

KELINGTON GROUP BERHAD ("KGB")
[Company No. 199901026486 (501386-P)]
Statement of Profit or Loss and Other Comprehensive Income
For The 4th Quarter Ended 31 December 2022

The unaudited financial results of Kelington Group Berhad and its subsidiaries (the "Group") for the period ended 31 December 2022 are as follow:-

	Unaudited	Unaudited		Unaudited	Audited		Unaudited	Audited
Note	Current Qtr Ended 31.12.2022 RM'000	Previous Qtr Ended 31.12.2021 RM'000	+	12-months Period up to 31.12.2022 RM'000	12-months Period up to 31.12.2021 RM'000	+	12-months Period up to 31.12.2022 RM'000	12-months Period up to 31.12.2021 RM'000
			-			-		
			%			%		
Revenue	417,398	176,976	+	1,269,517	514,554	+	1,269,517	514,554
Cost of sales	(373,910)	(146,284)		(1,129,072)	(429,306)		(1,129,072)	(429,306)
Gross profit	43,488	30,692	+	140,445	85,248	+	140,445	85,248
Other income	2,534	1,376		4,240	6,081		4,240	6,081
Administrative expenses	(11,247)	(18,174)		(47,696)	(44,093)		(47,696)	(44,093)
Selling and distribution expenses	(616)	(1,078)		(2,128)	(2,579)		(2,128)	(2,579)
Other expenses	(6,233)	(1,912)		(16,681)	(6,328)		(16,681)	(6,328)
Results from operating activities	27,926	10,904	+	78,180	38,329	+	78,180	38,329
Finance costs	(1,747)	(444)		(4,535)	(2,635)		(4,535)	(2,635)
Profit before taxation for the financial period	26,179	10,460	+	73,645	35,694	+	73,645	35,694
Taxation	(6,809)	(2,140)		(15,494)	(5,994)		(15,494)	(5,994)
Profit after taxation for the financial period	19,370	8,320	+	58,151	29,700	+	58,151	29,700
Other comprehensive income, net of tax								
Foreign currency translation	86	466		3,719	1,148		3,719	1,148
	86	466		3,719	1,148		3,719	1,148
Total comprehensive income for the period	19,456	8,786		61,870	30,848		61,870	30,848
Profit attributable to:								
Shareholders of the Company	17,828	8,102	+	55,395	28,958	+	55,395	28,958
Non-controlling interests	1,542	218		2,756	742		2,756	742
Profit after taxation for the financial period	19,370	8,320	+	58,151	29,700	+	58,151	29,700
Total comprehensive income attributable to:								
Shareholders of the Company	17,914	8,568		59,113	30,103		59,113	30,103
Non-controlling interests	1,542	218		2,757	745		2,757	745
Total comprehensive income for the period	19,456	8,786		61,870	30,848		61,870	30,848
Basic earnings per ordinary share (sen):								
Basic earnings per share (sen)	2.77	1.26		8.61	6.01		8.61	6.01
Diluted earnings per share (sen)	2.67	1.26		8.28	6.01		8.28	6.01

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 2021 and the accompanying explanatory notes enclosed to the interim financial statements.

KELINGTON GROUP BERHAD ("KGB")
[Company No. 199901026486 (501386-P)]
Statement of Financial Position
As at 31 December 2022

	Note	Unaudited As At 31.12.2022 RM'000	Audited As At 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		102,357	64,358
Goodwill on consolidation		6,829	6,449
Deferred tax assets		446	272
Right-of-use assets		7,919	5,655
		<u>117,551</u>	<u>76,734</u>
Current assets			
Inventories		21,320	6,856
Contract assets		194,843	111,111
Trade receivables		384,641	92,136
Other receivables, prepayments and deposits		80,805	10,186
Current tax assets		906	448
Fixed deposits with licensed banks		29,182	25,410
Cash and bank balances		230,300	81,087
		<u>941,997</u>	<u>327,234</u>
TOTAL ASSETS		<u>1,059,548</u>	<u>403,968</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		73,292	73,292
Retained earnings		146,104	103,569
Other reserve		19,717	15,365
Treasury share		(534)	(534)
Total Equity attributable to Shareholders of the Company		<u>238,579</u>	<u>191,692</u>
Non-controlling interests		3,812	1,055
Total Equity		<u>242,391</u>	<u>192,747</u>
Non-current liabilities			
Deferred tax liabilities		2,675	777
Lease liability	B8 (a)	3,486	2,679
Long-term borrowings	B8 (b)	33,180	23,168
		<u>39,341</u>	<u>26,624</u>
Current liabilities			
Contract liabilities		296,113	30,854
Trade payables		190,143	94,042
Other payables and accruals		73,757	25,271
Derivative liabilities	B7	2,823	-
Lease liability	B8 (a)	3,205	1,495
Current tax liabilities		7,757	3,756
Short term borrowings	B8 (b)	202,765	29,019
Bank overdraft	B8 (b)	1,253	160
		<u>777,816</u>	<u>184,597</u>
Total liabilities		<u>817,157</u>	<u>211,221</u>
TOTAL EQUITY AND LIABILITIES		<u>1,059,548</u>	<u>403,968</u>
Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)		0.3757	0.2987

