

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
Statement of Profit or Loss and Other Comprehensive Income  
For The 3rd Quarter Ended 30 September 2015

The unaudited financial results of Kelington Group Berhad and its subsidiaries (the "Group") for the 9 months period ended 30 September 2015 are as follow:-

	Note	Unaudited Current Qtr Ended 30/09/2015 RM'000	Unaudited Previous Qtr Ended 30/09/2014 RM'000	Unaudited 9-months Period up to 30/09/2015 RM'000	Unaudited 9-months Period up to 30/09/2014 RM'000
Revenue		35,888	48,943	114,997	145,943
Cost of sales		(34,779)	(44,080)	(104,494)	(130,398)
<b>Gross profit</b>		<b>1,109</b>	<b>4,863</b>	<b>10,503</b>	<b>15,545</b>
Other income		4,047	92	6,227	296
Administrative expenses		(3,365)	(2,416)	(10,168)	(7,221)
Selling and distribution expenses		(211)	(305)	(745)	(933)
Other expenses		(228)	(126)	(626)	(964)
<b>Results from operating activities</b>		<b>1,352</b>	<b>2,108</b>	<b>5,191</b>	<b>6,723</b>
Share of loss of Associate		(13)	(8)	(43)	(8)
Finance costs		(145)	(91)	(313)	(402)
<b>Profit before taxation for the financial period</b>		<b>1,194</b>	<b>2,009</b>	<b>4,835</b>	<b>6,313</b>
Taxation	B5	(213)	72	(272)	(204)
<b>Profit after taxation for the financial period</b>		<b>981</b>	<b>2,081</b>	<b>4,563</b>	<b>6,109</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation		1,816	287	3,247	(333)
		1,816	287	3,247	(333)
<b>Total comprehensive income for the period</b>		<b>2,797</b>	<b>2,368</b>	<b>7,810</b>	<b>5,776</b>
<b>Profit attributable to:</b>					
Shareholders of the Company		977	2,097	4,559	6,154
Non-controlling interests		4	(16)	4	(45)
<b>Profit after taxation for the financial period</b>		<b>981</b>	<b>2,081</b>	<b>4,563</b>	<b>6,109</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		2,762	2,384	7,775	5,821
Non-controlling interests		35	(16)	35	(45)
<b>Total comprehensive income for the period</b>		<b>2,797</b>	<b>2,368</b>	<b>7,810</b>	<b>5,776</b>
<b>Basic earnings per ordinary share (sen):</b>					
Basic earnings per share (sen)	B10	0.44	0.96	2.08	3.34
Diluted earnings per share (sen)	B10	0.44	0.96	2.06	3.33

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 September 2015

	<b>Unaudited As At 30/09/2015 RM'000</b>	<b>Audited As At 31/12/2014 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	7,000	6,357
Goodwill on consolidation	6,456	5,535
Development costs	39	53
Other receivables	2,014	1,726
Investment in Associate	-	81
	15,509	13,752
<b>Current assets</b>		
Inventories	1,499	775
Amount owing by contract customers	58,745	35,814
Trade receivables	62,359	66,249
Other receivables, prepayments and deposits	12,274	12,625
Deferred tax assets	117	97
Tax refundable	242	15
Cash and cash equivalents	23,464	34,391
	158,700	149,966
	<b>174,209</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	28,686	26,316
Other reserve	15,217	12,001
Treasury share	(607)	(606)
	65,787	59,408
<b>Total Equity attributable to Shareholders of the Company</b>		
Non-controlling interests	184	(74)
	65,971	59,334
<b>Total Equity</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	92	92
Long-term borrowings	1,221	1,117
	1,313	1,209
<b>Current liabilities</b>		
Amount owing to contract customers	50,642	15,771
Trade payables	23,556	29,644
Other payables and accruals	16,244	11,186
Provision for taxation	286	145
Bank overdraft	-	872
Short term borrowings	16,197	45,557
	106,925	103,175
	108,238	104,384
<b>Total liabilities</b>		
	<b>174,209</b>	<b>163,718</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		
<b>Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)</b>	0.2998	0.2738

