



# **KELINGTON GROUP BERHAD**

**[Registration No. 199901026486 (501386-P)]**

**("KGB", "the Company" or "the Group")**

**Interim Financial Statements  
Third Quarter Results  
For the Financial period ended  
30 September 2025**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

The unaudited financial results of Kelington Group Berhad and its subsidiaries (the "**Group**") for the period ended 30 September 2025 are as follow:-

		Unaudited	Unaudited			Unaudited	Unaudited		
		Current	Previous			9-months	9-months		
		Qtr Ended	Qtr Ended	+		Period	Period	-	
		30.09.2025	30.09.2024	-		up to	up to	-	
	Note	RM'000	RM'000	%		30.09.2025	30.09.2024	%	
						RM'000	RM'000		
Revenue		316,365	307,310	+	3	868,669	967,795	-	10
Cost of sales		(245,096)	(237,216)			(683,884)	(789,297)		
<b>Gross profit</b>		<b>71,269</b>	<b>70,094</b>	+	2	<b>184,785</b>	<b>178,498</b>	+	4
Other income		2,273	1,446			7,402	3,847		
		<u>73,542</u>	<u>71,540</u>			<u>192,187</u>	<u>182,345</u>		
Administrative expenses		(16,243)	(15,725)			(49,757)	(48,550)		
Selling and distribution expenses		(1,070)	(852)			(3,109)	(2,676)		
Other expenses		(3,666)	(9,736)			(8,745)	(15,480)		
Finance costs		(1,905)	(2,407)			(6,225)	(7,179)		
Net reversal of impairment losses on financial assets		1,580	(3)			3,437	1,919		
<b>Profit before taxation</b>		<b>52,238</b>	<b>42,817</b>	+	22	<b>127,788</b>	<b>110,379</b>	+	16
Income tax expense	B5	(11,100)	(9,224)			(27,123)	(23,973)		
<b>Profit after taxation</b>		<b>41,138</b>	<b>33,593</b>	+	22	<b>100,665</b>	<b>86,406</b>	+	17
<b>Other comprehensive (expense)/income</b>									
Foreign currency translation differences		(302)	(10,049)			(3,693)	(8,851)		
		<u>(302)</u>	<u>(10,049)</u>			<u>(3,693)</u>	<u>(8,851)</u>		
<b>Total comprehensive income for the period</b>		<b>40,836</b>	<b>23,544</b>			<b>96,972</b>	<b>77,555</b>		
<b>Profit after taxation attributable to:</b>									
Shareholders of the Company		41,138	32,917	+	25	100,670	84,407	+	19
Non-controlling interests		-	676			(5)	1,999		
<b>Profit after taxation for the financial period</b>		<b>41,138</b>	<b>33,593</b>	+	22	<b>100,665</b>	<b>86,406</b>	+	17
<b>Total comprehensive income attributable to:</b>									
Shareholders of the Company		40,836	22,872			96,977	75,557		
Non-controlling interests		-	672			(5)	1,998		
<b>Total comprehensive income for the period</b>		<b>40,836</b>	<b>23,544</b>			<b>96,972</b>	<b>77,555</b>		
<b>Basic earnings per ordinary share (sen):</b>									
Basic earnings per share (sen)	B11	5.43	4.83			13.70	12.66		
Diluted earnings per share (sen)	B11	4.97	4.24			12.38	10.92		

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 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2025**

