

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
 Condensed Consolidated Income Statements  
 For The 4th Quarter Ended 31 December 2009

The unaudited financial results of KGB and its subsidiaries (the "**Group**") for the 12 months period ended 31 December 2009 are as follow:-

	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Note</b>	<b>Current Qtr Ended 31/12/2009 RM'000</b>	<b>Previous Qtr Ended 31/12/2008 RM'000</b>	<b>12-months Period up to 31/12/2009 RM'000</b>	<b>12-months Period up to 31/12/2008 RM'000</b>
Revenue	18,854	16,041	63,522	60,058
Cost of sales	(15,444)	(11,844)	(47,360)	(47,686)
<b>Gross profit</b>	<b>3,410</b>	<b>4,197</b>	<b>16,162</b>	<b>12,372</b>
Other income	257	369	543	474
Administrative expenses	(3,214)	(2,278)	(7,057)	(4,910)
Selling and distribution expenses	(130)	(118)	(410)	(402)
Other expenses	(59)	(11)	(547)	(392)
<b>Profit from operations</b>	<b>264</b>	<b>2,159</b>	<b>8,691</b>	<b>7,142</b>
Finance costs	(63)	(28)	(103)	(82)
<b>Profit before tax</b>	<b>201</b>	<b>2,131</b>	<b>8,588</b>	<b>7,060</b>
Income tax expenses	B4 1,358	132	(607)	(454)
<b>Profit after tax for the period</b>	<b>1,559</b>	<b>2,263</b>	<b>7,981</b>	<b>6,606</b>
ATTRIBUTABLE TO:				
Equity holders of the Company	1,559	2,263	7,981	6,606
Basic earnings per share (sen)	B12 2.36	3.48 #	12.07	10.16 #
Diluted earnings per share (sen)	B12 N/A	N/A	N/A	N/A

Note:

# - Based on 65,000,000 shares in issue after bonus issue of 1,500,000 and subdivision of shares from RM1 per share to RM0.10 per ordinary shares but before the Proposed Public Issue.

**The Condensed Consolidated Income Statements should be read in conjunction with KGB's audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes enclosed to the interim financial statements.**

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
 Condensed Consolidated Balance Sheet  
 As at 31 December 2009

	<b>Unaudited As At 31/12/2009 RM'000</b>	<b>Audited As At 31/12/2008 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	6,153	5,218
Goodwill on consolidation	199	199
Development costs	201	94
	<b>6,553</b>	<b>5,511</b>
<b>Current assets</b>		
Amount owing by contract customers	10,599	7,749
Trade receivables	10,112	10,075
Other receivables, prepayments and deposits	2,167	1,176
Cash and cash equivalents	27,888	20,698
	<b>50,766</b>	<b>39,698</b>
	<b>57,319</b>	<b>45,209</b>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	7,471	5,000
Share premium	3,816	599
Capital reserve	2,401	421
Exchange fluctuation reserve	458	518
Retained earnings	20,178	15,078
	<b>34,324</b>	<b>21,616</b>
<b>Total Equity</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	179	812
Long-term borrowings	1,206	848
	<b>1,385</b>	<b>1,660</b>
<b>Current liabilities</b>		
Amount owing to contract customers	4,359	10,049
Trade payables	12,268	8,852
Other payables and accruals	3,922	2,738
Provision for taxation	942	231
Short term borrowings	119	63
	<b>21,610</b>	<b>21,933</b>
<b>Total liabilities</b>		
	<b>22,995</b>	<b>23,593</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		
	<b>57,319</b>	<b>45,209</b>
<b>Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)</b>	0.4594 *	0.3326 #

Note:

# - Based on 65,000,000 shares in issue after bonus issue of 1,500,000 and subdivision of shares from RM1 per share to RM0.10 per ordinary shares but before the Proposed Public Issue.

\* - Based on 74,710,000 shares of RM0.10 per ordinary shares as at 31 December 2009.