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 3rd Quarter Ended 30 September 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	-	-	-	-	-	-	4,559	<b>4,559</b>	4	<b>4,563</b>
Other comprehensive income, net of tax:										
- Foreign currency translation	-	-	-	-	3,216	-	-	<b>3,216</b>	31	<b>3,247</b>
Total comprehensive income for the financial period	-	-	-	-	3,216	-	4,559	<b>7,775</b>	35	<b>7,810</b>
Contributions by and distribution to owners of the company:										
- purchase of treasury shares	-	-	-	-	-	(1)	-	<b>(1)</b>	-	<b>(1)</b>
- dividend paid for the period	-	-	-	-	-	-	(2,189)	<b>(2,189)</b>	-	<b>(2,189)</b>
- Incorporation of a subsidiary	-	-	-	-	-	-	-	-	170	<b>170</b>
- Acquisition of a subsidiary	-	-	-	-	-	-	-	-	53	<b>53</b>
- Employees' share option exercise	311	483	-	-	-	-	-	<b>794</b>	-	<b>794</b>
Total recognised income and expense for the period	311	483	-	-	-	(1)	(2,189)	<b>(1,396)</b>	223	<b>(1,173)</b>
<b>As at 30 September 2015</b>	<b>22,008</b>	<b>483</b>	<b>8,984</b>	<b>731</b>	<b>5,502</b>	<b>(607)</b>	<b>28,686</b>	<b>65,787</b>	<b>184</b>	<b>65,971</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	-	-	-	-	-	-	6,154	<b>6,154</b>	(45)	<b>6,109</b>
Other comprehensive income, net of tax:										
- Foreign currency translation differences	-	-	-	-	(333)	-	-	<b>(333)</b>	*	<b>(333)</b>
Total comprehensive income for the financial period	-	-	-	-	(333)	-	6,154	<b>5,821</b>	(45)	<b>5,776</b>
Contributions by and distribution to owners of the company:										
- bonus issue	5,394	(1,109)	-	-	-	-	(4,285)	-	-	-
- bonus share issued by a subsidiary	-	-	1,115	-	-	-	(1,115)	-	-	-
- dividend paid for the period	-	-	-	-	-	-	(1,079)	<b>(1,079)</b>	-	<b>(1,079)</b>
- 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)	1,115	-	-	(124)	(6,479)	<b>(405)</b>	-	<b>(405)</b>
<b>As at 30 September 2014</b>	<b>21,697</b>	<b>-</b>	<b>8,966</b>	<b>755</b>	<b>1,585</b>	<b>(606)</b>	<b>27,077</b>	<b>59,474</b>	<b>(68)</b>	<b>59,406</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 9-Months Period Ended 30 September 2015

	<b>Unaudited 9-Months Ended 30/09/15 RM'000</b>	<b>Unaudited 9-Months Ended 30/09/2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,835	6,313
Adjustments for:-		
Amortisation of development cost	14	46
Depreciation of property, plant and equipment	669	645
Equipment written off	-	38
Interest expense	235	456
Interest income	(101)	(120)
Loss on disposal of equipment	-	22
Share of net loss in associate	43	-
Unrealised (gain)/ loss on foreign exchange	(1,477)	57
Operating profit before working capital changes	4,218	7,457
(Increase)/ Decrease in inventory	(724)	380
Decrease in amounts owing by/to contract customers	11,940	15,176
Increase in amount owing by associate	-	(28)
Decrease/ (Increase) in trade and other receivables	3,977	(38,831)
Increase/ (Decrease) in trade and other payables	373	(10,461)
<b>CASH FROM/ (FOR) OPERATIONS</b>	<b>19,784</b>	<b>(26,307)</b>
Income tax paid	(358)	(324)
Interest paid	(235)	(456)
Interest received	101	120
<b>NET CASH FROM/ (FOR) OPERATING ACTIVITIES</b>	<b>19,292</b>	<b>(26,967)</b>
<b>CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES</b>		
Purchase of plant and equipments	(923)	(212)
Development costs paid	-	(5)
Placement of fixed deposit pledged with licensed bank	(891)	(5,605)
Withdrawal/ (Placement) of cash pledged with licensed bank	8,022	(3,167)
Net cash outflow on acquisition of subsidiary (Note 1)	(87)	-
Net cash inflow/(outflow) on investment in subsidiary/ associate	170	(112)
Proceeds from disposal of equipment	-	75
<b>NET CASH FROM/ (FOR) INVESTING ACTIVITIES</b>	<b>6,291</b>	<b>(9,026)</b>
<b>CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,189)	(1,079)
(Repayment)/ drawdown of revolving credit	(3,559)	5,980
Drawdown/ (Repayment) of factoring loan	7,897	(1,087)
Repayment of hire purchase obligations	(88)	(204)
(Repayment)/ Drawdown of term loan	(33,219)	25,701
Proceeds from share options exercised	794	798
Repayment of trust receipts	(287)	(316)
Purchase of treasury shares	(1)	(124)
<b>NET CASH (FOR) / FROM FINANCING ACTIVITIES</b>	<b>(30,652)</b>	<b>29,669</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,069)</b>	<b>(6,324)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>2,145</b>	<b>(274)</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>16,515</b>	<b>8,712</b>

