

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
Statement of Profit or Loss and Other Comprehensive Income  
For The 2nd Quarter Ended 30 June 2015

The unaudited financial results of Kelington Group Berhad and its subsidiaries (the "Group") for the 6 months period ended 30 June 2015 are as follow:-

Note	Unaudited Current Qtr Ended 30/06/2015 RM'000	Unaudited Previous Qtr Ended 30/06/2014 RM'000	Unaudited 6-months Period up to 30/06/2015 RM'000	Unaudited 6-months Period up to 30/06/2014 RM'000
Revenue	40,585	43,927	79,109	97,000
Cost of sales	(35,015)	(38,504)	(69,715)	(86,318)
<b>Gross profit</b>	<b>5,570</b>	<b>5,423</b>	<b>9,394</b>	<b>10,682</b>
Other income	1,030	(242)	2,180	(225)
Administrative expenses	(4,448)	(2,503)	(6,803)	(4,805)
Selling and distribution expenses	(315)	(324)	(534)	(628)
Other expenses	(203)	(218)	(398)	(409)
<b>Results from operating activities</b>	<b>1,634</b>	<b>2,136</b>	<b>3,839</b>	<b>4,615</b>
Share of loss of Associate	(14)	-	(30)	-
Finance costs	(84)	(204)	(168)	(311)
<b>Profit before taxation for the financial period</b>	<b>1,536</b>	<b>1,932</b>	<b>3,641</b>	<b>4,304</b>
Taxation	(34)	33	(59)	(276)
<b>Profit after taxation for the financial period</b>	<b>1,502</b>	<b>1,965</b>	<b>3,582</b>	<b>4,028</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation	630	(192)	1,431	(620)
	630	(192)	1,431	(620)
<b>Total comprehensive income for the period</b>	<b>2,132</b>	<b>1,773</b>	<b>5,013</b>	<b>3,408</b>
<b>Profit attributable to:</b>				
Shareholders of the Company	1,502	1,977	3,582	4,057
Non-controlling interests	*	(12)	*	(29)
<b>Profit after taxation for the financial period</b>	<b>1,502</b>	<b>1,965</b>	<b>3,582</b>	<b>4,028</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	2,132	1,785	5,013	3,437
Non-controlling interests	*	(12)	*	(29)
<b>Total comprehensive income for the period</b>	<b>2,132</b>	<b>1,773</b>	<b>5,013</b>	<b>3,408</b>

\* : - Less than RM1,000

**Basic earnings per ordinary share (sen):**

Basic earnings per share (sen)	B10	0.69	1.21	1.64	2.12
Diluted earnings per share (sen)	B10	0.68	1.19	1.61	2.09

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 2014 and the accompanying explanatory notes enclosed to the interim financial statements.

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
Statement of Financial Position  
As at 30 June 2015

	<b>Unaudited As At 30/06/2015 RM'000</b>	<b>Audited As At 31/12/2014 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	6,395	6,357
Goodwill on consolidation	5,849	5,535
Development costs	47	53
Other receivables	1,828	1,726
Investment in Associate	72	81
	<b>14,191</b>	<b>13,752</b>
<b>Current assets</b>		
Inventories	1,170	775
Amount owing by contract customers	51,248	35,814
Trade receivables	40,555	66,249
Other receivables, prepayments and deposits	14,451	12,625
Deferred tax assets	107	97
Tax refundable	179	15
Cash and cash equivalents	27,372	34,391
	<b>135,082</b>	<b>149,966</b>
	<b>149,273</b>	<b>163,718</b>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	22,008	21,697
Share premium	483	-
Retained earnings	29,898	26,316
Other reserve	13,432	12,001
Treasury share	(607)	(606)
	<b>65,214</b>	<b>59,408</b>
<b>Total Equity attributable to Shareholders of the Company</b>		
Non-controlling interests	96	(74)
	<b>65,310</b>	<b>59,334</b>
<b>Total Equity</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	92	92
Long-term borrowings	1,377	1,117
	<b>1,469</b>	<b>1,209</b>
<b>Current liabilities</b>		
Amount owing to contract customers	27,075	15,771
Trade payables	22,780	29,644
Other payables and accruals	16,974	11,186
Provision for taxation	181	145
Bank overdraft	-	872
Short term borrowings	15,484	45,557
	<b>82,494</b>	<b>103,175</b>
	<b>83,963</b>	<b>104,384</b>
<b>Total liabilities</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>		
	<b>149,273</b>	<b>163,718</b>
<b>Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)</b>	<b>0.3010</b>	<b>0.2738</b>

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 2014 and the accompanying explanatory notes enclosed to the interim financial statements.