	Note	Unaudited As At 30.09.2025 RM'000	Audited As At 31.12.2024 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment		222,807	209,059
Goodwill on consolidation		6,778	6,826
Deferred tax assets		1,887	2,280
Right-of-use assets		5,100	5,068
		<u>236,572</u>	<u>223,233</u>
<b>Current assets</b>			
Inventories		14,702	19,787
Contract assets		211,132	150,909
Trade receivables		270,650	299,388
Other receivables, deposits and prepayments		27,825	41,964
Current tax assets		2,931	1,790
Fixed deposits with licensed banks		277,070	210,136
Cash and bank balances		193,930	202,978
		<u>998,240</u>	<u>926,952</u>
<b>TOTAL ASSETS</b>		<u><b>1,234,812</b></u>	<u><b>1,150,185</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		255,980	183,981
Retained earnings		287,639	239,788
Other reserve		45,735	50,063
Treasury share		(534)	(534)
<b>Total Equity attributable to Shareholders of the Company</b>		<u>588,820</u>	<u>473,298</u>
Non-controlling interests		46	51
<b>Total Equity</b>		<u>588,866</u>	<u>473,349</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		14,943	10,902
Lease liabilities	B8 (a)	2,324	1,721
Hire purchase payables	B8 (b)	4,094	4,129
Long term borrowings	B8 (b)	73,982	74,531
		<u>95,343</u>	<u>91,283</u>
<b>Current liabilities</b>			
Contract liabilities		173,884	222,360
Trade payables		196,108	188,978
Other payables and accruals		51,596	57,607
Derivative liabilities	B7	2	-
Lease liabilities	B8 (a)	1,940	2,491
Current tax liabilities		11,820	11,710
Dividend payable		19,215	-
Short term borrowings	B8 (b)	96,026	102,397
Bank overdraft	B8 (b)	12	10
		<u>550,603</u>	<u>585,553</u>
<b>Total liabilities</b>		<u>645,946</u>	<u>676,836</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,234,812</b></u>	<u><b>1,150,185</b></u>
<b>Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)</b>		0.7614	0.6590

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 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

	Attributable to Equity Holders of the Company							Total	
	Non Distributable			Distributable			Non-Controlling Interest	Equity	
	Share Capital RM'000	Treasury Share RM'000	Capital Reserve RM'000	Employee Share Scheme Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
As at 1 January 2025	183,981	(534)	40,314	3,895	5,854	239,788	473,298	51	473,349
Profit after taxation for the financial period	-	-	-	-	-	100,670	100,670	(5)	100,665
Other comprehensive expense:									
- Foreign currency translation differences	-	-	-	-	(3,693)	-	(3,693)	-	(3,693)
Total comprehensive income for the financial period	-	-	-	-	(3,693)	100,670	96,977	(5)	96,972
Contributions by and distribution to owners of the company:									
- Employees' share scheme vested	1,000	-	-	(1,000)	-	-	-	-	-
- Dividends	-	-	-	-	-	(52,454)	(52,454)	-	(52,454)
- Warrants exercised	70,999	-	-	-	-	-	70,999	-	70,999
- Transfer of non-distributable safety production reserve funds by a subsidiary	-	-	365	-	-	(365)	-	-	-
Total recognised income and expense for the period	71,999	-	365	(1,000)	-	(52,819)	18,545	-	18,545
As at 30 September 2025	255,980	(534)	40,679	2,895	2,161	287,639	588,820	46	588,866
As at 1 January 2024	73,792	(534)	38,427	4,697	13,193	203,021	332,596	5,796	338,392
Profit after taxation for the financial year	-	-	-	-	-	84,407	84,407	1,999	86,406
Other comprehensive income:									
- Foreign currency translation differences	-	-	-	-	(8,850)	-	(8,850)	(1)	(8,851)
Total comprehensive income for the financial period	-	-	-	-	(8,850)	84,407	75,557	1,998	77,555
Contributions by and distribution to owners of the company:									
- Employees' share scheme vested	802	-	-	(802)	-	-	-	-	-
- Dividends	-	-	-	-	-	(43,839)	(43,839)	-	(43,839)
- Warrants exercised	56,053	-	-	-	-	-	56,053	-	56,053
- Transfer of non-distributable reserve funds by subsidiaries	-	-	871	-	-	-	871	-	871
- Transfer of non-distributable safety production reserve funds by a subsidiary	-	-	1,776	-	-	(1,776)	-	-	-
Total contributions by and distributions to owners of the Company	56,855	-	2,647	(802)	-	(45,615)	13,085	-	13,085
As at 30 September 2024	130,647	(534)	41,074	3,895	4,343	241,813	421,238	7,794	429,032

The Statements of Changes in Equity should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