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 2021 and the accompanying explanatory notes enclosed to the interim financial statements.

KELINGTON GROUP BERHAD ("KGB")
[Company No. 199901026486 (501386-P)]
Condensed Consolidated Statements of Changes in Equity
For The 4th Quarter Ended 31 December 2022

	-----Attributable to Equity Holders of the Company-----							Non-Controlling Interest	Total Equity
	Share Capital RM'000	Treasury Share RM'000	-----Non Distributable-----			Distributable			
Capital Reserve RM'000			Employee Share Scheme Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Earnings RM'000	Total RM'000			
As at 1 January 2022	73,292	(534)	10,518	-	4,847	103,569	191,692	1,055	192,747
Profit after taxation for the financial period	-	-	-	-	-	55,395	55,395	2,756	58,151
Other comprehensive expense, net of tax: - Foreign currency translation	-	-	-	-	3,718	-	3,718	1	3,719
Total comprehensive income for the financial period	-	-	-	-	3,718	55,395	59,113	2,757	61,870
Contributions by and distribution to owners of the company:									
- Employee's share options reserve	-	-	-	634	-	-	634	-	634
- Dividend paid for the period	-	-	-	-	-	(12,860)	(12,860)	-	(12,860)
Total recognised income and expense for the period	-	-	-	634	-	(12,860)	(12,226)	-	(12,226)
As at 31 December 2022	73,292	(534)	10,518	634	8,565	146,104	238,579	3,812	242,391
As at 1 January 2021	73,292	(534)	9,734	-	3,702	81,825	168,019	310	168,329
Profit after taxation for the financial year	-	-	-	-	-	28,958	28,958	742	29,700
Other comprehensive income, net of tax: - Foreign currency translation differences	-	-	-	-	1,145	-	1,145	3	1,148
Total comprehensive income/ (expenses) for the financial year	-	-	-	-	1,145	28,958	30,103	745	30,848
Contributions by and distribution to owners of the company:									
- Dividends paid for the period	-	-	-	-	-	(6,430)	(6,430)	-	(6,430)
- Transfer of non-distributable reserve funds by a subsidiary	-	-	784	-	-	(784)	-	-	-
Total transactions with owners	-	-	784	-	-	(7,214)	(6,430)	-	(6,430)
As at 31 December 2021	73,292	(534)	10,518	-	4,847	103,569	191,692	1,055	192,747

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 2021 and the accompanying explanatory notes enclosed to the interim financial statements.

KELINGTON GROUP BERHAD ("KGB")
[Company No. 199901026486 (501386-P)]
Condensed Consolidated Statement of Cash Flow
For The Period Ended 31 December 2022

