



KELINGTON GROUP BERHAD

[Registration No. 199901026486 (501386-P)]

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

**Interim Financial Statements
First Quarter Results
For the Financial period ended
31 March 2026**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

(The figures have not been audited)

	Current Qtr Ended 31.03.2026 RM'000	Previous Qtr Ended 31.03.2025 RM'000	+	-	3-months Period up to 31.03.2026 RM'000	3-months Period up to 31.03.2025 RM'000	+	-	%
Revenue	270,426	270,283	+	-	270,426	270,283	+	-	
Cost of sales	(207,204)	(221,717)			(207,204)	(221,717)			
Gross profit	<u>63,222</u>	<u>48,566</u>	+	30	<u>63,222</u>	<u>48,566</u>	+	30	
Other income	2,297	2,048			2,297	2,048			
	<u>65,519</u>	<u>50,614</u>			<u>65,519</u>	<u>50,614</u>			
Administrative expenses	(20,324)	(13,775)			(20,324)	(13,775)			
Selling and distribution expenses	(1,010)	(914)			(1,010)	(914)			
Other expenses	(2,955)	(1,640)			(2,955)	(1,640)			
Finance costs	(1,939)	(2,154)			(1,939)	(2,154)			
Net reversal of impairment losses on financial assets	83	2,079			83	2,079			
Profit before taxation	<u>39,374</u>	<u>34,210</u>	+	15	<u>39,374</u>	<u>34,210</u>	+	15	
Income tax expense	(8,984)	(7,568)			(8,984)	(7,568)			
Profit after taxation	<u>30,390</u>	<u>26,642</u>	+	14	<u>30,390</u>	<u>26,642</u>	+	14	
Other comprehensive (expense)/income									
Foreign currency translation differences	(135)	790			(135)	790			
	<u>(135)</u>	<u>790</u>			<u>(135)</u>	<u>790</u>			
Total comprehensive income for the period	<u>30,255</u>	<u>27,432</u>			<u>30,255</u>	<u>27,432</u>			
Profit after taxation attributable to:									
Shareholders of the Company	30,387	26,646	+	14	30,387	26,646	+	14	
Non-controlling interests	3	(4)			3	(4)			
Profit after taxation for the financial period	<u>30,390</u>	<u>26,642</u>	+	14	<u>30,390</u>	<u>26,642</u>	+	14	
Total comprehensive income attributable to:									
Shareholders of the Company	30,249	27,438			30,249	27,438			
Non-controlling interests	6	(6)			6	(6)			
Total comprehensive income for the period	<u>30,255</u>	<u>27,432</u>			<u>30,255</u>	<u>27,432</u>			
Basic earnings per ordinary share (sen):									
Basic earnings per share (sen)	B11 3.88	3.71			3.88	3.71			
Diluted earnings per share (sen)	B11 3.57	3.28			3.57	3.28			

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 2025 and the accompanying explanatory notes enclosed to the interim financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Note	Unaudited As At 31.03.2026 RM'000	Audited As At 31.12.2025 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		228,326	227,433
Goodwill on consolidation		6,520	6,563
Deferred tax assets		1,650	1,570
Right-of-use assets		7,397	8,152
		<u>243,893</u>	<u>243,718</u>
Current assets			
Short-term investments		137,772	78,124
Inventories		16,002	15,396
Contract assets		191,989	185,093
Trade receivables		302,030	434,619
Other receivables, deposits and prepayments		41,183	26,428
Derivative assets	B7	38	-
Current tax assets		4,195	2,335
Fixed deposits with licensed banks		45,510	200,046
Cash and bank balances		363,945	205,324
		<u>1,102,664</u>	<u>1,147,365</u>
TOTAL ASSETS		<u>1,346,557</u>	<u>1,391,083</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		277,510	265,615
Retained earnings		302,315	305,914
Other reserve		42,814	42,476
Treasury share		(534)	(534)
Total Equity attributable to Shareholders of the Company		<u>622,105</u>	<u>613,471</u>
Non-controlling interests		117	111
Total Equity		<u>622,222</u>	<u>613,582</u>
Non-current liabilities			
Deferred tax liabilities		14,601	12,944
Lease liabilities	B8 (a)	3,458	4,371
Hire purchase payables	B8 (b)	3,198	3,636
Long term borrowings	B8 (b)	66,487	67,613
Other payable		542	626
		<u>88,286</u>	<u>89,190</u>
Current liabilities			
Contract liabilities		151,124	193,444
Trade payables		181,733	239,877
Other payables and accruals		149,503	75,290
Lease liabilities	B8 (a)	3,164	3,030
Current tax liabilities		21,370	16,464
Dividend payable		33,986	31,241
Short term borrowings	B8 (b)	95,169	128,965
		<u>636,049</u>	<u>688,311</u>
Total liabilities		<u>724,335</u>	<u>777,501</u>
TOTAL EQUITY AND LIABILITIES		<u>1,346,557</u>	<u>1,391,083</u>
Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)		0.7886	0.7862