	Unaudited 9-Months Ended 30.09.2025 RM'000	Unaudited 9-Months Ended 30.09.2024 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	127,788	110,379
Adjustments for:-		
Depreciation of property, plant and equipment	9,354	8,733
Depreciation of right-of-use assets	2,542	3,581
Property, plant and equipment written off	8	6
Impairment loss on trade receivables	1,322	3
Interest expense	6,225	7,179
Interest income	(6,329)	(3,286)
Loss on disposal of property, plant and equipment	158	2
Fair value loss/ (gain) on derivatives	2	(191)
Reversal of provision for unutilised leaves	(327)	-
Addition of provision of warranty costs	65	-
Safety production reserve fund	-	871
Writeback of impairment loss on trade receivables	(4,759)	(1,922)
Unrealised loss on foreign exchange	1,259	7,226
Operating profit before working capital changes	137,308	132,581
Decrease in inventory	4,444	2,737
Changes in net of contract assets /contract liabilities	(112,558)	(38,186)
Decrease in trade and other receivables	43,604	106,414
Increase/ (decrease) in trade and other payables	4,128	(48,457)
<b>CASH FROM OPERATIONS</b>	76,926	155,089
Income tax paid	(24,068)	(23,550)
Interest paid	(1)	(36)
Interest received	6,329	3,286
<b>NET CASH FROM OPERATING ACTIVITIES</b>	59,186	134,789
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipments	(22,804)	(38,325)
Addition of right-of-use assets	-	(291)
Proceeds from disposal of property, plant and equipments	190	-
(Addition)/ uplift of fixed deposits with tenure more than 3 months	(35,077)	97
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(57,691)	(38,519)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(33,239)	(30,086)
Interest paid	(6,224)	(7,143)
Net repayment of borrowings and lease liabilities	(8,368)	(15,018)
Proceeds from exercise of warrants	70,999	56,053
Net increase in pledged fixed deposits and bank balances	4,727	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	27,895	3,806
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	29,390	100,076
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	(1,856)	(7,351)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	357,434	237,322
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	384,968	330,047

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

Cash and bank balances	193,930	200,960
Fixed deposits	277,070	158,692
	471,000	359,652
Less: bank overdraft	(12)	(9)
Less: fixed deposits pledged to licensed banks	(18,915)	(23,125)
Less: bank balance pledged to licensed banks	(7,105)	(6,471)
Less: fixed deposits with tenure of more than 3 months	(60,000)	-
	384,968	330,047

The Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements of KGB for the year ended 31 December 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

**A. Explanatory Notes Pursuant to MFRS 134**

**A1. Basis of Preparation**

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 2024. 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 2024.

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 2024. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on January 1, 2025, did not have any material impact on the financial results of the Group.

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>MFRSs and/or IC Interpretations (Including the Consequential Amendments)</b>	<b>Effective date</b>
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027

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

**A2. Status of Audit Qualification**

There were no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2024.

**A3. Segmental Information**

(a) Business Segment

The Group is organised into 2 main reportable segments as follows:

- (i) Engineering segment -
  - (1) involved in the provision of engineering services and construction activities;
  - (2) manufacturing and trading of engineering equipments and materials for contracts;
- (ii) Industrial gases segment -
  - involved in the manufacturing and trading of industrial and specialty gases, facility fee and leasing of tanks.
  - Also undertaking project-related activities associated with industrial gases.

<b>Engineering segment</b>		<b>Industrial Gases Segment</b>	<b>The Group</b>
<b>Construction activities</b>	<b>Equipments &amp; materials</b>		
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**30.09.2025**

Revenue				
External revenue	769,007	3,531	96,131	868,669
Inter-segment revenue	4,519	17,046	79	21,644
	<u>773,526</u>	<u>20,577</u>	<u>96,210</u>	<u>890,313</u>
Consolidated Adjustments				(21,644)
				<u>868,669</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

**A3. Segmental Information (Cont'd)**

(a) Business Segment (Cont'd)

Engineering segment		Industrial Gases Segment	The Group
Construction activities	Equipments & materials		
RM'000	RM'000	RM'000	RM'000

**30.09.2024**

Revenue

External revenue	844,098	2,511	121,186	967,795
Inter-segment revenue	7,908	40,293	307	48,508
	852,006	42,804	121,493	1,016,303

Consolidated Adjustments				(48,508)
				967,795

(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. The amounts of non-current assets do not include goodwill and deferred tax assets.