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
Condensed Consolidated Statements of Changes in Equity  
For The 2nd Quarter Ended 30 June 2015

	<----- Attributable to Equity Holders of the Company ----->						Distributable	Non-Controlling	Total	
	<----- Non Distributable ----->									Total
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Employee Share Option Reserve RM'000	Exchange Fluctuation Reserve RM'000	Treasury Share RM'000	Retained Earnings RM'000	RM'000	RM'000	
<b>As at 1 January 2015</b>	21,697	-	8,984	731	2,286	(606)	26,316	<b>59,408</b>	(74)	<b>59,334</b>
Profit after taxation for the financial period	-	-	-	-	-	-	3,582	<b>3,582</b>	*	<b>3,582</b>
Other comprehensive income, net of tax:										
- Foreign currency translation	-	-	-	-	1,431	-	-	<b>1,431</b>	*	<b>1,431</b>
Total comprehensive income for the financial period	-	-	-	-	1,431	-	3,582	<b>5,013</b>	-	<b>5,013</b>
Contributions by and distribution to owners of the company:										
- purchase of treasury shares	-	-	-	-	-	(1)	-	<b>(1)</b>	-	<b>(1)</b>
- Incorporation of a subsidiary	-	-	-	-	-	-	-	-	170	<b>170</b>
- Employees' share option exercise	311	483	-	-	-	-	-	<b>794</b>	-	<b>794</b>
Total recognised income and expense for the period	311	483	-	-	-	(1)	-	<b>793</b>	170	<b>963</b>
<b>As at 30 June 2015</b>	<b>22,008</b>	<b>483</b>	<b>8,984</b>	<b>731</b>	<b>3,717</b>	<b>(607)</b>	<b>29,898</b>	<b>65,214</b>	<b>96</b>	<b>65,310</b>
<b>As at 1 January 2014</b>	16,068	546	7,851	755	1,918	(482)	27,402	<b>54,058</b>	(23)	<b>54,035</b>
Profit after taxation for the financial period	-	-	-	-	-	-	4,057	<b>4,057</b>	(29)	<b>4,028</b>
Other comprehensive income, net of tax:										
- Foreign currency translation differences	-	-	-	-	(620)	-	-	<b>(620)</b>	*	<b>(620)</b>
Total comprehensive income for the financial period	-	-	-	-	(620)	-	4,057	<b>3,437</b>	(29)	<b>3,408</b>
Contributions by and distribution to owners of the company:										
- bonus issue	5,394	(1,109)	-	-	-	-	(4,285)	-	-	-
- purchase of treasury shares	-	-	-	-	-	(124)	-	<b>(124)</b>	-	<b>(124)</b>
- Employee's share options exercised	235	563	-	-	-	-	-	<b>798</b>	-	<b>798</b>
Total transactions with owners	5,629	(546)	-	-	-	(124)	(4,285)	<b>674</b>	-	<b>674</b>
<b>As at 30 June 2014</b>	<b>21,697</b>	<b>-</b>	<b>7,851</b>	<b>755</b>	<b>1,298</b>	<b>(606)</b>	<b>27,174</b>	<b>58,169</b>	<b>(52)</b>	<b>58,117</b>

\* : - Less than RM1,000

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes enclosed to the interim financial statements.