	Unaudited 12-Months Ended 31.12.2022 RM'000	Audited 12-Months Ended 31.12.2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	73,645	35,694
Adjustments for:-		
Depreciation of property, plant and equipment	5,398	4,726
Depreciation of right-of-use assets	2,102	960
Rights-of-use written off	53	-
Property, plant and equipment written off	230	170
Impairment loss on trade receivables	1,922	4,326
Impairment losses on contract assets	893	656
Interest expense	5,248	2,635
Interest income	(470)	(582)
Gain on disposal of equipment	(4)	-
Loss on disposal of right-of-use assets	16	193
Fair value adjustments of financial derivatives	2,823	-
Provision for warranty costs	319	168
Net reversal of provision for unutilised leaves	-	(46)
Share-based payments	634	-
Reversal of impairment losses on trade receivables	-	(128)
Reversal of impairment losses on contract assets	-	(757)
Reversal of provision of warranty costs	(35)	(565)
Unrealised loss/ (gain) on foreign exchange	1,651	(1,681)
Operating profit before working capital changes	94,425	45,769
Increase in inventory	(14,464)	(3,848)
Changes in net of contract assets /contract liabilities	180,634	(46,045)
Increase in trade and other receivables	(365,871)	(21,417)
Increase in trade and other payables	143,477	26,479
CASH FROM OPERATIONS	38,201	938
Income tax paid	(10,227)	(5,326)
Interest paid	(78)	(143)
Interest received	470	582
NET CASH FROM/(FOR) OPERATING ACTIVITIES	28,366	(3,949)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of plant and equipments	(43,586)	(9,292)
Addition of right-of-use assets	(21)	(243)
Proceeds from disposal of equipments	32	-
Proceeds from disposal of right-of-use assets	83	142
Increase in pledged fixed deposits and bank balances with licensed bank	(7,892)	(3,287)
NET CASH FOR INVESTING ACTIVITIES	(51,384)	(12,680)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	(12,860)	(6,430)
Interest paid	(5,170)	(2,492)
Drawdown of revolving credit	19,666	1,500
Repayment of bankers' acceptance	-	(2,140)
Repayment of lease liability	(1,889)	(1,214)
Net drawdown/(repayment) of term loan	8,897	(2,133)
(Repayment)/drawdown of trust receipts	(3,339)	3,339
Net drawdown/(repayment) of invoice financing	158,534	(4,668)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	163,839	(14,238)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	140,821	(30,867)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	3,179	2,126
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	85,046	113,787
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	229,046	85,046
Cash and cash equivalents at the end of financial period comprise the following:		
Cash and bank balances	230,300	81,087
Fixed deposits	29,182	25,410
	259,482	106,497
Less: bank overdraft	(1,253)	(160)
Less: fixed deposits pledged to licensed banks	(25,587)	(18,064)
Less: bank balance pledged to licensed banks	(3,596)	(3,227)
	229,046	85,046

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 2021 and the accompanying explanatory notes enclosed to the interim financial statements.

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 2016 in Malaysia. The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 : Interim Financial Reporting and in accordance to the requirements of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended ("FYE") 31 December 2021. 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 2021.

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 2021.

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

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 2021.

3. Segmental Information

(a) Business Segment

The Group is organised into 3 main reportable segments as follows:

- (i) Service segment - involved in the renting of skid tank, provision of scientific and technical researches, laboratory testing service and experiments;
- (ii) Manufacturing and trading segment - (1) industrial gases and
 - (2) equipments and materials for contracts; and
- (iii) Construction segment - involved in the provision of engineering services and construction.

	Service Segment	Manufacturing and Trading Segment:		Construction Segment	The Group
	RM'000	Industrial Gases RM'000	Equipments & Materials RM'000	RM'000	RM'000
31.12.2022					
Revenue					
External revenue	1,358	62,351	3,933	1,201,875	1,269,517
Inter-segment revenue	225	504	25,335	8,770	34,834
	<u>1,583</u>	<u>62,855</u>	<u>29,268</u>	<u>1,210,645</u>	<u>1,304,351</u>
Consolidated Adjustments					(34,834)
					<u>1,269,517</u>

	Service Segment	Manufacturing and Trading Segment:		Construction Segment	The Group
	RM'000	Industrial Gases RD51:G66M'000	Equipments & Materials RM'000	RM'000	RM'000
31.12.2021					
Revenue					
External revenue	1,134	34,533	4,455	474,432	514,554
Inter-segment revenue	125	10	15,007	2,354	17,496
	<u>1,259</u>	<u>34,543</u>	<u>19,462</u>	<u>476,786</u>	<u>532,050</u>
Consolidated Adjustments					(17,496)
					<u>514,554</u>

3. Segmental Information (Cont'd)

(b) Geographical information

Revenue is based on the country in which the customers are located. Non-current assets are determined according to the country where these assets are located.

	Revenue		Non-current Assets	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Malaysia	563,771	199,109	97,479	61,644
China	180,681	129,217	4,155	3,347
Taiwan	29,643	13,361	58	104
Singapore	478,431	169,454	15,859	11,367
Indonesia	2,096	-		
Philippines	7,173	3,413		
Others	7,722	-		
	<u>1,269,517</u>	<u>514,554</u>	<u>117,551</u>	<u>76,462</u>

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 December 2022.