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

Cash and bank balances	16,515	11,879
Fixed deposits	6,949	5,605
Bank overdraft	-	-
	23,464	17,484
Less: Placement of fixed deposit pledged with licensed banks	(6,949)	(5,605)
Less: cash at bank pledged with a licensed bank	-	(3,167)
	16,515	8,712

**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.**

**Note 1**

On 30 September 2015, KGB acquired additional 52,500 ordinary shares of RM1.00 each in Kelington Analytical Services Sdn. Bhd. (1103012-H) ("KASSB"), representing 15% of the issued and paid-up share capital of KASSB for a total consideration of RM52,500.00 ("Acquisition of Shares").

Before the additional investment, KASSB was an associate company to KGB and that the Company is holding 140,000 ordinary shares of RM1.00 each in KASSB representing 40% of the issued and paid-up share capital of KASSB. In consequent to the Acquisition of Shares, KASSB shall become a 55% owned subsidiary of the Company.

The fair value of the net assets acquired and cash flow arising from the acquisition as at acquisition date is as follows: -

	<b>RM'000</b>
Property, plant and equipments	187
Trade and other receivables	8
Cash and cash equivalents	24
Trade and other payables	(74)
Net Assets	145
Less: Non-controlling interest (45%)	(65)
Goodwill	31
Purchase consideration	111
Cash and cash equivalents of a subsidiary acquired	(24)
Net cash outflow on acquisition in a subsidiary company	87

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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>30/09/2015</b>	<b>30/09/2014</b>	<b>30/09/2015</b>	<b>30/09/2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	39,102	73,461	5,631	5,596
China	18,868	42,727	453	173
Taiwan	9,427	1,619	229	214
Singapore	41,967	28,136	9,196	7,747
Indonesia	1,335	-	-	-
Philippines	1,496	-	-	-
Middle East	2,802	-	-	-
	<b>114,997</b>	<b>145,943</b>	<b>15,509</b>	<b>13,730</b>

**4. Unusual Items**

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

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

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.

**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 September 2015, all the property, plant and equipment were stated at cost less accumulated depreciation.

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

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

**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.

**Additional Investment in Kelington Analytical Services Sdn. Bhd.**

The Board of Directors of KGB is pleased to announce that the Company had on 30 September 2015 acquired additional 52,500 ordinary shares of RM1.00 each in Kelington Analytical Services Sdn. Bhd. (1103012-H) ("KASSB") from Mr Gan Pek Chuan (NRIC No. 740815-14-5010) and Mr Chong Chin Chin (NRIC No. 721201-13-5009), representing 15% of the issued and paid-up share capital of KASSB for a total consideration of RM52,500.00 ("Acquisition of Shares").

Further, the Board wishes to inform that KASSB is an associate company to KGB and that the Company is currently holding 140,000 ordinary shares of RM1.00 each in KASSB representing 40% of the issued and paid-up share capital of KASSB. In consequent to the Acquisition of Shares, KASSB shall become a 55% owned subsidiary of the Company.

KASSB has an issued and paid-up capital of RM350,000 comprising 350,000 ordinary shares of RM1.00 each. The principal activity of KASSB is to carry on business in scientific and technical researches, laboratory testing services, experiments and tests of all kinds.

**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 September 2015 are as follows:

	<b>Bank</b>	<b>Insurance</b>
	<b>RM'000</b>	<b>RM'000</b>
Performance bond and warranty bond granted to contract customers:		
- Advance payment bond	-	17,280
- Warranty bond	1,595	2,324
- Performance bond	1,460	22,139
Total	3,055	41,743

**14. Material Subsequent Events**

Save as disclosed in the following, there has been no material subsequent events after the quarter ended 30 September 2015.

On 11 November 2015, Kelington Engineering (S) Pte. Ltd. ("KES"), a wholly-owned subsidiary of KGB had subscribed a total of 75,995 shares representing 80% of the total issued and paid-up capital of Kelington Solomon Philippines, Inc ("KSP"), a company incorporated on 11 November 2015 in Philippines for a total consideration of PHP7,599,500.00 or equivalent to RM706,627.23.