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
Condensed Consolidated Statement of Cash Flow  
For The 6-Months Period Ended 30 June 2015

	<b>Unaudited 6-Months Ended 30/06/15 RM'000</b>	<b>Unaudited 6-Months Ended 30/06/2014 RM'000</b>
<b>CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	3,641	4,304
Adjustments for:-		
Amortisation of development cost	9	30
Depreciation of property, plant and equipment	428	429
Equipment written off	-	38
Interest expense	146	301
Interest income	(82)	(88)
Loss on disposal of equipment	-	22
Share of net loss in associate	29	-
Unrealised (gain)/ loss on foreign exchange	(1,251)	104
Operating profit before working capital changes	2,920	5,140
(Increase)/ Decrease in inventory	(395)	465
(Increase)/ Decrease in amounts owing by/to contract customers	(4,130)	13,263
Decrease/ (Increase) in trade and other receivables	23,766	(27,833)
Increase/ (Decrease) in trade and other payables	175	(9,965)
<b>CASH FROM/ (FOR) OPERATIONS</b>	<b>22,336</b>	<b>(18,930)</b>
Income tax paid	(187)	(235)
Interest paid	(146)	(301)
Interest received	82	88
<b>NET CASH FROM/ (FOR) OPERATING ACTIVITIES</b>	<b>22,085</b>	<b>(19,378)</b>
<b>CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES</b>		
Purchase of plant and equipments	(384)	(142)
Development costs paid	(3)	(4)
Placement of fixed deposit pledged with licensed bank	(607)	(5,325)
Withdrawal/ (Placement) of cash pledged with licensed bank	4,359	(3,118)
Investment in associate	(20)	-
Net cash inflow on incorporation of a subsidiary	170	-
Proceeds from disposal of equipment	-	75
<b>NET CASH FROM/ (FOR) INVESTING ACTIVITIES</b>	<b>3,515</b>	<b>(8,514)</b>
<b>CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES</b>		
(Repayment)/ drawdown of revolving credit	(844)	1,982
Drawdown/ (Repayment) of factoring loan	1,487	(1,087)
Repayment of hire purchase obligations	(59)	(172)
(Repayment)/ Drawdown of term loan	(30,110)	25,238
Proceeds from share options exercised	794	798
Repayment of trust receipts	(287)	(118)
Purchase of treasury shares	(1)	(124)
<b>NET CASH (FOR) / FROM FINANCING ACTIVITIES</b>	<b>(29,020)</b>	<b>26,517</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,420)</b>	<b>(1,375)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>1,025</b>	<b>(569)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>19,439</b>	<b>15,310</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>17,044</b>	<b>13,366</b>
<b>Cash and cash equivalents at the end of financial period comprise the following:</b>		
Cash and bank balances	20,707	16,245
Fixed deposits	6,665	6,843
Bank overdraft	-	(1,279)
	27,372	21,809
Less: Placement of fixed deposit pledged with licensed banks	(6,665)	(5,325)
Less: cash at bank pledged with a licensed bank	(3,663)	(3,118)
	17,044	13,366

**The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited consolidated financial statements of KGB for the year ended 31 December 2014 and the accompanying explanatory notes enclosed to the interim financial statements.**

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**Part A - Explanatory Notes Pursuant to MFRS 134**

**1. 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 1965 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 2014. 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 2014.

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 2014.

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:-

<b>FRSs/ IC Interpretations</b>	<b>Effective date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	01 January 2018
MFRS 15 Revenue from Contracts with Customers	01 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	01 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	01 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	01 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	01 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	01 January 2016

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

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss. The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

**2. Status of Audit Qualification**

There were no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2014.

**3. Segmental Information**

The operating segments reporting is not presented as the Group principally involved in the business of providing engineering services and general trading specifically in the provision of ultra-high purity gas and chemical delivery systems solutions.

Geographical information

In presenting information on the basis of geographical segments, segment revenue and results are based on the geographical location of customers. The carrying value of segment assets are based on the geographical location of the assets.

	<b>Revenue</b>		<b>Non-current Assets</b>	
	<b>30/06/2015</b>	<b>30/06/2014</b>	<b>30/06/2015</b>	<b>30/06/2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	28,034	36,606	5,260	5,586
China	10,832	40,616	348	180
Taiwan	7,055	816	218	222
Singapore	31,848	18,962	8,365	7,800
Indonesia	43	-	-	-
Other	1,297	-	-	-
	<b>79,109</b>	<b>97,000</b>	<b>14,191</b>	<b>13,788</b>

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 30 June 2015.