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 dividend 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 31 December 2022, 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

There were 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

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

	As at
	31.12.2022
	RM'000
Purchase of plant & equipment	<u>94,515</u>

13. Changes in Contingent Liabilities and Contingent Assets

Saved as disclosed in the following, there is no other contingent liabilities and contingent assets as at quarter ended 31 December 2022:

	As at 31.12.2022 Unaudited RM'000	As at 31.12.2021 Unaudited RM'000
Contingent liabilities		
Bank guarantee and insurance bond given to third party as performance bond or warranty bond	231,427	123,667

The increase in amount of bonds as compared to the previous year is mainly due to the projects undertaken in Malaysia, Singapore and China.

14. Material Subsequent Events

Saved as disclosed as below, there has been no material subsequent events after the quarter ended 31 December 2022.

On 27 February 2023, the Board of Directors of KGB proposed the payment of second interim tax-exempt dividend of 1.5 sen per ordinary share in respect of the FYE 31 December 2022 amounting to RM9,645,107, payable on 21 April 2023.

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

1 Review Of Performance

	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Changes		Current Year-to-date 31.12.2022 RM'000	Preceding Year Corresponding Period 31.12.2021 RM'000	Changes	
			Amount RM'000	%			Amount RM'000	%
Revenue	417,398	176,976	240,422	136%	1,269,517	514,554	754,963	147%
Operating profit	27,926	10,904	17,022	156%	78,180	38,329	39,851	104%
Profit before tax ("PBT")	26,179	10,460	15,719	150%	73,645	35,694	37,951	106%
Profit after tax ("PAT")	19,370	8,320	11,050	133%	58,151	29,700	28,451	96%
Profit attributable to shareholders of the company	17,828	8,102	9,726	120%	55,395	28,958	26,437	91%

(a) Current Quarter vs. Previous Year Corresponding Quarter

	Revenue 4Q2022 31.12.2022 RM'000	% of total	Revenue 4Q2021 31.12.2021 RM'000	% of total	Changes %
Service segment:	421	0%	266	0%	58%
Manufacturing & trading segment:	20,344	5%	10,587	6%	92%
Construction segment:	440	0%	975	1%	-55%
- Industrial gases					
- Equipments and materials					
- Ultra High Purity ("UHP")	295,387	71%	108,239	61%	173%
- Process Engineering	13,402	3%	22,779	13%	-41%
- General Contracting	87,404	21%	34,130	19%	156%
Total	417,398		176,976		136%

Kelington's revenue grew 136% YoY to RM417.4 million in 4Q2022 due to rise in contributions from all countries.

In terms of geographical breakdown, revenue contribution was led by Singapore (45%), followed by Malaysia (40%), China (12%), and Taiwan (2%).

Revenue from Singapore rose 230% to RM186.5 million from RM56.5 million in 4Q2021. The strong growth was mainly driven by higher revenue recognition contributed by UHP projects awarded during the second half of FY2021 and FY2022.

Meanwhile, revenue from Malaysia soared 102% YoY to RM164.7 million from RM81.4 million in 4Q2021 mainly due to the contribution from a major general contracting job which was awarded in 3Q2021 and an UHP contract to undertake the bulk and specialty gas system in Kulim.

Due to higher recognition from on-going projects, China contributed RM51.1 million in revenue, representing a 49% increase as compared to the same period last year.

Revenue from Taiwan increased to RM6.4 million from RM3.5 million previously.

In terms of business segment, the UHP division remained the primary revenue contributor, representing 71% of total revenue to the Group in 4Q 2022. Revenue from UHP division climbed 173% YoY to RM295.4 million, spurred by growth in contribution from Singapore, China and Malaysia.

The General Contracting division recorded a strong 156% rise in revenue to RM87.4 million from RM34.1 in 4Q2021 mainly due to the recognition of revenue from a major general contracting job awarded in 3Q2021.

Revenue contribution from the Process Engineering division stood at RM13.4 million in 4Q2022, mainly from projects in Malaysia.