	Revenue		Non-current Assets	
	30.09.2025 RM'000	30.09.2024 RM'000	30.09.2025 RM'000	30.09.2024 RM'000
Malaysia	308,113	397,324	212,036	190,464
China	217,491	283,905	3,602	5,024
Singapore	293,725	241,314	12,241	17,336
Taiwan	20,305	18,754	28	22
Others	29,035	26,498	-	-
	868,669	967,795	227,907	212,846

**A4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 30 September 2025.

**A5. 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.

**A6. 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.

**A7. Dividends Paid**

On 10 July 2025, KGB had paid the first interim tax-exempt dividend of 2.5 sen per ordinary share in respect of the FYE 31 December 2025 amounting to RM18,788,394.

**A8. 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 2025, all the property, plant and equipment were stated at cost less accumulated depreciation.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

**A9. Movement of Debt And Equity Securities**

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

(a) Exercise of Warrants

During the quarter under review, KGB issued 20,693,747 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM1.38 which amounted to RM28,557,371.

(b) Employee Shares Scheme ("ESS")

On 1 July 2025, the Company increased its issued and paid up capital by the issuance of 3,684,900 ordinary shares at an issue price of RM0.2715 per ordinary share, subsequent to the vesting of ESS shares to the eligible employees.

**A10. Changes in Composition of the Group**

There were no change in the composition of the Group during the current quarter under review:

**A11. Discontinued Operation**

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

**A12. 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.

	<b>As at 30.09.2025</b>
	<b>RM'000</b>
Purchase of plant & equipment	<u>6,351</u>

**A13. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and contingent assets as at 30 September 2025.

**A14. Material Subsequent Events**

Saved as disclosed in note 10 of part B, there has been no material subsequent events after the quarter ended 30 September 2025.



**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

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

**B1 Review Of Performance**

	Current Year Quarter 30.09.2025 RM'000	Preceding Year Corresponding Quarter 30.09.2024 RM'000	Changes		Current Year-to-date 30.09.2025 RM'000	Preceding Year Corresponding Period 30.09.2024 RM'000	Changes	
			Amount RM'000	%			Amount RM'000	%
Revenue	316,365	307,310	9,055	3%	868,669	967,795	(99,126)	-10%
Profit before tax ("PBT")	52,238	42,817	9,421	22%	127,788	110,379	17,409	16%
Profit after tax ("PAT")	41,138	33,593	7,545	22%	100,665	86,406	14,259	17%
Profit attributable to shareholders of the company	41,138	32,917	8,221	25%	100,670	84,407	16,263	19%

(a) Current Quarter vs. Previous Year Corresponding Quarter

		Revenue 3Q2025 30.09.2025 RM'000	% of total		Revenue 3Q2024 30.09.2024 RM'000	% of total	Changes %
Engineering segment	- Advanced Engineering (Ultra High Purity)	204,793	65%		217,801	71%	-6%
	- Process Engineering	25,962	8%		19,236	6%	35%
	- General Contracting	53,606	17%		30,246	10%	77%
	- Equipments and materials	7,581	2%		11,687	4%	-35%
Industrial gases segment		33,590	11%		40,340	13%	-17%
Consolidated Adjustments		(9,167)			(12,000)		
<b>Total</b>		<b>316,365</b>			<b>307,310</b>		<b>3%</b>

Kelington's revenue increased slightly by 3% year-on-year to RM316.4 million in 3Q2025, mainly driven by higher contributions from the Singapore operations. PBT and PAT rose by 22% to RM52.2 million and RM41.1 million respectively, primarily due to lower unrealised forex losses of RM1.3 million in 3Q2025, compared to approximately RM6.0 million in the corresponding period of 3Q2024.

