KELINGTON GROUP BERHAD

[Registration No. 199901026486 (501386-P)]

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

Interim Financial Statements
Second Quarter Results
For the Financial period ended
30 June 2026

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 2ND QUARTER ENDED 30 JUNE 2026

(The figures have not been audited)

	Note	Current Qtr Ended 30.06.2026 RM'000	Previous Qtr Ended 30.06.2025 RM'000	+ -	%	6-months Period up to 30.06.2026 RM'000	6-months Period up to 30.06.2025 RM'000	+ -	%
Revenue		344,417	282,021	+	22	614,843	552,304	+	11
Cost of sales		(274,983)	(217,071)			(482,187)	(438,788)		
Gross profit		69,434	64,950	+	7	132,656	113,516	+	17
Other income		3,185	3,081			5,482	5,129		
		72,619	68,031			138,138	118,645		
Administrative expenses		(18,240)	(21,946)			(38,564)	(35,722)		
Selling and distribution expenses		(1,088)	(1,125)			(2,098)	(2,039)		
Other expenses		(2,710)	(1,232)			(5,665)	(2,871)		
Finance costs		(1,846)	(2,166)			(3,785)	(4,320)		
Net reversal of impairment losses on financial assets		2,377	(222)			2,460	1,857		
Profit before taxation		51,112	41,340	+	24	90,486	75,550	+	20
Income tax expense	B5	(9,744)	(8,455)			(18,728)	(16,023)		
Profit after taxation		41,368	32,885	+	26	71,758	59,527	+	21
Other comprehensive (expense)/income									
Foreign currency translation differences		2,391	(4,181)			2,256	(3,391)		
		2,391	(4,181)			2,256	(3,391)		
Total comprehensive income for the period		43,759	28,704			74,014	56,136		
Profit after taxation attributable to:									
Shareholders of the Company		41,336	32,886	+	26	71,723	59,532	+	20
Non-controlling interests		32	(1)			35	(5)		
Profit after taxation for the financial period		41,368	32,885	+	26	71,758	59,527	+	21
Total comprehensive income attributable to:									
Shareholders of the Company		43,727	28,703			73,976	56,141		
Non-controlling interests		32	1			38	(5)		
Total comprehensive income for the period		43,759	28,704			74,014	56,136		
Basic earnings per ordinary share (sen):									
Basic earnings per share (sen)	B11	4.83	4.51			8.77	8.22		
Diluted earnings per share (sen)	B11	4.79	4.07			8.64	7.37		

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 30 JUNE 2026

	Note	Unaudited As At 30.06.2026 RM'000	Audited As At 31.12.2025 RM'000
ASSETS			
Non-current assets			
Property, plant & equipment		231,168	227,433
Goodwill on consolidation		6,547	6,563
Deferred tax assets		1,677	1,570
Right-of-use assets		12,065	8,152
		251,457	243,718
Current assets			
Short-term investments		212,312	78,124
Inventories		22,014	15,396
Contract assets		249,279	185,093
Trade receivables		299,534	434,619
Other receivables, deposits and prepayments		35,517	26,428
Current tax assets		5,201	2,335
Fixed deposits with licensed banks		45,660	200,046
Cash and bank balances		282,953	205,324
		1,152,470	1,147,365
TOTAL ASSETS		**1,403,927**	**1,391,083**
EQUITY AND LIABILITIES			
Equity			
Share capital		391,074	265,615
Retained earnings		317,561	305,914
Other reserve		47,657	42,476
Treasury share		(534)	(534)
Total Equity attributable to Shareholders of the Company		755,758	613,471
Non-controlling interests		149	111
Total Equity		755,907	613,582
Non-current liabilities			
Deferred tax liabilities		15,100	12,944
Lease liabilities	B8 (a)	7,539	4,371
Hire purchase payables	B8 (b)	2,732	3,636
Long term borrowings	B8 (b)	63,493	67,613
Other payable		458	626
		89,322	89,190
Current liabilities			
Contract liabilities		106,595	193,444
Trade payables		183,425	239,877
Other payables and accruals		77,940	75,290
Derivative liabilities	B7	11	-
Lease liabilities	B8 (a)	3,843	3,030
Current tax liabilities		20,275	16,464
Dividend payable		26,309	31,241
Short term borrowings	B8 (b)	140,300	128,965
		558,698	688,311
Total liabilities		648,020	777,501
TOTAL EQUITY AND LIABILITIES		**1,403,927**	**1,391,083**
Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)		0.8675	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.