The Industrial Gases division continued its upward performance in 4Q2022 with higher production output as the Group successfully penetrated into a new geographical region namely Oceania countries for the sale of liquid carbon dioxide. As a result, revenue increased almost two-fold to RM20.3 million, as compared to RM10.6 million in 4Q2021.

In line with strong revenue performance in 4Q2022, gross profit grew 42% YoY to RM43.4 million compared to RM30.7 million in 4Q2021. Gross margin was lower at 10.4% versus 17.3% in 4Q2021 due to the change in revenue mix driven by higher contribution from the General Contracting segment. In addition, the PBT and PAT for the current quarter grew more than double as compared to 4Q2021.

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

	Revenue 12M2022 RM'000	% of total	Revenue 12M2021 RM'000	% of total	Changes
Service segment:	1,358	0%	1,134	0%	20%
Manufacturing & trading segment:	62,351	5%	34,533	7%	81%
Construction segment:	3,933	0%	4,455	1%	-12%
- Industrial gases					
- Equipments and materials					
- Ultra High Purity ("UHP")	806,388	64%	339,955	66%	137%
- Process Engineering	51,016	4%	62,008	12%	-18%
- General Contracting	344,471	27%	72,469	14%	375%
Total	1,269,517		514,554		147%

KELINGTON GROUP BERHAD ("KGB")
[Company No. 199901026486 (501386-P)]
EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

1 Review Of Performance (Cont'd)

(b) Current Year-to date vs. Previous Year-to date (Cont'd)

The Group's revenue more than doubled YoY to RM1,269.5 million in 12M2022 as compared to RM514.6 million in the previous year's corresponding period ("12M2021"). This was mainly driven by the strong orders secured across the UHP and General Contracting divisions as well as increase in demand in the Industrial Gases division.

Revenue from UHP division grew 137% YoY to RM806.4 million in 12M2022 against RM340.0 million in 12M2021, largely due to higher project recognition in Malaysia, Singapore, and China.

The better performance in the General Contracting division was mainly attributed to a large project in Malaysia, which led to a 375% rise in revenue to RM344.5 million in 12M2022 from RM72.4 million in 12M2021.

Furthermore, revenue from the Industrial Gases division rose 81% YoY to RM62.4 million in 12M2022, mainly driven by higher sales of liquid carbon dioxide and other gases.

In terms of geographical breakdown in 12M2022, revenue contribution was led by Malaysia (44%) followed by Singapore (38%), China (14%), and Taiwan (2%).

In line with the topline growth, gross profit, PBT, and PAT increased 65% YoY to RM140.4 million, 106% YoY to RM73.6 million and, 96% YoY to RM58.2 million respectively.

(c) Variation of Results Against Preceding Quarter

	Current Quarter 4Q2022 Unaudited 31.12.2022 RM'000	Immediate Preceding Quarter 3Q2022 Unaudited 30.9.2022 RM'000	Changes	
			Amount RM'000	%
Revenue	417,398	366,394	51,004	14%
Operating profit	27,926	20,042	7,884	39%
Profit before tax ("PBT")	26,179	18,849	7,330	39%
Profit after tax ("PAT")	19,370	16,335	3,035	19%
Profit attributable to shareholders of the company	17,828	15,706	2,122	14%

As compared to 3Q2022, revenue increased by 14% to RM417.4 million in 4Q2022 mainly as a result of increasing contributions from Singapore operation. In tandem with the revenue growth, PBT increased 36% to RM26.2 million from RM18.8 million in 3Q2022. Meanwhile, PAT increased by 19% to RM19.4 million from RM16.3 million due to increase of revenue.

(d) Statement of Financial Position

Financial Indicators	As at 31.12.2022	As at 31.12.2021
	Unaudited RM'000	Audited RM'000
Total assets	1,059,548	403,968
Total equity	242,391	192,747
Debt	243,889	56,521
Fixed deposits, cash & bank balances	259,482	106,497
Net cash	15,593	49,976
Debt-to-Equity (Gearing)	1.01	0.29

As at 31 December 2022, the Group's shareholder equity (excluding non-controlling interests) rose to RM238.6 million from RM191.7 million as at 31 December 2021, on the back of consecutive quarterly profits. During the year, the Group has distributed RM12.9 million dividends to shareholders.

The Group's total debt increased to RM243.9 million as at 31 December 2022 against RM56.5 million as at 31 December 2021. The increase in drawdown of borrowings was mainly due to the financing for projects undertaken in Malaysia, Singapore and China.