The higher revenue was mainly supported by stronger contributions from Advanced Engineering projects in Singapore (+34%). However, revenue from China declined by 25% as several projects are nearing completion and moving into the handover stage. In Malaysia, revenue declined by 2% to RM119.0 million, mainly attributable to lower contributions from the industrial gases segment.

By business segment, the Advanced Engineering division remained the Group's largest revenue contributor, accounting for 65% of total revenue in 3Q2025. This division continues to be a key strategic focus, supported by improved contributions from the Singapore operations.

The Process Engineering division recorded a strong improvement of 35% compared to the same period in 2024, driven by the near completion of a major process engineering project in Malaysia.

Revenue from the General Contracting division increased by 77% to RM53.6 million in 3Q2025, supported by contributions from newly awarded projects in Malaysia that commenced in 2Q2025.

Revenue from the Industrial Gases division decreased by 17%. While sales of liquid carbon dioxide (LCO<sub>2</sub>) remained stable, the overall decrease was mainly due to lower demand for certain specialty gases.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

**B1 Review Of Performance (Cont'd)**

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

		Revenue 9M2025 RM'000	% of total		Revenue 9M2024 RM'000	% of total	Changes
Engineering segment	- Advanced Engineering (Ultra High Purity)	589,328	68%		643,760	67%	-8%
	- Process Engineering	51,721	6%		58,014	6%	-11%
	- General Contracting	132,477	15%		150,232	16%	-12%
	- Equipments and materials	20,577	2%		42,804	4%	-52%
Industrial gases segment		96,210	11%		121,493	13%	-21%
Consolidated Adjustments		(21,644)	-2%		(48,508)	-5%	
<b>Total</b>		<b>868,669</b>			<b>967,795</b>		<b>-10%</b>

For 9M2025, Group revenue declined by 10% to RM868.7 million compared to the corresponding period last year. However, PBT increased significantly by 16% to RM127.8 million, supported by a more favourable project mix with higher profit margins, improved interest income, and lower expenses, mainly due to reduced forex losses. With a solid pipeline of opportunities, the Group has been able to adopt a more selective approach in pursuing higher-margin projects.

The decrease in revenue was mainly attributed to reduced revenue contributions from Malaysia (-22%) and China (-23%), due to a timing gap between the completion of existing projects and the commencement of new ones. This was further impacted by reduced revenue from the Industrial Gases segment. The overall decline was partially offset by stronger revenue contributions from Singapore (+22%) due to several completed Advanced Engineering projects.

Revenue from the Advanced Engineering division decreased by 8%, mainly due to the completion of several projects in Malaysia and China. Progress billing from newly secured projects in these markets is expected to pick up in the coming quarters. The decline was partially mitigated by increased project activity in Singapore, where newly secured projects have begun contributing positively.

The Process Engineering division experienced a revenue decline of 11% to RM51.7 million due to the near completion of a process engineering project in Malaysia.

Similarly, revenue from the General Contracting division fell by 12% to RM132.5 million due to lower contributions from operations in Malaysia, Singapore and China.

Revenue from the Industrial Gases division declined by 21% mainly due to lower demand for certain specialty gases. Nevertheless, demand for LCO<sub>2</sub> remained steady and even showed an improvement compared to 9M2024.

In terms of geographical breakdown in 9M2025, revenue contribution was led by Malaysia (35%), followed by Singapore (34%), China (25%) and Taiwan (2%).