STATEMENTS OF CHANGES IN EQUITY
FOR THE 2ND QUARTER ENDED 30 JUNE 2026

	Attributable to Equity Holders of the Company								
			Non Distributable			Distributable			Total
	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	Non-Controlling Interest RM'000	Equity RM'000
As at 1 January 2026	265,615	(534)	41,337	3,114	(1,975)	305,914	**613,471**	111	**613,582**
Profit after taxation for the financial period	-	-	-	-	-	71,723	**71,723**	35	**71,758**
Other comprehensive expense:									
- Foreign currency translation differences	-	-	-	-	2,253	-	**2,253**	3	**2,256**
Total comprehensive income for the financial period	-	-	-	-	2,253	71,723	**73,976**	38	**74,014**
Contributions by and distribution to owners of the company:									
- Dividends		-	-	-	-	(60,296)	**(60,296)**	-	**(60,296)**
- Warrants exercised	125,459	-	-	-	-	-	**125,459**	-	**125,459**
- Share-based payments	-	-	-	3,148	-	-	**3,148**	-	**3,148**
- Utilisation of non-distributable safety production reserve funds by a subsidiary		-	(220)	-	-	220	**-**	-	**-**
Total recognised income and expense for the period	125,459	-	(220)	3,148	-	(60,076)	**68,311**	-	**68,311**
As at 30 June 2026	**391,074**	**(534)**	**41,117**	**6,262**	**278**	**317,561**	**755,758**	**149**	**755,907**
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 year	-	-	-	-	-	59,532	**59,532**	(5)	**59,527**
Other comprehensive income:									
- Foreign currency translation differences	-	-	-	-	(3,391)	-	**(3,391)**	-	**(3,391)**
Total comprehensive income for the financial period	-	-	-	-	(3,391)	59,532	**56,141**	(5)	**56,136**
Contributions by and distribution to owners of the company:									
- Dividends	-	-	-	-	-	(32,837)	**(32,837)**	-	**(32,837)**
- Warrants exercised	42,441	-	-	-	-	-	**42,441**	-	**42,441**
- Transfer of non-distributable safety production reserve funds by a subsidiary		-	207	-	-	(207)	**-**	-	**-**
Total contributions by and distributions to owners of the Company	42,441	-	207	-	-	(33,044)	**9,604**	-	**9,604**
As at 30 June 2025	**226,422**	**(534)**	**40,521**	**3,895**	**2,463**	**266,276**	**539,043**	**46**	**539,089**