**The Condensed Consolidated Balance Sheet should be read in conjunction with the audited consolidated financial statements of KGB for the financial year ended 31 December 2008 and the accompanying explanatory notes enclosed to the interim financial statements.**

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
Condensed Consolidated Cash Flow Statements  
For The 12-Months Period Ended 31 December 2009

	<b>Unaudited 12-months Ended 31/12/2009 RM'000</b>	<b>Audited 12-months Ended 31/12/2008 RM'000</b>
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,588	7,060
Adjustments for:-		
Depreciation of property, plant and equipment	816	578
Allowance for doubtful debts	-	29
Bad Debts written off	-	36
Fixed Assets written off	1	16
Interest expense	82	82
Gain on foreign exchange - unrealised	(82)	(51)
Interest income	(264)	(184)
Writeback of allowance for doubtful debts	(14)	(42)
	9,127	7,524
Operating profit before working capital changes	9,127	7,524
Decrease in amounts owing by/to contract customers, net	567	4,781
(Increase)/Decrease in trade and other receivables	(876)	6,153
Decrease in trade and other payables	(4,563)	(6,381)
	4,255	12,077
<b>CASH FROM OPERATIONS</b>	<b>4,255</b>	<b>12,077</b>
Income tax paid	(529)	(655)
Interest paid	(82)	(82)
Interest received	264	184
	3,908	11,524
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,908</b>	<b>11,524</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(1,219)	(951)
Development costs paid	(107)	-
	(1,326)	(951)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(1,326)</b>	<b>(951)</b>
<b>CASH FOR FINANCING ACTIVITIES</b>		
Repayment of bills payable	-	(1,885)
Repayment of lease and hire purchase obligations	(53)	(83)
Repayment of term loan	(66)	(67)
Proceeds from issuance of shares	4,787	-
	4,668	(2,035)
<b>NET CASH FROM / (FOR) FINANCING ACTIVITIES</b>	<b>4,668</b>	<b>(2,035)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,250</b>	<b>8,538</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(60)</b>	<b>395</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>20,698</b>	<b>11,765</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>27,888</b>	<b>20,698</b>
 <b>Cash and cash equivalents at the end of financial period comprise the following:</b>		
Cash and bank balances	15,765	9,392
Fixed deposits	12,123	11,306
	27,888	20,698

**The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited consolidated financial statements of KGB for the financial year ended 31 December 2008 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 4th Quarter Ended 31 December 2009

Attributable to Equity Holders of the Company  
|<----- Non Distributable ----->| Distributable ----->|

	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Earnings RM'000	Total RM'000
<b>As at 1 January 2009</b>	5,000	599	421	518	15,078	21,616
Currency exchange translation differences	-	-	-	(60)	-	(60)
Capitalisation of retained profits for bonus issue by subsidiary	-	-	1,980	-	(1,980)	-
Bonus issue	1,500	(599)	-	-	(901)	-
Initial public offering	971	4,175	-	-	-	5,146
Listing expenses	-	(359)	-	-	-	(359)
Profit after tax for the period	-	-	-	-	7,981	7,981
Total recognised income and expense for the period	2,471	3,217	1,980	(60)	5,100	12,708
<b>As at 31 December 2009</b>	<b>7,471</b>	<b>3,816</b>	<b>2,401</b>	<b>458</b>	<b>20,178</b>	<b>34,324</b>

<b>As at 1 January 2008</b>	5,000	599	421	(79)	8,472	14,413
Currency exchange translation differences	-	-	-	597	-	597
Profit after tax for the period	-	-	-	-	6,606	6,606
Total recognised income and expense for the period	-	-	-	597	6,606	7,203
<b>As at 31 December 2008</b>	<b>5,000</b>	<b>599</b>	<b>421</b>	<b>518</b>	<b>15,078</b>	<b>21,616</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with KGB's the audited consolidated financial statements of KGB for the financial year ended 31 December 2008 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 31 DECEMBER 2009**

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

**1. Basis of Preparation**

The interim financial statements of the Group are prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("**FRS**") 134 : Interim Financial Reporting and in accordance to the requirements of paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad's ("**Bursa Malaysia**") ACE Market Listing Requirements.

The interim financial statements should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended ("**FYE**") 31 December 2008. 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 FYE 31 December 2008.

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 2008.

The Group has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the FYE 31 December 2009:

<b>FRSs/IC Interpretations</b>	<b>Effective date</b>
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	01 July 2010
Revised FRS 3 (2010) Business Combinations	01 July 2010
FRS 4 Insurance Contracts	01 January 2010
FRS 7 Financial Instruments: Disclosures	01 January 2010
FRS 8 Operating Segments	01 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	01 January 2010
Revised FRS 123 (2009) Borrowing Costs	01 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	01 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	01 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01 January 2010
Amendments to FRS 2: Vesting Conditions and Cancellations	01 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	01 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	01 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	01 January 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	01 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	01 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	01 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	01 January 2010
IC Interpretation 12 Service Concession Arrangements	01 July 2010
IC Interpretation 13 Customer Loyalty Programmes	01 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	01 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	01 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	01 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	01 July 2010
Annual Improvements to FRSs (2009)	01 January 2010

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the FYE 31 December 2009 but may impact the accounting for future transactions or arrangements.