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 2025 and the accompanying explanatory notes enclosed to the interim financial statements.

**STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

	Unaudited Year Ended 31.03.2026 RM'000	Unaudited Year Ended 31.03.2025 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	39,374	34,210
Adjustments for:-		
Depreciation of property, plant and equipment	3,733	2,876
Depreciation of right-of-use assets	879	1,054
Interest expense	1,939	2,154
Interest income	(2,122)	(1,969)
Fair value gain on derivatives	(38)	(7)
Net addition of provision for warranty costs	50	13
Share-based payments	476	-
Net reversal of impairment loss on financial assets	(83)	(2,079)
Unrealised loss on foreign exchange	309	301
Operating profit before working capital changes	44,517	36,553
(Increase)/ Decrease in inventory	(480)	2,467
Changes in net of contract assets /contract liabilities	(48,018)	24,742
Decrease in trade and other receivables	115,608	32,464
Decrease in trade and other payables	(64,291)	(27,103)
CASH FROM OPERATIONS	47,336	69,123
Income tax paid	(5,031)	(4,891)
Interest received	2,122	1,969
NET CASH FROM OPERATING ACTIVITIES	44,427	66,201
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments	(4,679)	(2,658)
Purchase of short-term investment	(59,648)	-
Uplift of fixed deposits with tenure more than 3 months	30,000	14,923
NET CASH (FOR)/ FROM INVESTING ACTIVITIES	(34,327)	12,265
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(31,241)	-
Interest paid	(1,939)	(2,154)
Repayment of borrowings and lease liabilities	(38,932)	(19,159)
Drawdown of borrowings	2,600	4,858
Proceeds from shares subscription pending allotment	80,819	-
Proceeds from exercise of warrants	11,895	9,013
Addition to pledged fixed deposits and bank balances	(1,991)	(775)
NET CASH FOR FINANCING ACTIVITIES	21,211	(8,217)
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,311	70,249
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	783	1,112
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	351,097	357,434
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	383,191	428,795

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

Cash and bank balances	363,945	276,070
Fixed deposits	45,510	194,258
	409,455	470,328
Less: bank overdraft	-	(11)
Less: fixed deposits pledged to licensed banks	(19,140)	(24,562)
Less: bank balance pledged to licensed banks	(7,124)	(6,960)
Less: fixed deposits with tenure of more than 3 months	-	(10,000)
	383,191	428,795

The Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements of KGB for the year ended 31 December 2025 and the accompanying explanatory notes enclosed to the interim financial statements.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

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 2025. 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 2025.

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 2025. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on January 1, 2026, 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:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027

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

A2. Status of Audit Qualification

There were no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2025.

A3. Segmental Information

(a) Business Segment

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

- (i) Technology & Process Solutions: Provides integrated engineering, technology and process solutions for high-tech and industrial sectors, including ultra high purity systems, process utilities, manufacturing equipment, cleanroom systems and critical infrastructure solutions.
- (ii) Industrial gases: 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.