(c) Variation of Results Against Preceding Quarter

	Current Quarter 3Q2025  Unaudited 30.09.2025 RM'000	Immediate Preceding Quarter 2Q2025  Audited 30.06.2025 RM'000	Changes	
			Amount RM'000	%
Revenue	316,365	282,021	34,344	12%
Profit before tax ("PBT")	52,238	41,340	10,898	26%
Profit after tax ("PAT")	41,138	32,885	8,253	25%
Profit attributable to shareholders of the company	41,138	32,886	8,252	25%

Revenue for 3Q2025 rose by 12% quarter-on-quarter to RM316.4 million, primarily supported by contributions from Singapore, as several new projects began to gain momentum. Aligned with the stronger topline, both PBT and PAT increased by 26% and 25% respectively.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

**B1 Review Of Performance (Cont'd)**

(d) Statement of Financial Position

<b>Financial Indicators</b>	<b>As at 30.09.2025 Unaudited RM'000</b>	<b>As at 31.12.2024 Audited RM'000</b>
Total assets	1,234,812	1,150,185
Total equity	588,866	473,349
Debt	178,378	185,279
Fixed deposits, cash & bank balances	471,000	413,114
Net cash	292,622	227,835
Debt-to-Equity (Gearing)	0.30	0.39

As of 30 September 2025, the Group's shareholders' equity (excluding non-controlling interests) rose to RM588.8 million from RM473.3 million as of 31 December 2024. This growth was driven by the exercise of warrants and quarterly profits. During the period, the Company declared total dividends of RM52.5 million to its shareholders.

As of 30 September 2025, the Group's total debt declined to RM178.4 million from RM185.3 million as at 31 December 2024. The decrease was mainly attributed to the repayment of project financing in China, partially offset by additional borrowings to support working capital needs in the Industrial Gases division. Meanwhile, the Group's net cash position saw a significant improvement, rising to RM292.6 million from RM227.8 million at the end of 2024. This increase was largely driven by project-related cash inflows and proceeds from the exercise of warrants.

As a result, the Group's financial position remains robust, with an improved gearing ratio of 0.30 times.

**B2 Commentary Of Prospects**

The Group's outlook remains positive. Global investment in semiconductor capacity continues to rise, supported by demand for advanced logic, memory, and AI-related chips.

SEMI projects global fab equipment spending to reach USD125 billion in 2026. In Malaysia, the National Semiconductor Strategy (NSS) has attracted over RM71 billion in investments as of June 2025, providing a supportive operating environment.

The Group is engaging with existing customers' on their upcoming expansion plans and is tendering for advanced chip fabrication plants globally which primarily produce advanced logic and memory chips used in artificial intelligence applications. By focusing on next-generation chipmakers that are technically more complex and require higher levels of complexity and precision, the Group is able to be selective and prioritise opportunities with better margin potential.

The Group's expansion into new geographical markets is progressing well. A key milestone during the quarter was the Group's first project win in Dresden, Germany, marking Kelington's successful entry into the European market. This project provides a strong foothold for future expansion, with more projects expected through to 2027.

In parallel, Kelington is expanding its capabilities in sustainable engineering, in line with the global ESG transition. Upcoming policies such as the rollout of a carbon tax for the iron, steel, and energy sectors are expected to support future demand for solutions including carbon capture, utilisation and storage (CCUS), green hydrogen, and bio-compressed natural gas (Bio-CNG)—a renewable natural gas derived from organic waste such as palm oil effluent and agricultural residues. To accelerate its entry into these emerging segments, the Group has signed several Memoranda of Understanding (MOUs) with industry players and educational institutions to build technical capabilities and explore joint development opportunities.

For the nine months ended 30 September 2025, the Group secured RM1.14 billion in new contract wins, bringing its outstanding order book to RM1.64 billion.

With a solid order book, expanding presence in high-growth markets, and exposure to structural trends in semiconductors and ESG, the Group is well positioned to capture the opportunities ahead.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

**B3 Profit Forecast and Profit Guarantee**

The Company did not announce any profit forecast or profit estimate for the FYE 31 December 2025 in any public document and hence this information is not applicable.