**KELINGTON GROUP BERHAD ("KGB")**  
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**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**5. 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.

**6. 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.

**7. Dividends Paid**

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

**8. Valuation of Property, Plant and Equipment**

Property, plant and equipment of the Group were not revalued during the current quarter under review. As at 30 June 2015, all the property, plant and equipment were stated at cost less accumulated depreciation.

**9. Movement of Debt And Equity Securities**

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

(i) Employee's Shares Option Scheme ("ESOS")

	No. of Shares of RM0.10 each	Ordinary Shares (RM'000)	Share Premium (RM'000)
<b>As at 1 April 2015</b>	216,966,231	21,697	-
<b>Issued at RM0.255 per share pursuant to ESOS on:</b>			
- 10 April 2015	45,000	5	7
- 14 May 2015	1,221,999	122	189
- 9 June 2015	1,846,598	185	286
<b>As at 30 June 2015</b>	220,079,828	22,008	483

(ii) Shares Buy Back

On 2 June 2015, the Company repurchased 1,000 of its issued share capital from the open market at the cost of RM0.395 per share. The total consideration paid for the share buy-back of KGB shares, including transaction costs was RM436.12

The Shares buy back above were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A subsection 3(A) (b) of the Companies Act, 1965.

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

Save as disclosed in the following, there has been no change in the composition of the Group during the current quarter under review.

**Acquisition of PT Mitracon Graha Solusindo ("Mitracon")**

The Board of Directors of KGB is pleased to announce that Kelington Engineering (S) Pte. Ltd. ("KES"), a wholly-owned subsidiary of the Company, had on 22 May 2015 acquired a total 2,400 shares representing 80% of the total issued and paid-up capital of PT Mitracon Graha Solusindo ("Mitracon"), a company incorporated on 15 October 2014 in Indonesia for a total consideration of Rp 2,400,000,000/- or equivalent to RM661,538/-. In consequent thereto, Mitracon shall become a 80% owned subsidiary of KES, an indirect subsidiary of the Company.

Mitracon has an issued and paid-up capital of Rp3,000,000,000/- comprising 3,000 shares of Rp1,000,000 each. The intended principal activities of Mitracon are supply of fabricated steel structure and mechanical electrical works.

**11. Discontinued Operation**

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

**12. Capital Commitments**

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.

**13. Changes in Contingent Liabilities and Contingent Assets**

Contingent liabilities of the Group as at 30 June 2015 are as follows:

Performance bond and warranty bond granted to contract customers:

- Warranty bond  
- Performance bond  
Total

	Bank	Insurance
	RM'000	RM'000
- Warranty bond	1,570	1,507
- Performance bond	1,460	8,694
Total	3,030	10,201

**KELINGTON GROUP BERHAD ("KGB")  
(Company No. 501386-P)  
EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**14. Material Subsequent Events**

There has been no material subsequent events after the quarter ended 30 June 2015.

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

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

**1 Review Of Performance**

(a) Current Quarter vs. Previous Year Corresponding Quarter

For the quarter ended 30 June 2015, the Group's revenue decreased by 7.61%, or RM3.34 million, to RM40.59 million as compared to the previous year corresponding quarter ended 30 June 2014. This is mainly due to the reduction in revenue from Malaysia operation.

The Group profit before tax (PBT) decreased from RM1.93 million to RM1.54 million, or a decrease of 20.50%, mainly due to the provision of bonus, audit and tax fee during the quarter ended 30 June 2015. Previously the same provisions were usually made in the second half of the financial year.

(b) Current Year-to date vs. Previous Year-to date

For the financial period ended 30 June 2015, the Group's revenue decreased by 18.44% to RM79.11 million as compared to RM97.00 million reported in the previous year's corresponding period. This was mainly due to contributions from Malaysia and China.

Revenue from Malaysia's operation decreased by 23.42% to RM28.03 million mainly due to lesser projects undertaken during the period as compared to previous year's corresponding period.

Revenue from China's operation decreased by 73.33% to RM10.83 million. This was attributed to a healthcare project that is temporarily put on hold.

PBT decreased by 15.40% to RM3.64 million as compared to RM4.30 million in the previous year's corresponding period.