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

STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 JUNE 2026

	Unaudited Period Ended 30.06.2026 RM'000	Unaudited Period Ended 30.06.2025 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	90,486	75,550
Adjustments for:-		
Depreciation of property, plant and equipment	7,551	6,088
Depreciation of right-of-use assets	1,893	1,850
Impairment loss on trade receivables	-	1,322
Interest expense	3,785	4,320
Interest income	(4,461)	(4,096)
Loss on disposal of property, plant and equipment	313	165
Fair value loss on derivatives	11	22
Reversal of provision for unutilised leaves	-	(327)
Net addition of provision for warranty costs	166	13
Share-based payments	3,148	-
Reversal of impairment losses on trade receivables	(771)	(3,179)
Reversal of impairment losses on contract assets	(1,689)	-
Unrealised gain on foreign exchange	(950)	(616)
Operating profit before working capital changes	99,482	81,112
(Increase)/ Decrease in inventory	(5,931)	3,545
Changes in net of contract assets /contract liabilities	(144,372)	(48,298)
Decrease in trade and other receivables	127,138	85,528
Decrease in trade and other payables	(56,656)	(14,514)
CASH FROM OPERATIONS	19,661	107,373
Income tax paid	(16,450)	(14,134)
Interest received	4,461	4,096
NET CASH FROM OPERATING ACTIVITIES	7,672	97,335
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipments	(11,612)	(5,733)
Proceeds from disposal of property, plant and equipments	14	145
Purchase of short-term investment	(134,188)	-
Uplift/ (placement) of fixed deposits with tenure more than 3 months	30,000	(5,077)
NET CASH FOR INVESTING ACTIVITIES	(115,786)	(10,665)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(65,228)	(14,451)
Interest paid	(3,785)	(4,320)
Repayment of borrowings and lease liabilities	(26,188)	(8,701)
Drawdown of borrowings	28,633	5,006
Proceeds from shares subscription pending allotment	1,385	-
Proceeds from exercise of warrants	125,459	42,441
(Addition)/ withdrawal of pledged fixed deposits and bank balances	(2,033)	4,881
NET CASH FOR FINANCING ACTIVITIES	58,243	24,856
NET INCREASE IN CASH AND CASH EQUIVALENTS	(49,871)	111,526
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,081	(2,434)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	351,097	357,434
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	302,307	466,526

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

Cash and bank balances	282,953	278,063
Fixed deposits	45,660	244,339
	328,613	522,402
Less: bank overdraft	-	(11)
Less: fixed deposits pledged to licensed banks	(19,176)	(18,760)
Less: bank balance pledged to licensed banks	(7,130)	(7,105)
Less: fixed deposits with tenure of more than 3 months	-	(30,000)
	302,307	466,526

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 2ND QUARTER ENDED 30 JUNE 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 acivities associated with industrial gases.

	Technology & Process Solution					
	Advanced Engineering (Ultra High Purity)	**Equipments & materials**	**Process Engineering**	**Advanced Industrial Infrastructure ***	**Industrial Gases**	**The Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
30.06.2026						
Revenue						
External revenue	401,601	3,755	36,001	110,897	62,589	614,843
Inter-segment revenue	60	16,366	-	297	203	16,926
	401,661	20,121	36,001	111,194	62,792	631,769
Consolidated Adjustments						(16,926)
						614,843

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
30.06.2025						
Revenue						
External revenue	381,542	3,589	25,759	78,864	62,550	552,304
Inter-segment revenue	2,993	9,407	-	7	70	12,477
	384,535	12,996	25,759	78,871	62,620	564,781
Consolidated Adjustments						(12,477)
						552,304

* - 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	
	30.06.2026 RM'000	30.06.2025 RM'000	30.06.2026 RM'000	30.06.2025 RM'000
Malaysia	208,412	189,163	216,047	200,361
China	92,457	158,539	2,709	3,882
Singapore	250,008	175,700	19,112	8,705
Taiwan	27,258	10,876	51	14
Germany	14,417	-	5,221	-
Others	22,291	18,026	93	-
	614,843	552,304	243,233	212,962

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 30 June 2026.

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 21 April 2026, KGB had paid the 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.

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

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 82,292,210 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM1.38 which amounted to RM113,563,250.

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 30.6.2026
	RM'000
Purchase of plant & equipment	3,078

A13. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as at 30 June 2026.

A14. Material Subsequent Events

Saved as disclosed in the following and under note 10 of part B, there has been no material subsequent events after the quarter ended 30 June 2026.

On 5 August 2026, KGB announced that Ace Gases Technologies Private Limited ("AGTI"), a wholly-owned subsidiary of the Company, plans to construct a merchant Air Separation Unit ("ASU") plant in Maharashtra, India. The project represents a total investment of approximately RM120 million and is aimed at strengthening AGTI's industrial gas liquid production capacities to meet increasing demand in the region.