**B4 Profit for the Period**

	Quarter ended		Year-to-date ended	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	2,233	1,329	6,329	3,286
Interest expense	(1,905)	(2,407)	(6,225)	(7,179)
Net (provision)/ reversal of impairment loss on financial assets:				
- specified	1,580	(3)	3,437	1,919
Depreciation and amortisation	(3,266)	(3,868)	(9,354)	(8,733)
Depreciation of right-of-use assets	(692)	(1,215)	(2,542)	(3,581)
Property, plant and equipment written off	(8)	-	(8)	(6)
Unrealised Foreign exchange loss	(1,875)	(6,738)	(1,259)	(7,226)
Realised Foreign exchange (loss)/gain	(121)	790	(181)	846
Net reversal of provision for unutilised leaves	327	-	327	-
Loss on disposal of equipment	(158)	(2)	(158)	(2)
Loss on lease termination	-	(151)	-	(151)
Safety production reserve fund	-	(126)	-	(871)
Provision of warranty costs	(52)	-	(65)	-
Net fair value adjustments of financial derivatives	20	(243)	(2)	191

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

**B5 Taxation**

	Current quarter ended 30.09.2025	Cumulative Year to date ended 30.09.2025
	RM'000	RM'000
Company taxation	9,311	22,764
Deferred taxation	1,789	4,359
	<u>11,100</u>	<u>27,123</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.

**B6 Corporate Proposal**

There were no outstanding corporate proposals announced but not completed as at the date of this quarterly report.

**B7 Derivatives Financial Instruments**

The outstanding foreign currency forward contracts as at 30 September 2025 were as follows:

	30.09.2025
	RM'000
<b>Type of Derivatives</b>	
<b>Forward Contract (US Dollar)</b>	
Contract (Notional Value)	1,254
Less: Fair value	(1,252)
<b>Total derivatives liabilities</b>	<u>2</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

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

**B8 Lease Liability and Group Borrowings**

**(a) Lease liability**

The lease liability as at 30 September 2025 versus 30 September 2024 were as follows:

	<b>30.09.2025 RM'000</b>	<b>30.09.2024 RM'000</b>
Non-current	1,940	1,128
Current	2,324	2,968
<b>Total</b>	<b>4,264</b>	<b>4,096</b>

The lease liability comprises tenancy agreements of more than one year. The increase in lease liability as of 30 September 2025, compared to the same period last year, was mainly due to a newly entered tenancy agreement during the quarter.

**(b) Group Borrowings**

The borrowings as at 30 September 2025 versus 30 September 2024 were as follows.

	<b>As At 30 September 2025</b>					
	<b>Current Liabilities</b>		<b>Non-current Liabilities</b>		<b>Total Borrowings</b>	
	<b>Currency ('000)</b>	<b>RM'000</b>	<b>Currency ('000)</b>	<b>RM'000</b>	<b>Currency ('000)</b>	<b>RM'000</b>
<b><u>Secured</u></b>						
Term Loan	RM11,445	11,445	RM72,177	72,177	RM83,622	83,622
Revolving loan	RMB7,000; NTD16,000; RM22,000	28,347	RM1,805	1,805	RMB7,000; NTD16,000; RM23,805	30,152
Post buyer Loan/ Invoice financing	RMB80,658, RM6,550	54,227	-	-	RMB80,658, RM6,550	54,227
Hire Purchase Payable	SGD43, RM1,868	2,007	SGD235, RM3,325	4,094	SGD278, RM5,193	6,101
Bank overdraft	RM12	12	-	-	RM12	12
<b><u>Unsecured</u></b>						
Nil	-	-	-	-	-	-
		96,038		78,076		174,114
Weighted average interest rate of borrowings						3.88%
Proportion of borrowings between fixed interest rate and floating interest rate						4%:96%

	<b>As At 30 September 2024</b>					
	<b>Current Liabilities</b>		<b>Non-current Liabilities</b>		<b>Total Borrowings</b>	
	<b>Currency ('000)</b>	<b>RM'000</b>	<b>Currency ('000)</b>	<b>RM'000</b>	<b>Currency ('000)</b>	<b>RM'000</b>
<b><u>Secured</u></b>						
Term Loan	RM13,041	13,041	RM74,059	74,059	RM 87,100	87,100
Revolving loan	RMB7,000; RM24,000, NTD11.000	29,547	RM2,250	2,250	RMB7,000; RM26,250, NTD11.000	31,797
Post buyer loan/Invoice financing	RMB66,745, RM6,052	45,285	-	-	RMB66,745, RM6,052	45,285
Hire Purchase Payable	SGD43, RM1,592	1,729	SGD287, RM3,731	4,655	SGD330, RM5,323, RM9	6,384
Bank overdraft	RM9	9	-	-	RM9	9
<b><u>Unsecured</u></b>						
Nil	-	-	-	-	-	-
		89,611		80,964		170,575
Weighted average interest rate of borrowings						4.80%
Proportion of borrowings between fixed interest rate and floating interest rate						4%:96%

