

KELINGTON GROUP BERHAD ("KGB")
(Company No. 501386-P)
 Condensed Consolidated Statement of Comprehensive Income
 For The 4th Quarter Ended 31 December 2010

The unaudited financial results of Kelington Group Berhad and its subsidiaries (the "Group") for the 12 months period ended 31 December 2010 are as follow:-

	Unaudited	Unaudited	Unaudited	Audited
Note	Current Qtr Ended 31/12/2010 RM'000	Previous Qtr Ended 31/12/2009 RM'000	12-months Period up to 31/12/2010 RM'000	12-months Period up to 31/12/2009 RM'000
Revenue	30,939	19,169	84,732	63,837
Cost of sales	(26,009)	(15,802)	(69,012)	(47,718)
Gross profit	4,930	3,367	15,720	16,119
Other income	118	260	429	546
Administrative expenses	(2,103)	(1,949)	(6,296)	(5,792)
Selling and distribution expenses	(221)	(130)	(687)	(410)
Other expenses	(109)	(1,234)	(583)	(1,722)
Results from operating activities	2,615	314	8,583	8,741
Finance costs	(69)	(56)	(110)	(96)
Profit before tax	2,546	258	8,473	8,645
Income tax expenses	402	1,393	(97)	(572)
Profit for the period	2,948	1,651	8,376	8,073
Other comprehensive (Expense)/ Income				
Foreign currency translation differences for foreign operations	273	78	(472)	(60)
Total other comprehensive (expense)/ Income	273	78	(472)	(60)
Total comprehensive income for the period	3,221	1,729	7,904	8,013
Basic earnings per ordinary share (sen):				
Basic earnings per share (sen)	B12	3.95	2.50 #	11.21
Diluted earnings per share (sen)	B12	N/A	N/A	12.21 #

- Based on weighted average number of ordinary shares in issue.

The Condensed Consolidated Income Statements should be read in conjunction with KGB's audited financial statements for the financial year ended 31 December 2009 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 2010

	Unaudited As At 31/12/2010 RM'000	Audited As At 31/12/2009 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	7,586	6,131
Goodwill on consolidation	199	199
Development costs	-	201
	7,785	6,531
Current assets		
Inventories	1,044	1,387
Amount owing by contract customers	12,475	7,781
Trade receivables	24,352	12,087
Other receivables, prepayments and deposits	1,637	751
Cash and cash equivalents	22,131	28,140
Tax refundable	383	-
	62,022	50,146
	69,807	56,677
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	7,471	7,471
Share premium	3,816	3,816
Capital reserve	2,401	2,401
Exchange fluctuation reserve	(14)	458
Retained earnings	26,405	20,270
	40,079	34,416
Total Equity		
Non-current liabilities		
Deferred tax liabilities	251	355
Long-term borrowings	1,191	1,155
	1,442	1,510
Current liabilities		
Amount owing to contract customers	4,071	4,461
Trade payables	21,237	12,652
Other payables and accruals	2,753	2,571
Provision for taxation	-	897
Short term borrowings	225	170
	28,286	20,751
Total liabilities	29,728	22,261
	69,807	56,677
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share Attributable to ordinary Equity holders of the company (RM) #	0.5365	0.4607 #

- Based on 74,710,000 shares of RM0.10 per ordinary shares

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 2009 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 2010

	Unaudited 12-Months Ended 31/12/2010 RM'000	Audited 12-Months Ended 31/12/2009 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	8,473	8,645
Adjustments for:-		
Allowance for doubtful debts	-	22
Depreciation of property, plant and equipment	869	831
Amortisation of development cost	17	-
Equipment written off	19	1
Interest expense	91	82
Writeback of allowance for doubtful debts	-	(36)
Bad debts written off	24	-
Unrealised loss on foreign exchange	93	-
Interest income	(281)	(271)
	9,305	9,274
Operating profit before working capital changes		
Decrease/ (Increase) in inventory	344	(1,388)
Increase in amounts owing by/to contract customers, net	(5,084)	(5,651)
Increase in trade and other receivables	(13,198)	(1,546)
Increase in trade and other payables	8,674	3,619
	41	4,308
CASH (FOR)/FROM OPERATIONS		
Income tax paid	(1,419)	(366)
Interest paid	(91)	(82)
Interest received	281	271
	(1,188)	4,131
NET CASH (FOR)/FROM OPERATING ACTIVITIES		
CASH FLOWS FOR/ (FROM) INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,937)	(1,214)
Development costs paid	-	(107)
Listing expenses	-	(359)
Proceeds from issuance of shares	-	5,146
	(1,937)	3,466
NET CASH FOR/ (FROM) INVESTING ACTIVITIES		
CASH FOR FINANCING ACTIVITIES		
Repayment of lease and hire purchase obligations	(143)	(53)
Repayment of term loan	(66)	(66)
Dividend paid	(2,241)	-
	(2,450)	(119)
NET CASH FOR FINANCING ACTIVITIES		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,575)	7,478
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(434)	(36)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	28,140	20,698
	22,131	28,140
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		