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

**KELINGTON GROUP BERHAD ("KGB")  
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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009**

FRS 8 replaces FRS 114<sup>2004</sup> Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the FYE 31 December 2010.

The revised FRS 123 (2009) removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions, the Group will apply this revised standard to borrowing costs related to qualifying assets for which the commencement date of capitalisation is on or after 1 January 2010. This change in accounting policy will not have any financial impact on the financial statements for the FYE 31 December 2009 but may impact the accounting for future transactions or arrangements.

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the FYE 31 December 2009 but may impact the accounting for future transactions or arrangements.

Amendments to FRS 1 and FRS 127 remove the definition of "cost method" currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the FYE 31 December 2009 but may impact the accounting for future transactions or arrangements.

Amendments to FRS 5 requires assets and liabilities of a subsidiary to be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

Amendments to FRS 138 clarify the requirements under the revised FRS 3 (2010) regarding accounting for intangible assets acquired in a business combination. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are 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 proposition 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 2008.

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009**

**3. Segmental Information**

The Group operates wholly in the business of providing engineering services and general trading specifically in the provision of ultra-high purity gas and chemical delivery systems solutions.

By Geographical Segment

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

	Year-to-date ended 31/12/09					
	Malaysia RM'000	China RM'000	Taiwan RM'000	Singapore RM'000	Others RM'000	Group RM'000
Revenue						
- External sales	30,711	14,689	8,890	8,801	431	<b>63,522</b>
Results:						
Segment results	3,668	2,763	257	1,449	290	<b>8,427</b>
Finance costs	(82)	(5)	(14)	(2)	-	<b>(103)</b>
Interest income	256	6	2	-	-	<b>264</b>
Profit before tax						<b>8,588</b>
Income tax expense						<b>(607)</b>
Profit after tax						<b>7,981</b>
Capital expenditure	1,098	61	45	15	-	<b>1,219</b>
Depreciation	488	235	90	3	-	<b>816</b>

	Year-to-date ended 31/12/08					
	Malaysia RM'000	China RM'000	Taiwan RM'000	Singapore RM'000	Others RM'000	Group RM'000
Revenue						
- External sales	22,484	20,299	16,552	-	723	<b>60,058</b>
Results:						
Segment results	2,371	3,148	1,255	-	184	<b>6,958</b>
Finance costs	(58)	(3)	(21)	-	-	<b>(82)</b>
Interest income	163	17	4	-	-	<b>184</b>
Profit before tax						<b>7,060</b>
Income tax expense						<b>(454)</b>
Profit after tax						<b>6,606</b>
Capital expenditure	210	643	98	-	-	<b>951</b>
Depreciation	332	159	87	-	-	<b>578</b>

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 December 2009.

**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.

**KELINGTON GROUP BERHAD ("KGB")  
(Company No. 501386-P)  
EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009**

**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 quarter under review. As at 31 December 2009, all the property, plant and equipment were stated at cost less accumulated depreciation.

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

On 20 November 2009, the Company issued 9,710,000 new ordinary shares of RM0.10 each at an issue price of RM0.53 as part of the Company's initial public offering ("**IPO**").

The entire issued and paid-up share capital of the Company comprising 74,710,000 ordinary shares of RM0.10 each was listed and quoted on the ACE Market of Bursa Malaysia on 25 November 2009.

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

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

**11. Discontinued Operations**

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**

There were no changes in any contingent liabilities or assets of the Group in the quarter under review.

**14. Material Subsequent Events**

Save as disclosed in Note B.7 of this report, there were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.



**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009**

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

**1 Review Of Performance**

During the current quarter under review, the Group has recorded a profit before taxation ("**PBT**") of RM0.2 million on the back of revenue of RM18.9 million. The revenue was higher as compared to previous corresponding quarter in 2008 mainly due to the increase in number of contracts secured by Malaysia operations and revenue contribution from Singapore operations.

The Group recorded a PBT of RM0.2 million for the current quarter ended 31 December 2009 as compared to RM2.1 million in the preceding quarter ended 31 December 2008 mainly due to listing expenses of RM1.4 million being charged to income statement and also driven by projects with lower margins as compared to better margin in the corresponding quarter in 2008.