Technology & Process Solution				Industrial Gases	The Group
Advanced Engineering (Ultra High Purity)	Equipments & materials	Process Engineering	Advanced Industrial Infrastructure *		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

31.03.2026

Revenue					
External revenue	182,229	1,821	9,592	46,147	270,426
Inter-segment revenue	-	5,441	-	3	5,531
	182,229	7,262	9,592	46,150	275,957
Consolidated Adjustments					(5,531)
					<u>270,426</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

A3. Segmental Information (Cont'd)

(a) Business Segment (Cont'd)

Technology & Process Solution				Industrial Gases	The Group
Advanced Engineering (Ultra High Purity)	Equipments & materials	Process Engineering	Advanced Industrial Infrastructure *		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

31.03.2025

Revenue

External revenue	197,303	4,681	9,145	25,570	33,584	270,283
Inter-segment revenue	2,193	4,352	-	-	1	6,546
	199,496	9,033	9,145	25,570	33,585	276,829
Consolidated Adjustments						(6,546)
						<u>270,283</u>

* - formerly known as general contracting

(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	
	31.03.2026 RM'000	31.03.2025 RM'000	31.03.2026 RM'000	31.03.2025 RM'000
Malaysia	85,247	79,843	217,237	200,777
China	49,138	101,023	2,809	4,295
Singapore	108,132	75,946	12,338	7,808
Taiwan	9,905	4,196	33	16
Germany	7,177	-	3,306	-
Others	10,827	9,275	-	-
	<u>270,426</u>	<u>270,283</u>	<u>235,723</u>	<u>212,896</u>

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 December 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 26 January 2026, KGB had paid the third interim single-tier 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 RM31,241,321.

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 31 March 2026, all the property, plant and equipment were stated at cost less accumulated depreciation.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

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:

Exercise of Warrants

During the quarter under review, KGB issued 8,620,128 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM1.38 which amounted to RM11,895,777.

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.

	As at 31.3.2026
	RM'000
Purchase of plant & equipment	<u>3,478</u>

A13. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as at 31 March 2026.

A14. Material Subsequent Events

Saved as disclosed in note 10 of part B, there has been no material subsequent events after the quarter ended 31 March 2026.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

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

B1 Review Of Performance

	Current Year Quarter 31.03.2026 RM'000	Preceding Year Corresponding Quarter 31.03.2025 RM'000	Changes	
			Amount RM'000	%
Revenue	270,426	270,283	143	0%
Profit before tax ("PBT")	39,374	34,210	5,164	15%
Profit after tax ("PAT")	30,390	26,642	3,748	14%
Profit attributable to shareholders of the company	30,387	26,646	3,741	14%

(a) Current Quarter vs. Previous Year Corresponding Quarter

		Revenue 1Q2026 31.03.2026 RM'000	% of total		Revenue 1Q2025 31.03.2025 RM'000	% of total	Changes %
Technology & Process Solution	- Advanced Engineering (Ultra High Purity)	182,229	67%		199,496	74%	-9%
	- Equipments and materials	7,262	3%		9,033	3%	-20%
	- Process Engineering	9,592	4%		9,145	3%	5%
	- Advanced Industrial Infrastructure*	46,150	17%		25,570	9%	80%
Industrial Gases	30,724	11%		33,585	12%	-9%	
Consolidated Adjustments	(5,531)			(6,546)			
Total	270,426			270,283		0%	
* - formerly known as general contracting							

Kelington's revenue for 1Q2026 stood at RM270.4 million vis-à-vis RM270.3 million in 1QFY25. While quarterly performance was tempered by the seasonal slowdown and shorter working period during the Q1 festive season, the underlying business momentum remains strong.

The Group's 1QFY26 revenue was driven by strong performance in Singapore (+42%), led by the Advanced Engineering (Ultra High Purity) division, and Taiwan (+136%) following the award of several Advanced Engineering (Ultra High Purity) contracts. These improvements were partially offset by a 51% decline in China, attributed to project timing within the Advanced Engineering (Ultra High Purity) division as legacy jobs concluded before new projects reached their acceleration phase.