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 2026

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

B1 Review Of Performance

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year-to-date	Preceding Year Corresponding Period	Changes	
	30.06.2026 RM'000	30.06.2025 RM'000	Amount RM'000	%	30.06.2026 RM'000	30.06.2025 RM'000	Amount RM'000	%
Revenue	344,417	282,021	62,396	22%	614,843	552,304	62,539	11%
Profit before tax ("PBT")	51,112	41,340	9,772	24%	90,486	75,550	14,936	20%
Profit after tax ("PAT")	41,368	32,885	8,483	26%	71,758	59,527	12,231	21%
Profit attributable to shareholders of the company	41,336	32,886	8,450	26%	71,723	59,532	12,191	20%

(a) Current Quarter vs. Previous Year Corresponding Quarter

		Revenue 2Q2026 30.06.2026 RM'000	% of total		Revenue 2Q2025 30.06.2025 RM'000	% of total	Changes %
Technology & Process Solution	- Advanced Engineering (Ultra High Purity)	219,432	64%		185,039	66%	19%
	- Equipments and materials	12,859	4%		3,963	1%	224%
	- Process Engineering	26,409	8%		16,614	6%	59%
	- Advanced Industrial Infrastructure*	65,044	19%		53,301	19%	22%
Industrial Gases		32,068	9%		29,035	10%	10%
Consolidated Adjustments		(11,395)	-3%		(5,931)	-2%	
Total		**344,417**			**282,021**		**22%**

* - formerly known as general contracting

Kelington recorded revenue of RM344.4 million for 2Q2026, compared with RM282.0 million in 2Q2025, representing a 22% year-on-year increase. The growth was primarily driven by higher revenue recognition from ongoing projects.

The Group's revenue growth was underpinned by strong performances in Singapore, which recorded a 42% increase, mainly driven by the Advanced Engineering (Ultra High Purity) division, and Taiwan, where revenue surged 160% following the award and execution of several Advanced Engineering (Ultra High Purity) contracts. In Malaysia, revenue increased by 13%, supported by higher contributions from the Process Engineering and Advanced Industrial Infrastructure divisions. The Group also benefited from contributions from Germany.

These improvements were partially offset by a 25% decline in China, mainly due to the Group’s strategic shift in focus towards other growth markets, resulting in a lower contribution from China compared to the corresponding period last year.

The Advanced Engineering (Ultra High Purity) division remained the Group's largest revenue contributor, accounting for 64% of total revenue during the quarter, reaffirming its position as the Group's core business segment.

Revenue from the Process Engineering division increased 59% year-on-year, driven mainly by stronger project execution in the Malaysian market.

The Advanced Industrial Infrastructure division recorded revenue of RM65.0 million, representing a 22% year-on-year increase, primarily attributable to the progressive execution of new contracts secured since the second quarter of 2025 in Malaysia.

Revenue from the Industrial Gases division grew 10% year-on-year, mainly supported by higher sales of liquid carbon dioxide (LCO_2) and increased project revenue recognition.

The Group's profitability continued to improve during the quarter. PBT increased 24% to RM51.1 million, while PAT rose 26% to RM41.4 million. The improvement in earnings was mainly driven by stronger revenue contributions from key projects across the Group. In addition, the Group recognised a reversal of impairment of RM2.3 million relating to projects in Taiwan, which further supported profitability during the quarter.

B1 Review Of Performance (Cont'd)

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

		Revenue 6M2026 RM'000	% of total		Revenue 6M2025 RM'000	% of total	Changes
Technology & Process Solution	- Advanced Engineering (Ultra High Purity)	401,661	65%		384,535	70%	4%
	- Equipments and materials	20,121	3%		12,996	2%	55%
	- Process Engineering	36,001	6%		25,759	5%	40%
	- Advanced Industrial Infrastructure*	111,194	18%		78,871	14%	41%
Industrial Gases		62,792	10%		62,620	11%	0%
Consolidated Adjustments		(16,926)	-3%		(12,477)	-2%	
Total		**614,843**			**552,304**		**11%**

* - formerly known as general contracting

For 6M2026, the Group recorded revenue of RM614.8 million, representing an 11% increase compared to the corresponding period last year. PBT and PAT increased by 20% and 21% to RM90.5 million and RM71.8 million, respectively, supported by higher project recognition across most operating countries, coupled with more favourable project margins.