For the FYE 31 December 2009, the Group had achieved higher revenue of RM63.5 million as compared to RM60.1 million in the preceding year due to higher revenue contribution from Malaysia and Singapore despite the lower revenue contribution from China and Taiwan operations arising from the then weaker semiconductor industry there. The PBT of RM8.6 million is higher for the year to date in 2009 as compared to RM7.1 million in the preceding year to date 2008 mainly due to overall projects with higher margins.

**2 Commentary Of Prospects**

Barring any unforeseen adverse change in global economic climate and market conditions, the Board of Directors of KGB is optimistic about the future prospects of the Group after taking into account the recovering outlook of the semiconductor industry, particularly Wafer Fabrication, Flat Panel Display and the solar industries, the Group's competitive advantages and the Group's commitment to implement their future plans and strategies.

**3 Profit Forecast and Profit Guarantee**

The Company did not announce any profit forecast or profit estimate for the FYE 31 December 2009 in any public document and hence this information is not applicable.

**4 Income Tax Expense**

	Current quarter ended 31/12/09 RM'000	Cummulative Year to date ended 31/12/09 RM'000
Current tax: - for the financial period	1,358	(607)

The negative tax expense for the current quarter ended 31 December 2009 is due to the writeback of tax provision from the previous quarters arising from Kelington Technologies Sdn Bhd, a wholly-owned subsidiary of KGB which is a Pioneer Status Company with tax exemption, after taking into account advice from the Company's tax adviser. 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 being exempted from taxation.

**5 Unquoted Investments / Properties**

There were no purchase or sales of unquoted investments or properties during the current quarter under review and current financial year to date.

**6 Purchase or Disposal of Quoted Securities**

There were no purchase or disposal of quoted securities during the current interim period under review and financial year to date.

## 7 Corporate Proposals

(i) There were no corporate proposals announced but not completed as at the date of this report. The Company completed its IPO on 25 November 2009.

(ii) Status of Utilisation of Proceeds as at 31 December 2009

Description	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
IPO				
R&D expenses	Within 1 year from the date of Listing	250	-	250
Capital expenditure	Within 1 year from the date of Listing	500	(56)	444
Working capital	Within 1 year from the date of Listing	2,641	(31)	2,610
Estimated listing expenses	Within 1 month from the date of Listing	1,755	(1,755)	-
		<b>5,146</b>	<b>(1,842)</b>	<b>3,304</b>

The unutilised proceeds raised from the IPO were placed in interest-bearing accounts with licenced financial institutions in Malaysia until it is fully utilised.

## 8 Group Borrowings

The Group's borrowings as at 31 December 2009 are as follow:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:-			
Hire purchase	53	-	53
Term Loan	66	-	66
	<b>119</b>	<b>-</b>	<b>119</b>
Long-term borrowings:-			
Hire purchase	428	-	428
Term Loan	778	-	778
	<b>1,206</b>	<b>-</b>	<b>1,206</b>
Total Borrowings	<b>1,325</b>	<b>-</b>	<b>1,325</b>

All of our Group's outstanding bank borrowings are denominated in RM.

## 9 Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this quarterly announcement.

## 10 Material Litigation

There was no pending material litigation from 1 January 2009 up to the date of this quarterly announcement.

## 11 Dividends Payable

The Board of Directors does not recommend any interim dividends for the current quarter ended 31 December 2009.

## 12 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-December-09	31-December-08	31-December-09	31-December-08
Profit After Taxation (RM'000)	1,559	2,263	7,981	6,606
Weighted average number of ordinary shares in issue ('000)	66,117	65,000	66,117	65,000
Basic Earnings Per Share (Sen)	2.36	3.48	12.07	10.16
Diluted Earnings Per Share (Sen) *	N/A	N/A	N/A	N/A

Note :

\* - Not applicable as the Company does not have any potential dilutive ordinary shares at the end of current quarter and cumulative year to date ended 31 December 2009.

## 13 Comparative Figures

The following comparative figures from the FYE 31 December 2008 have been reclassified to conform with the presentation of the current financial year:-

Income Statements (Extract):-

	As restated	As Previously
	RM'000	Reported RM'000
Selling & Distribution Expenses	402	224
Administrative Expenses	4,910	5,113
Other Expenses	392	370
Finance Costs	82	79
	<u>5,786</u>	<u>5,786</u>

KGB is sponsored by Kenanga Investment Bank Berhad