As a result, the gearing ratio stood at 1.01 times. Nonetheless, the Group's financial position remained healthy with a cash position of RM259.5 million.

2 Commentary Of Prospects

The Group continues to enjoy a healthy orderbook replenishment rate across the Ultra High Purity, Process Engineering, and General Contracting Segments. As at 31 December 2022, the Group has secured new contracts amounting to RM1.85 billion in 2022. Including the projects carried forward from the previous years, our total orderbook stood at RM2.91 billion of which RM1.71 billion remains outstanding.

In addition, we clinched another major contract amounting to RM170 million in Kuching, Malaysia in early January 2023. The contract is awarded from a global supplier of micro-electronic semiconductor solutions to undertake the construction work which includes architectural and structural works, civil works, mechanical and electrical works, and other process utility work with respect to their integrated chip manufacturing facility.

Prospects at the Industrial Gases division remain positive as demand for liquid carbon dioxide (LCO2) increases in tandem with the recovery in economic activities. The proposed investment of the second LCO2 plant at Kerteh will more than double the production capacity and will further enhance the industrial gas division's financial performance starting from FY 2024.

The commencement of our second onsite gas supply scheme in 3Q2023 to supply hydrogen, nitrogen and oxygen for an optoelectronics semiconductor giant in Kulim, Kedah will contribute positively to the Group's earnings visibility over the next ten years.

Barring unforeseen circumstances, we are confident of delivering a commendable financial performance in FY2023 as we execute our existing orderbook across our key operating markets.

3 Profit Forecast and Profit Guarantee

The Company did not announce any profit forecast or profit estimate for the FYE 31 December 2022 in any public document and hence this information is not applicable.

4 Profit for the Period

	Quarter ended		Year-to-date ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	331	268	470	582
Interest expense #	(2,122)	(444)	(5,248)	(2,635)
Impairment loss on trade receivables:				
- specified	-	(597)	(1,422)	(642)
- in accordance to MFRS 9	(200)	(3,484)	(500)	(3,684)
Impairment loss on contract assets:				
- specified	537	-	(393)	-
- in accordance to MFRS 9	(300)	(456)	(500)	(656)
Depreciation and amortisation	(1,465)	(1,189)	(5,398)	(4,726)
Depreciation of right-of-use assets	(760)	(342)	(2,102)	(960)
Unrealised Foreign exchange gain/(loss)	(887)	45	(1,651)	1681
Realised Foreign exchange gain/(loss)	1,663	(9)	1,544	(211)
Provision for warranty costs	(291)	(168)	(319)	(168)
Reversal of provision of warranty costs	35	502	35	565
Gain on disposal of equipment	24	-	4	-
Loss on disposal of right-of-use assets	-	-	(16)	(193)
Property, plant and equipment written off	(230)	(170)	(230)	(170)
Rights-of-use written off	(53)	-	(53)	-
Fair value adjustments of financial derivatives	(2,823)	-	(2,823)	-

Note:

- RM712,937 of the interest expense are included in cost of sales

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 ended 31.12.2022 RM'000	Cumulative Year to date ended 31.12.2022 RM'000
Company taxation	6,434	13,036
Deferred taxation	375	2,458
	<u>6,809</u>	<u>15,494</u>

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

6 Corporate Proposal

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

7 Derivative Financial Instruments

As at 31 December 2022, the Group has entered into the short-term foreign currency forward contracts, to hedge its purchases denominated in foreign currency so as to limit the exposure to fluctuations in foreign exchange rates. The details of the foreign currency forward contracts are as follows:

	31.12.2022 RM'000
Type of Derivatives	
Forward Contract (US Dollar)	
Contract (Notional Value)	75,335
Less: Fair value	(72,537)
Derivatives financial liabilities	<u>2,798</u>
Forward Contract (Euro)	
Contract (Notional Value)	1,430
Less: Fair value	(1,405)
Derivatives financial liabilities	<u>25</u>
Total derivatives liabilities	<u>2,823</u>

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

8 Lease Liability and Group Borrowings

(a) Lease liability

The lease liability as at 30 September 2022 versus 30 September 2021 were as follows:

	31.12.2022 RM'000	31.12.2021 RM'000
Non-current	3,486	2,679
Current	3,205	1,495
Total	6,691	4,174

The lease liability comprises the hire purchase agreements of motor vehicles, prime mover under finance leases and tenancy agreements of more than one year.