Advanced Engineering (Ultra High Purity) division remained the Group's primary revenue driver, contributing 67% of total turnover this quarter. It continues to be a cornerstone of the Group's strategic focus.

The Process Engineering division posted a 5% year-on-year increase, driven by the increased contributions from Malaysia markets.

Revenue for the Advanced Industrial Infrastructure (General Contracting) division grew 80% year-on-year to RM46.2 million, largely driven by the steady ramp-up of new contracts secured since the second quarter of 2025 in Malaysia.

Revenue from the Industrial Gases division decreased by 9%. While sales of liquid carbon dioxide (LCO₂) remained stable, the overall decrease was mainly due to lower demand for certain traded specialty gases.

Profitability remained on a strong upward trajectory in 1Q2026, with PBT climbing 15% to RM39.4 million and PAT rising 14% to RM30.4 million. This bottom-line expansion was mainly driven by improved gross profit margins across key projects. The Group recorded higher administrative expenses, largely due to increased staff costs to support its expanding operations. Apart from this, a forex loss of RM1.4 million resulted in higher other expenses.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

B1 Review Of Performance (Cont'd)

(b) Variation of Results Against Preceding Quarter

	Current Quarter 1Q2026 Unaudited 31.03.2026 RM'000	Immediate Preceding Quarter 4Q2025 Audited 31.12.2025 RM'000	Changes	
			Amount RM'000	%
Revenue	270,426	406,267	(135,841)	-33%
Profit before tax ("PBT")	39,374	62,269	(22,895)	-37%
Profit after tax ("PAT")	30,390	50,330	(19,940)	-40%
Profit attributable to shareholders of the company	30,387	50,257	(19,870)	-40%

1Q2026 revenue fell 33% quarter-on-quarter to RM270.4 million, primarily reflecting lower contributions from Malaysia, Singapore, and China due to timing differences in revenue recognition. In tandem with this lower topline, PBT and PAT decreased by 37% and 40% respectively, a contraction driven largely by the reduced volume.

(c) Statement of Financial Position

Financial Indicators	As at 31.03.2026 Unaudited RM'000	As at 31.12.2025 Audited RM'000
Total assets	1,346,557	1,391,083
Total equity	622,222	613,582
Debt	171,476	207,615
Fixed deposits, cash & bank balances	409,455	405,370
Net cash	237,979	197,755
Debt-to-Equity (Gearing)	0.28	0.34

As of 31 March 2026, the Group's shareholders' equity (excluding non-controlling interests) rose to RM622.2 million from RM613.6 million as of 31 December 2025. This growth mainly driven by the exercise of warrants and quarterly profits. During the quarter, the Company declared dividends of RM34.0 million to its shareholders.

As of 31 March 2026, the Group's total debt decreased to RM171.5 million from RM207.6 million as at year ended 31 December 2025, mainly due to the repayment of borrowings. Meanwhile, the Group's net cash position increased to RM238.0 million from RM197.8 million at the end of 2025. This was funded by proceeds from projects and the exercise of warrants.

As a result, the Group's financial position remains robust, with an improved gearing ratio of 0.28 times.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

B2 Commentary Of Prospects

Artificial intelligence ("AI") continues to be the key growth catalyst for the global semiconductor industry, driving accelerated investments across the value chain. Global semiconductor sales are projected to surpass USD1 trillion for the first time in 2026. In parallel, SEMI forecasts worldwide 300mm fab equipment spending to increase by 18% to USD133 billion and exceed USD150 billion for the first time in 2027. These trends highlight sustained demand for both logic and memory semiconductors across a wide range of applications, underpinning continued capital investment in advanced fabrication facilities globally.

At the same time, increasing emphasis on supply chain resilience, geopolitical uncertainty, and technological sovereignty is driving the development of domestic semiconductor manufacturing capacity. Major economies including the European Union and India are advancing initiatives such as the European Chips Act and India's Semiconductor Mission, which channel significant investment into localised fabrication ecosystems.