Revenue growth was primarily driven by Singapore, which recorded a 42% increase following the ramp-up of newly secured projects, together with contributions from projects in Germany. Malaysia also registered a 10% increase, while Taiwan recorded a significant growth of more than 151%, driven by higher project recognition supported by strong order books and increased execution activities. These improvements were partially offset by a 42% decline in China, mainly due to the Group’s efforts to diversify its geographical presence and pursue growth opportunities in other key markets.

The Advanced Engineering division remained the Group's largest revenue contributor, supported by strong project execution in Singapore, Taiwan and Germany, despite weaker performance in the China market. The Process Engineering division recorded a 40% increase in revenue to RM36.0 million, mainly attributable to higher project activities in Malaysia. Meanwhile, revenue from the Advanced Industrial Infrastructure division grew by 41% to RM111.2 million, driven by the continued progress of projects in Malaysia.

Revenue from the Industrial Gases division increased marginally to RM62.8 million, from RM62.6 million previously. While demand for certain specialty gases remained subdued, demand for liquid carbon dioxide (LCO_2) continued to be resilient and improved compared with the corresponding period in 2025.

By geographical segment in 6M2026, revenue contribution was led by Singapore (41%), followed by Malaysia (34%), China (15%) and Taiwan (4%).

(c) Variation of Results Against Preceding Quarter

	Current Quarter 2Q2026 Unaudited 30.06.2026 RM'000	Immediate Preceding Quarter 1Q2026 Unaudited 31.03.2026 RM'000	Changes Amount RM'000	Changes %
Revenue	344,417	270,426	73,991	27%
Profit before tax ("PBT")	51,112	39,374	11,738	30%
Profit after tax ("PAT")	41,368	30,390	10,978	36%
Profit attributable to shareholders of the company	41,336	30,387	10,949	36%

Revenue for 2Q2026 increased by 27% quarter-on-quarter to RM344.4 million, primarily driven by higher project recognition from Singapore, Malaysia and Taiwan. In line with the higher revenue contribution, PBT and PAT increased by 30% and 36%, respectively, mainly attributable to the stronger project execution and higher profit contribution from ongoing projects.

B1 Review Of Performance (Cont'd)

(d) Statement of Financial Position

Financial Indicators	As at 30.06.2026 Unaudited RM'000	As at 31.12.2025 Audited RM'000
Total assets	1,403,927	1,391,083
Total equity	755,907	613,582
Debt	217,907	207,615
Fixed deposits, cash & bank balances	328,613	405,370
Net cash	110,706	197,755
Debt-to-Equity (Gearing)	0.29	0.34

As at 30 June 2026, the Group's shareholders' equity (excluding non-controlling interests) increased to RM755.8 million from RM613.6 million as at 31 December 2025. The increase was primarily driven by the exercise of warrants and profit contributions during the period. During the same period, the Company declared dividends amounting to RM60.3 million to its shareholders.

As at 30 June 2026, the Group's total debt increased marginally to RM217.9 million from RM207.6 million as at 31 December 2025, mainly due to the drawdown of borrowings to support project execution and working capital requirements. This was partially offset by scheduled repayments of term loans.

Meanwhile, the Group's net cash position decreased to RM110.7 million as at 30 June 2026, compared to RM197.8 million as at 31 December 2025, mainly due to the placement of surplus funds into short-term investments during the period.

Overall, the Group continues to maintain a strong financial position, with a healthy gearing ratio of 0.29 times.