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

Cash and bank balances	9,585	12,123
Fixed deposits	12,546	16,017
	22,131	28,140

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited consolidated financial statements of KGB for the year ended 31 December 2009 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 2010

|<-----| **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
As at 1 January 2010	7,471	3,816	2,401	458	20,270	34,416
Total comprehensive income for the year	-	-	-	(472)	8,376	7,904
Dividend paid for the year	-	-	-	-	(2,241)	(2,241)
Total recognised income and expense for the year	-	-	-	(472)	6,135	5,663
As at 31 December 2010	7,471	3,816	2,401	(14)	26,405	40,079
As at 1 January 2009	5,000	599	421	518	15,078	21,616
Capitalisation of retained profits for bonus issued by Subsidiary	-	-	1,980	-	(1,980)	-
Bonus Issued	1,500	(599)	-	-	(901)	-
Shares issued pursuant to the public issue	971	4,175	-	-	-	5,146
Listing expenses	-	(359)	-	-	-	(359)
Total comprehensive income for the year	-	-	-	(60)	8,073	8,013
Total recognised income and expense for the year	2,471	3,217	1,980	(60)	5,192	12,800
As at 31 December 2009	7,471	3,816	2,401	458	20,270	34,416

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited consolidated financial statements of KGB for the financial year ended 31 December 2009 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 2010

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 the ACE Market 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 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2009.

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 2009.

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:

FRSs/ IC Interpretations	Effective date
Amendments to FRS 1: Limited Exemption from Comparative FRS7 Disclosures for First-time Adopters	01 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	01 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	01 January 2011
FRS 124 (Revised) Related Party Disclosures	01 January 2012
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	01 January 2011
IC Interpretation 15 Agreements for the Construction of Real Estate	01 January 2012
IC Interpretation 18 Transfers of Assets from Customers	01 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	01 July 2011

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

FRS 7, FRS 139 and subsequent Amendments

The possible impacts of FRS7 (including the subsequent amendments) and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards

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 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 31/12/10						Group RM'000
	Malaysia RM'000	China RM'000	Taiwan RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	
Revenue							
- External sales	41,425	16,692	16,017	11,177	-	(579)	84,732
Results:							
Segment results	6,640	20	555	1,087	-	-	8,302
Finance costs	(96)	(6)	(8)	*	-	-	(110)
Interest income	279	-	2	*	-	-	281
Profit before tax							8,473
Income tax expense							(97)
Profit after tax							8,376
Capital expenditure	1,901	78	51	207	-	-	2,237
Depreciation	532	241	76	20	-	-	869
Other non-cash items	36	2	-	-	-	-	38

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EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010

	Malaysia RM'000	China RM'000	Taiwan RM'000	Year-to-date ended 31/12/09		Eliminations RM'000	Group RM'000
				Singapore RM'000	Others RM'000		
Revenue							
- External sales	30,572	14,597	8,934	9,212	590	(68)	63,837
Results:							
Segment results	6,053	1,815	263	1,550	273	(1,499)	8,455
Finance costs	(68)	-	(13)	-	-	-	(81)
Interest income	256	13	2	-	-	-	271
Profit before tax							8,645
Income tax expense							(572)
Profit after tax							8,073
Capital expenditure	1,640	77	16	15	-	-	1,748
Depreciation	497	245	86	3	-	-	831
Other non-cash items	-	1	22	-	-	-	23

* - Less than RM1,000

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 December 2010.

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 quarter under review. As at 31 December 2010, all the property, plant and equipment were stated at cost less accumulated depreciation.