Against this backdrop, the Group continues to focus on expanding its presence in existing markets while also establishing a foothold in new markets, particularly Europe and India. Following its contract win in Germany in August 2025, the Group is strengthening its footprint in Europe to capture emerging opportunities. In India, the Group achieved a key milestone in March 2026, securing a contract worth USD105.0 million (approximately RM413.7 million) to deliver a turnkey gas distribution system for a semiconductor wafer fabrication facility in Gujarat, India's first pure-play semiconductor foundry. Together with a purchase order and Letters of Intent for additional scope, the Group has established a strong base of confirmed and pipeline participation in this project, positioning it at an early stage of a high-growth market with long-term potential.

Singapore remains a key market for the Group, supported by sizeable tender opportunities in the pipeline. Kelington is also evaluating prospects in Japan, where ongoing investments in advanced semiconductor manufacturing may provide an additional growth market for the Group.

In parallel, the Group is actively building practical capabilities within Sustainable Engineering segment to support its role as an engineering partner in the broader energy transition landscape. In April 2026, Malaysia has taken a meaningful step forward in its carbon management journey with the launch of the National Carbon Market Policy ("NCMP"), marking government's commitment to accelerating the transition towards a low-carbon economy. These policy developments are expected to support growing adoption of low-carbon solutions such as green hydrogen and bio-compressed natural gas ("bio-CNG") over time.

For the three months ended 31 March 2026, the Group has secured RM790 million in new contract wins, bringing its outstanding order book to RM1.92 billion.

Supported by strong order book, expanding footprint in high-growth markets, and improving profitability, the Group enters the remainder of FY2026 with improved earnings visibility and a solid growth outlook.

B3 Profit Forecast and Profit Guarantee

The Company did not announce any profit forecast or profit estimate for the FYE 31 December 2026 in any public document and hence this information is not applicable.

B4 Profit for the Period

	Quarter ended		Year-to-date ended	
	31.03.2026 RM'000	31.03.2025 RM'000	31.03.2026 RM'000	31.03.2025 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	2,122	1,969	2,122	1,969
Interest expense	(1,939)	(2,154)	(1,939)	(2,154)
Net reversal of impairment loss on financial assets	83	2,079	83	2,079
Depreciation and amortisation	(3,733)	(2,876)	(3,733)	(2,876)
Depreciation of right-of-use assets	(879)	(1,054)	(879)	(1,054)
Unrealised foreign exchange (loss)/ gain	(309)	(301)	(309)	(301)
Realised foreign exchange (loss)/ gain	(1,109)	(106)	(1,109)	(106)
(Provision)/ reversal of warranty costs	(50)	(13)	(50)	(13)
Net fair value adjustments of financial derivatives	38	7	38	7

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

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

B5 Taxation

	Current quarter ended 31.03.2026 RM'000	Cumulative Year to date 31.03.2026 RM'000
Company taxation	7,394	7,394
Deferred taxation	1,590	1,590
	<u>8,984</u>	<u>8,984</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.

B6 Corporate Proposal

Saved as disclosed below, there were no other 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 31 March 2026 were as follows:

	31.03.2026 RM'000
Type of Derivatives	
Forward Contract (US Dollar)	
Fair value	8,836
Contract (Notional Value)	(8,798)
Total derivatives assets	<u>38</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.

B8 Lease Liability and Group Borrowings

(a) Lease liability

The lease liability as at 31 March 2026 versus 31 March 2025 were as follows:

	31.03.2026 RM'000	31.03.2025 RM'000
Non-current	3,458	1,246
Current	3,164	1,768
Total	<u>6,622</u>	<u>3,014</u>

The lease liability comprises tenancy agreements of more than one year. The increase in lease liability as of 31 March 2026, compared to the same period last year, was mainly due to several new tenancy agreements entered into during the period.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

B8 Lease Liability and Group Borrowings (Cont'd)

(b) Group Borrowings

The borrowings as at 31 March 2026 versus 31 March 2025 were as follows.