**B8 Lease Liability and Group Borrowings (Cont'd)**

**(b) Group Borrowings (Cont'd)**

As of 30 September 2025, the term loan for the industrial gas segment has decreased due to scheduled repayments. Compared to the same period last year, the increase in invoice financing was mainly driven by the working capital requirements of ongoing projects in the China operations. In addition, working capital utilisation for KETW increased due to project-related needs, which was offset by reduced working capital requirements in the Industrial Gas segment. Furthermore, the lower interest rate compared to 3Q2024 is mainly attributable to the reduction in the term loan

**B9 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:-

**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.

On 8 May 2024, High Court of Taiwan has delivered its court decision and ordered that Hui Neng shall pay Kelington Taiwan the sum of NTD 28,067,575 (approximately RM4,108,279), plus an interest of 5% per annum thereon since 11 August 2018. Hui Neng is currently appealing against the decision of the High Court of Taiwan and the matter is ongoing. KTW has replied to Hui Neng's claim and the matter is currently pending decision from court.

On 5 November 2025, Kelington Taiwan has received a notice from the Supreme Court of Taiwan that the appeal filed by Hui Neng has been dismissed. Following the Supreme Court's dismissal of the appeal, the case is now concluded.

**B10 Dividends Payable**

On 21 Aug 2025, the Board of Directors of KGB declared the payment of second interim tax-exempt dividend of 2.5 sen per ordinary share in respect of the FYE 31 December 2025 amounting to RM19,296,170. This has been paid on 10 October 2025.

On 24 November 2025, the Board of Directors of KGB declared the payment of third interim tax-exempt dividend of 2.5 sen and special interim dividend of 1.5 sen per ordinary share in respect of the FYE 31 December 2025 amounting to RM30,983,433. This will be paid on 21 Jan 2026.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2025**

**B11 Earnings Per Share**

The earnings per share for the quarter and cumulative year to date are computed as follow:

	<b>Current Quarter Ended</b>		<b>Cumulative Year To Date Ended</b>	
	<b>30.09.2025</b>	<b>30.09.2024</b>	<b>30.09.2025</b>	<b>30.09.2024</b>
Profit After Taxation attributable to owners of the company (RM'000)	41,138	32,917	100,670	84,407
Weighted average number of ordinary shares in issue ('000)	757,111	680,950	735,077	666,832
Basic Earnings Per Share (Sen)	5.43	4.83	13.70	12.66
Diluted Earnings Per Share (Sen) # ^	4.97	4.24	12.38	10.92

*Note :*

# - Assuming the full exercise of the remaining 102,167,109 (30.09.2024 - 173,702,332) convertible warrants

^ - Assuming the exercise of 17,305,750 (30.09.2024 - 20,990,650) shares, which is the remaining unexercised options of Employee Shares Scheme.

**B12 Comparative Figures**

The following figures have been reclassified to conform with the presentation of current financial period:

**Business segment**

	<b>As previously reported</b>			<b>As restated</b>		
	<b>Manufacturing and Trading Segment:</b>		<b>Construction segment</b>	<b>Engineering segment</b>		<b>Industrial Gases segment</b>
	<b>Industrial Gases</b>	<b>Equipments &amp; materials</b>		<b>Construction activities</b>	<b>Equipments &amp; materials</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'001</b>
<b>30.09.2024</b>						
Revenue						
External revenue	110,402	2,498	854,895	844,098	2,511	121,186
Inter-segment revenue	307	40,231	7,894	7,908	40,293	307
	110,709	42,729	862,789	852,006	42,804	121,493