B2 Commentary Of Prospects

The outlook for the global semiconductor industry remains favourable, supported by continued investment in artificial intelligence, advanced logic and high bandwidth memory. World Semiconductor Trade Statistics forecasts the global semiconductor market to reach approximately USD1.51 trillion in 2026 and USD1.91 trillion in 2027. In parallel, SEMI forecasts global wafer fab equipment sales to increase by 23.1% to USD143.9 billion in 2026 and continue growing to approximately USD200 billion by 2028. Together with government initiatives to expand domestic semiconductor manufacturing capacity, these trends are expected to sustain investment in new and expanded semiconductor manufacturing facilities, supporting demand for the Group's engineering solutions.

The Group is well positioned to capture these opportunities, supported by an expanding tender pipeline and growing geographical presence. Its tender book increased by 42.0% quarter-on-quarter to RM7.5 billion as at 30 June 2026, with Singapore accounting for the largest share, followed by India, Malaysia, Europe, Taiwan and China.

India, in particular, is becoming an increasingly important growth market following the USD105.0 million contract secured in March 2026 to deliver a turnkey gas distribution system for a semiconductor wafer fabrication facility in Gujarat. The Group intends to build on this foothold while also pursuing further opportunities in Europe following its entry into the region through Germany. Across its markets, the Group will remain selective, prioritising projects that offer attractive margin profiles.

At the same time, the Group continues to grow its Industrial Gases business as part of its broader growth strategy, expanding its production capabilities and geographical presence. Subsequent to the quarter end, the Group announced an investment of approximately USD29.3 million, equivalent to RM120 million, to develop a 300 tonnes per day merchant Air Separation Unit plant in Maharashtra, India. Targeted for completion by the third quarter of 2028, the plant will establish the Group's first industrial gas production platform in India and support the longer-term expansion of this business in the country.

Within Sustainable Engineering, the Group continues to pursue opportunities that support Malaysia's national energy transition agenda. In June 2026, Ace Gases Marketing Sdn Bhd expanded its collaboration with PETRONAS CCS Solutions Sdn Bhd to include a Satellite CO2 Terminal Study, further strengthening the Group's participation in the developing carbon capture and storage value chain. The Group is also evaluating opportunities in other areas of sustainable engineering, including green hydrogen and bio compressed natural gas.

For the six months ended 30 June 2026, the Group secured RM1.23 billion in new contracts, bringing its outstanding order book to RM2.04 billion.

With a sizeable order book providing earnings visibility, a strengthened tender pipeline supporting future replenishment, and ongoing expansion in engineering and Industrial Gases across key growth markets, the Group remains positive on its prospects for FY2026 and beyond.

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	
	30.06.2026 RM'000	**30.06.2025 RM'000**	**30.06.2026 RM'000**	**30.06.2025 RM'000**
Profit for the period is arrived at after crediting/ (charging):				
Interest income	2,339	2,127	4,461	4,096
Interest expense	(1,846)	(2,166)	(3,785)	(4,320)
Net reversal/ (addition) of impairment loss on financial assets	2,377	(222)	2,460	1,857
Depreciation and amortisation	(3,818)	(3,212)	(7,551)	(6,088)
Depreciation of right-of-use assets	(1,014)	(796)	(1,893)	(1,850)
Unrealised foreign exchange gain	1,259	917	950	616
Realised foreign exchange (loss)/ gain	(1,268)	46	(2,377)	(60)
Provision of warranty costs	(116)	-	(166)	(13)
Net fair value adjustments of financial derivatives	(49)	(29)	(11)	(22)

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 30.06.2026 RM'000	**Cumulative Year to date 30.06.2026 RM'000**
Company taxation	8,154	16,626
Deferred taxation	1,590	2,102
	9,744	18,728

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 30 June 2026 were as follows:

	30.06.2026 RM'000
Type of Derivatives	
Forward Contract (US Dollar)	
Contract (Notional Value)	1,068
Fair value	(1,057)
Total derivatives liabilities	11

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 30 June 2026 versus 30 June 2025 were as follows:

	30.06.2026 RM'000	**30.06.2025 RM'000**
Non-current	7,539	1,778
Current	3,843	2,025
Total	11,382	3,803

The lease liability comprises tenancy agreements of more than one year. The increase in lease liability as of 30 June 2026, compared to the same period last year, was mainly due to several new tenancy agreements entered into during the period.

