payment interest of 5% per annum. This settlement constitutes a full and final settlement of all the disputes and differences between JCT and KTSB arising from the Project and/or the Contract. KTSB will withdraw the arbitration within seven days of receiving the first instalment. KTSB will also notify PAM of the withdrawal in the required form of a notice. On 14 March 2025, KTSB served a notice of withdrawal to PAM following the collection of first instalment on 7 Mar 2025.

B10 Dividends Payable

On 26 February 2025, the Board of Directors of KGB declared the payment of fourth interim tax-exempt dividend of 2 sen per ordinary share in respect of the FYE 31 December 2024 amounting to RM14,451,547. This had been paid on 11 April 2025.

On 28 May 2025, the Board of Directors of KGB declared the payment of first interim tax-exempt dividend of 2.5 sen per ordinary share in respect of the FYE 31 December 2025 amounting to RM18,225,701. This will be paid on 10 July 2025.

B11 Earnings Per Share

The earnings per share for the quarter and cumulative year to date are computed as follow:

	Current Quarter Ended		Cumulative Year To Date Ended	
	31.03.2025	31.03.2024	31.03.2025	31.03.2024
Profit After Taxation attributable to owners of the company (RM'000)	26,646	24,822	26,646	24,822
Weighted average number of ordinary shares in issue ('000)	718,395	651,529	718,395	651,529
Basic Earnings Per Share (Sen)	3.71	3.81	3.71	3.81
Diluted Earnings Per Share (Sen) # ^	3.28	3.36	3.28	3.36

Note :

- Assuming the full exercise of the remaining 147,083,933 (31.03.2024 - 194,468,439) convertible warrants

^ - Assuming the exercise of 20,990,650 (31.03.2024 - 23,943,800) shares, which is the remaining unexercised options of Employee Shares Scheme.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2025**

B12 Comparative Figures

The following figures have been reclassified to conform with the presentation of current financial period:

Business segment

	As previously reported			As restated		
	Manufacturing and Trading Segment:		Construction segment	Engineering segment		Industrial Gases segment
	Industrial Gases	Equipments & materials		Construction activities	Equipments & materials	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'001
31.12.2024						
Revenue						
External revenue	35,869	390	303,020	294,678	390	44,211
Inter-segment	65	15,761	2,238	2,238	15,761	65
	<u>35,934</u>	<u>16,151</u>	<u>305,258</u>	<u>296,916</u>	<u>16,151</u>	<u>44,276</u>