(c) Variation of Results Against Preceding Quarter

The Group's revenue increased by 5.35% to RM40.59 million for the quarter ended 30 June 2015 as compared to the preceding quarter's revenue of RM38.52 million. The Group's PBT decreased by RM0.57 million, or 27.03% to RM1.54 million for the quarter ended 30 June 2015. This is mainly due to the provision of bonus, audit and tax fee in the quarter ended 30 June 2015.

**2 Commentary Of Prospects**

Kelington is on track for its expansion plan with securing of RM113.28 million new orders for the 6 months ended 30 June 2015. This contributed to an order book on hand of RM313.68 million of which RM234.57 million remains outstanding as at 30 June 2015. As a result, the Group is optimistic of achieving satisfactory performance for the financial year ending 31 December 2015.

The Group continued to strengthen its presence in core industries with the said new orders. Moving forward, the Group will continue to focus on its core industries while expanding its non-core industries to allow the Group to maintain growth with healthy profit margins.

**3 Profit Forecast and Profit Guarantee**

The Company did not announce any profit forecast or profit estimate for the FYE 31 December 2015 in any public document and hence this information is not applicable.

**4 Profit for the Period**

	Quarter ended		Year-to-date ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	23	16	82	88
Interest expense	(75)	(56)	(146)	(301)
Depreciation and amortisation	(229)	(229)	(437)	(459)
Foreign exchange gain	542	(54)	1,251	(104)

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

**5 Taxation**

	Current quarter	Cumulative
	ended 30/06/15	Year to date
	RM'000	ended 30/06/15
		RM'000
Current tax:		
- for the financial period		
		34
		59

The effective tax rate of the Group for the current financial period under review is lower than the statutory tax rate mainly due to certain income arising from KGB's subsidiaries, Kelington Technologies Sdn Bhd and Puritec Technologies (M) Sdn Bhd, which are Pioneer Status Companies being tax exempted.

**6 Corporate Proposal**

There were no outstanding corporate proposals announced but not completed as at the current quarter under review.

**KELINGTON GROUP BERHAD ("KGB")**  
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**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**7 Group Borrowings**

(a) Breakdown of the Group's borrowings and debt securities as at 30 June 2015 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowing	15,484	-	15,484
Long-term borrowing	1,377	-	1,377
			-
Total Borrowings	16,861	-	16,861

(b) Foreign currency borrowings and debt securities in RM equivalent as at 30 June 2015 were as follows:

Foreign currency	RM'000
Singapore Dollar	3,796
US Dollar	2,982
Taiwan Dollar	-
Total	6,778

**8 Material Litigation**

There was no pending material litigation from 1 April 2015 up to the date of this quarterly announcement.

**9 Dividends Payable**

The Board of Directors of KGB recommended the payment of a final tax-exempt dividend of 1 sen per ordinary share (FYE 31 December 2013: 0.5 sen per ordinary share) amounting to RM2,188,629 in respect of the FYE 31 December 2014 had been approved by the shareholders of KGB during the Fifteenth Annual General Meeting of KGB which was held on 24 June 2015. The dividend was paid on 10 August 2015.

**10 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	
	30/06/2015	31/03/2014	30/06/2015	31/03/2014
Profit After Taxation attributable to owners of the company (RM'000)	1,502	1,977	3,582	4,057
Weighted average number of ordinary shares in issue ('000)	218,063	162,957	218,809	191,377
Basic Earnings Per Share (Sen)	0.69	1.21	1.64	2.12
Diluted Earnings Per Share (Sen) #	0.68	1.19	1.61	2.09

Note :

# - Assuming the full exercise of 9,758,936 share options under Employees' Share Option Scheme.

The unexercised convertible warrants were anti-dilutive in nature. This is due to the average market share price of the Company being below the exercise price of the warrants.

**11 DISCLOSURE OF REALISED AND UNREALISED PROFITS/ LOSSES**

	Cumulative Year to date ended 30/06/15 RM'000	Cumulative Year to date ended 30/06/14 RM'000
Total retained profits of KGB:		
- Realised	29,395	27,901
- Unrealised	503	(727)
Total group retained profits as per consolidated accounts	29,898	27,174