	As At 31 March 2026					
	Current Liabilities		Non-current Liabilities		Total Borrowings	
	Currency ('000)	RM'000	Currency ('000)	RM'000	Currency ('000)	RM'000
Secured						
Term Loan	<i>RM12,568</i>	12,568	<i>RM65,932</i>	65,932	<i>RM78,500</i>	78,500
Revolving loan	<i>RMB7,000; NTD16,000; RM32,750</i>	38,871	<i>RM 555</i>	555	<i>RMB7,000; NTD16,000; RM33,305</i>	39,426
Invoice financing/ Trust receipts	<i>RMB59,240, RM7,079</i>	41,782	-	-	<i>RMB59,240, RM7,079</i>	41,782
Hire Purchase Payable	<i>SGD43, RM1,814</i>	1,948	<i>SGD208, RM2,546</i>	3,198	<i>SGD251, RM4,840</i>	5,146
Bank overdraft	-	-	-	-	-	-
Unsecured						
Nil	-	-	-	-	-	-
		95,169		69,685		164,854
Weighted average interest rate of borrowings						3.88%
Proportion of borrowings between fixed interest rate and floating interest rate						3%:97%

	As At 31 March 2025					
	Current Liabilities		Non-current Liabilities		Total Borrowings	
	Currency ('000)	RM'000	Currency ('000)	RM'000	Currency ('000)	RM'000
Secured						
Term Loan	<i>RM11,776</i>	11,776	<i>RM73,313</i>	73,313	<i>RM 85,089</i>	85,089
Revolving loan	<i>RMB7,000; RM25,000, NTD16,000</i>	31,413	<i>RM 2,305</i>	2,305	<i>RMB7,000; RM27,305, NTD16,000</i>	33,718
Invoice financing/ Trust receipts	<i>RMB57,266, RM7,466</i>	42,415	-	-	<i>RMB57,266, RM7,466</i>	42,415
Hire Purchase Payable	<i>SGD43, RM1,869</i>	2,010	<i>SGD262, RM3,675</i>	4,540	<i>SGD305, RM5,544</i>	6,550
Bank overdraft	<i>RM11</i>	11	-	-	<i>RM11</i>	11
Unsecured						
Nil	-	-	-	-	-	-
		87,625		80,158		167,783
Weighted average interest rate of borrowings						4.75%
Proportion of borrowings between fixed interest rate and floating interest rate						4%:96%

As of 31 March 2026, total borrowings decreased year-on-year, primarily due to the repayment of term loans and hire purchase obligations. This reduction was partially offset by an increase in revolving credits utilized for working capital requirements within the industrial gases division.

Furthermore, the lower interest rate compared to the previous year was attributable to reductions in borrowing rates across all countries, namely Malaysia, China, Singapore, and Taiwan, following successful negotiations with lenders supported by the Group's strong banking relationships.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2026**

B9 Material Litigation

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.

B10 Dividends Payable

On 25 February 2026, the Board of Directors of KGB declared the payment of fourth interim single-tier 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 RM33,986,324. This had been paid on 21 April 2026.

On 25 May 2026, the Board of Directors of KGB declared the payment of first interim single-tier dividend of 3.0 sen per ordinary share in respect of the FYE 31 December 2026 amounting to RM25,816,921. This will be paid on 10 July 2026.

B11 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	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
Profit After Taxation attributable to owners of the company (RM'000)	30,387	26,646	30,387	26,646
Weighted average number of ordinary shares in issue ('000)	784,145	718,395	784,145	718,395
Basic Earnings Per Share (Sen)	3.88	3.71	3.88	3.71
Diluted Earnings Per Share (Sen) # ^	3.57	3.28	3.57	3.28

Note :

- Assuming the full exercise of the remaining 86,565,219 (31.03.2025 - 147,083,933) convertible warrants

^ - Assuming the exercise of 17,305,750 (31.03.2025 - 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:

	As previously reported		As restated	
	Previous Qtr Ended 31.03.2025 RM'000	3-month Period Ended 31.03.2025 RM'000	Previous Qtr Ended 31.03.2025 RM'000	3-month Period Ended 31.03.2025 RM'000
Administrative expenses	(12,571)	(12,571)	(13,775)	(13,775)
Other expenses	(2,844)	(2,844)	(1,640)	(1,640)