(b) Group Borrowings

The borrowings as at 31 December 2022 versus 31 December 2021 were as follows.

	As At 31 December 2022					
	Current Liabilities		Non-current Liabilities		Total Borrowings	
	Currency ('000)	RM'000	Currency ('000)	RM'000	Currency ('000)	RM'000
Secured						
Term Loan	RM7,759	7,759	RM33,180	33,180	RM40,939	40,939
Revolving loan	SGD2,800; RM12,000	21,166	-	-	SGD2,800; RM12,000	21,166
Post buyer Loan/Invoice financing	RMB84,987; SGD24,936; RM38,471	173,840	-	-	RMB84,987; SGD24,936; RM38,471	173,840
Bank overdraft	RM1,253	1,253	-	-	RM1,253	1,253
Unsecured						
Nil	-	-	-	-	-	-
		204,018		33,180		237,198
Weighted average interest rate of borrowings						5.26%
Proportion of borrowings between fixed interest rate and floating interest rate						1%:99%

The increase in borrowing during the year ended 31 December 2022 is mainly due to the financing for the projects undertaken in China, Singapore and Malaysia. The relatively higher weighted average interest rate for the year ended 31 December 2022 as compared to the previous year is mainly due to the increase of interest rate in Malaysia and Singapore.

	As At 31 December 2021 (Audited)					
	Current Liabilities		Non-current Liabilities		Total Borrowings	
	Currency ('000)	RM'000	Currency ('000)	RM'000	Currency ('000)	RM'000
Secured						
Term Loan	RM 8,874	8,874	RM23,168	23,168	RM32,042	32,042
Bank overdraft	RM160	160	-	-	RM506	160
Revolving loan	RM1,500	1,500	-	-	SGD600, RM1,500	1,500
Post buyer loan/Invoice financing	NTD16,000, RMB11.651. RM8.607	18,645	-	-	RMB13,855, RM1.589	18,645
Unsecured						
Nil	-	-	-	-	-	-
		29,179		23,168		52,347
Weighted average interest rate of borrowings						4.12%
Proportion of borrowings between fixed interest rate and floating interest rate						3%:97%

The decrease in borrowing during the year ended 31 December 2021 is mainly due to repayment of borrowing for projects as well as the term loan instalments.

9 Material Litigation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 Dividends Payable

On 27 February 2023, the Board of Directors of KGB proposed the payment of second interim tax-exempt dividend of 1.5 sen per ordinary share in respect of the FYE 31 December 2022 amounting to RM9,645,107, payable on 21 April 2023.

11 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit After Taxation attributable to owners of the company (RM'000)	17,828	8,102	55,395	28,958
Weighted average number of ordinary shares in issue ('000)	643,007	643,007	643,007	481,815
Basic Earnings Per Share (Sen)	2.77	1.26	8.61	6.01
Diluted Earnings Per Share (Sen) #^	2.67	1.26	8.28	6.01

Note :

- As at 31 December.2022, 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.

^ - Assuming the full exercise of 25,720,000 shares of Employee Shares Scheme

12 Trade Receivables

At each reporting date, the Group assess whether any of the trade receivables are credit impaired. The Group consider trade receivables having financial difficulty are deemed credit impaired and assesses for their risk of loss individually. The ageing analysis of the Group's gross trade receivables is as follows:

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Value RM'000
<u>31.12.2022</u>			
Not past due	323,139	(1,110)	322,029
Past due:			
- less than 3 months	61,066	(2,542)	58,524
- 3 to 6 months	3,139	(986)	2,153
- over 6 months	2,497	(562)	1,935
Credit impaired	9,564	(9,564)	-
	<u>399,405</u>	<u>(14,764)</u>	<u>384,641</u>

Some of the trade receivables that are past due were not impaired based on the historical collection trends.

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Value RM'000
<u>31.12.2021</u>			
Not past due	73,702	(189)	73,513
Past due:			
- less than 3 months	9,373	(743)	8,630
- 3 to 6 months	8,499	(387)	8,112
- over 6 months	4,425	(2,544)	1,881
Credit impaired	11,728	(11,728)	-
	<u>107,727</u>	<u>(15,591)</u>	<u>92,136</u>