KSP has an issued and paid-up capital of PHP9,500,000.00 comprising 95,000 shares of PHP100 each. The intended principal activities of KSP are to undertake business of development, procurement, manufacturing, trading and insofar as may be permitted by law of Ultra High Purity Gas Accessories and other related regulations.

**KELINGTON GROUP BERHAD ("KGB")**  
**(Company No. 501386-P)**  
**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2015, the Group's revenue decreased by 26.67%, or RM13.06 million, to RM35.89 million as compared to the previous year's corresponding quarter ended 30 September 2014. This is mainly due to the lower contributions from the Malaysia operation.

The Group profit before tax (PBT) decreased by RM0.82 million to RM1.19 million from RM2.01 million in the previous year's corresponding quarter due to lower-margin projects being undertaken in the current quarter. This resulted in the Group reporting a gross profit margin of 3.1% as compared to 9.9% reported in the previous year. Apart from this, there is provision of bonus, audit and tax fee in the current quarter.

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

For the financial period ended 30 September 2015, the Group's revenue decreased by 21.20% to RM115.00 million as compared to RM145.94 million reported in the previous year's corresponding period. This was mainly due to the reduction of contributions from Malaysia and China.

Revenue from Malaysia's and China's operation decreased by 46.77% and 55.84% respectively mainly due to lesser projects undertaken during the period as compared to previous year's corresponding period.

In line with the lower revenue, PBT decreased by 25.31% to RM4.56 million as compared to RM6.11 million in the previous year's corresponding period.

(c) Variation of Results Against Preceding Quarter

The Group's revenue decreased by 11.57% to RM35.89 million for the quarter ended 30 September 2015 as compared to the preceding quarter's revenue of RM40.59 million. The Group's PBT decreased by RM0.52 million, or 34.69% to RM0.98 million for the quarter ended 30 September 2015. This is due to the lower-margin projects being undertaken during the quarter ended 30 September 2015.

**2 Commentary Of Prospects**

Kelington has secured new orders amounting to RM259.67 million new orders in the 9 months ended 30 September 2015. This contributed to an order book on hand of RM353.68 million of which RM238.68 million remains outstanding as at 30 September 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. Furthermore, the Group will also look at expanding into new markets; such as Philippines, Indonesia and Middle East which have contributed RM5.63 million to the Group's revenue in the 9 months ended 30 September 2015, representing approximately 4.90% of the Group's total revenue.

**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	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	19	32	101	120
Interest expense	(89)	(155)	(235)	(456)
Depreciation and amortisation	(246)	(232)	(683)	(691)
Foreign exchange gain	226	47	1,477	(57)

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 30/09/15	Year to date ended 30/09/15
	RM'000	RM'000
Current tax:		
- for the financial period	213	272

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")**  
**(Company No. 501386-P)**  
**EXPLANATORY NOTES TO THE QUARTERLY REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

**7 Group Borrowings**

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowing	16,197	-	16,197
Long-term borrowing	1,221	-	1,221
			-
Total Borrowings	<u>17,418</u>	<u>-</u>	<u>17,418</u>

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

Foreign currency	RM'000
Singapore Dollar	4,802
US Dollar	3,220
Chinese Yuan	<u>4,677</u>
Total	<u>12,699</u>

**8 Material Litigation**

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

**9 Dividends Payable**

There were no dividends proposed during the current quarter ended 30 September 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	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
Profit After Taxation attributable to owners of the company (RM'000)	<u>977</u>	<u>2,097</u>	<u>4,559</u>	<u>6,154</u>
Weighted average number of ordinary shares in issue ('000)	<u>221,210</u>	<u>216,966</u>	<u>218,809</u>	<u>182,821</u>
Basic Earnings Per Share (Sen)	<u>0.44</u>	<u>0.96</u>	<u>2.08</u>	<u>3.34</u>
Diluted Earnings Per Share (Sen) #	<u>0.44</u>	<u>0.96</u>	<u>2.06</u>	<u>3.33</u>

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 30/09/15 RM'000	Cumulative Year to date ended 30/09/14 RM'000
Total retained profits of KGB:		
- Realised	24,533	27,713
- Unrealised	4,153	(636)
Total group retained profits as per consolidated accounts	<u>28,686</u>	<u>27,077</u>