9. Movement Debt And Equity Securities

There were no issuance, cancellation, resale and repayment of debt and equity securities for the current quarter under review.

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 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

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

14. Material Subsequent Events

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

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EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010

B. Additional information required by the Bursa Malaysia Listing Requirements

1 Review Of Performance

For the current quarter under review, the Group recorded higher revenue of RM30.94 million as compared to RM19.17 million in the same period ended 31 December 2009. The increase in revenue is mainly due to the contribution from Malaysia projects. The Group registered a profit before taxation of RM2.55 million in the current quarter as compared to RM0.26 million in the corresponding quarter in the financial year 2009.

The Group revenue for the year to date 2010 was at RM84.73 million, an increase of 32.72% as compared to year to date 2009 of RM63.84 million which was driven by higher revenue from all countries. The group profit before taxation for the year to date 2010 was at RM8.47 million as compared to preceding year of RM8.65 million mainly due to certain projects with higher gross profit margin in financial year 2009.

In the fourth quarter, the Group's revenue stood at RM30.94 million, higher compared to the RM24.54 million achieved in the immediate preceding quarter, whereas profit before taxation was RM2.55 million or 4.14% lower compared to RM2.66 million achieved in the third quarter mainly due to the projects undertaken with lower margins.

2 Commentary Of Prospects

Barring any unforeseen circumstances in global economic climate and market conditions, the Board of Directors of KGB ("Board") is optimistic about the positive outlook of the Semiconductor industry, particularly the Wafer Fabrication, Flat Panel Display and Solar Cell industries in future.

In line with the above factor, the Board is optimistic that results of operations of KGB Group will remain profitable in the FYE 2011.

3 Profit Forecast and Profit Guarantee

The Company did not announce any profit forecast or profit estimate for the FYE 31 December 2010 in any public document and hence this information is not applicable.

4 Income Tax Expense

	Current quarter ended 31/12/10 RM'000	Cumulative Year to date ended 31/12/10 RM'000
Current tax: - for the financial period	(402)	97

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 subsidiary, Kelington Technologies Sdn Bhd, which is Pioneer Status Company being tax exempted.

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

7 Corporate Proposal

(i) There is no corporate proposals announced but not completed as at the date of this report.

(ii) Status of utilisation of proceeds derived from the initial public offering("IPO") of 9,710,000 new ordinary shares of RM0.10 each in KGB by the Company as at 31 December 2010

Description	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
R&D expenses	Within 1 year from the date of Listing	250	(250)	0
Capital expenditure	Within 1 year from the date of Listing	500	(500)	0
Working capital	Within 1 year from the date of Listing	2641	(2,641)	0
Estimated listing expenses	Within 1 month from the date of Listing	1755	(1,755)	0
		<u>5146</u>	<u>(5,146)</u>	<u>0</u>

As at 31 Dec 2010, the Company had fully utilised its IPO proceeds.

8 Group Borrowings

The Group's borrowings as at 31 December 2010 are as follow:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:-			
Hire purchase	159	-	159
Term Loan	66	-	66
	<u>225</u>	<u>-</u>	<u>225</u>
Long-term borrowings:-			
Hire purchase	479	-	479
Term Loan	712	-	712
	<u>1,191</u>	<u>-</u>	<u>1,191</u>
Total Borrowings	<u>1,416</u>	<u>-</u>	<u>1,416</u>

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 2010 up to the date of this quarterly announcement.

11 Dividends Payable

There were no dividends proposed during the current quarter ended 31 December 2010.

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-10	31-December-09	31-December-10	31-December-09
Profit After Taxation (RM'000)	2,948	1,651	8,376	8,073
Weighted average number of ordinary shares in issue ('000)	74,710	66,117	74,710	66,117
Basic Earnings Per Share (Sen)	3.95	2.50	11.21	12.21
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 2010.

13 DISCLOSURE OF REALISED AND UNREALISED PROFITS/ LOSSES

	Cummulative Year to date ended 31/12/10 RM'000	Cummulative Year to date ended 30/9/10 RM'000
Total retained profits of KGB		
- Realised profits	26,749	23,915
- Unrealised losses	(344)	(458)
Total group retained profits as per consolidated accounts	<u>26,405</u>	<u>23,457</u>

KGB is sponsored by Kenanga Investment Bank Berhad