B8 Lease Liability and Group Borrowings (Cont'd)

(b) Group Borrowings

The borrowings as at 30 June 2026 versus 30 June 2025 were as follows.

	As At 30 June 2026					
	Current Liabilities		Non-current Liabilities		Total Borrowings	
	Currency ('000)	RM'000	Currency ('000)	RM'000	Currency ('000)	RM'000
Secured						
Term Loan	*RM12,274*	12,274	*RM62,938*	62,938	*RM75,212*	75,212
Revolving loan	*RMB7,000; NTD50,000; SGD3,000; RM36,500*	56,556	*RM 555*	555	*RMB7,000; NTD50,000; SGD3,000; RM37.055*	57,111
Invoice financing/ Trust receipts	*RMB95,056; SGD1,494; RM7,740*	69,566	-	-	*RMB95,056; SGD1,494; RM7,740*	69,566
Hire Purchase Payable	*SGD43, RM1,770*	1,904	*SGD194, RM2.120*	2,732	*SGD237, RM3.890*	4,636
Bank overdraft	-	-	-	-	-	-
Unsecured						
Nil	-	-	-	-	-	-
		140,300		66,225		206,525
Weighted average interest rate of borrowings						3.73%
Proportion of borrowings between fixed interest rate and floating interest rate						2%:98%

	As At 30 June 2025					
	Current Liabilities		Non-current Liabilities		Total Borrowings	
	Currency ('000)	RM'000	Currency ('000)	RM'000	Currency ('000)	RM'000
Secured						
Term Loan	*RM11,445*	11,445	*RM73,166*	73,166	*RM 84,611*	84,611
Revolving loan	*RMB7,000; RM26,000, NTD16.000*	32,423	*RM 2,055*	2,055	*RMB7,000; RM28,055, NTD16.000*	34,478
Post buyer loan/ invoice financing	*RMB75,653, RM7,493*	51,970	-	-	*RMB75,653, RM7,493*	51,970
Hire Purchase Payable	*SGD43, RM1,784*	1,925	SGD249, RM3,281	4,100	*SGD292, RM5.065*	6,025
Bank overdraft	*RM11*	11	-	-	*RM11*	11
Unsecured						
Nil	-	-	-	-	-	-
		97,774		79,321		177,095
Weighted average interest rate of borrowings						4.43%
Proportion of borrowings between fixed interest rate and floating interest rate						3%:97%

As of 30 June 2026, total borrowings increased year-on-year, mainly due to the drawdown of borrowings to support project execution and working capital requirements. This was partially offset by scheduled repayments of term loans and hire purchase.

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.

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 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 RM26,309,421. The dividend was paid on 10 July 2026.

On 20 Aug 2026, the Board of Directors of KGB declared the payment of second interim single-tier dividend of 3.0 sen per ordinary share in respect of the FYE 31 December 2026 amounting to RM26,479,023. This will be paid on 12 October 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**	
	30.06.2026	**30.06.2025**	**30.06.2026**	**30.06.2025**
Profit After Taxation attributable to owners of the company (RM'000)	41,336	32,886	71,723	59,532
Weighted average number of ordinary shares in issue ('000)	855,703	729,298	818,174	723,877
Basic Earnings Per Share (Sen)	4.83	4.51	8.77	8.22
Diluted Earnings Per Share (Sen) # ^	4.79	4.07	8.64	7.37

Note :

- Assuming the full exercise of the remaining 4,273,009 (30.06.2025 - 122,860,856) convertible warrants

^ - Assuming the exercise of 17,305,750 (30.06.2025 - 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 30.06.2025 RM'000	**6-month Period Ended 30.06.2025 RM'000**	**Previous Qtr Ended 30.06.2025 RM'000**	**6-month Period Ended 30.06.2025 RM'000**
Administrative expenses	(20,943)	(33,514)	(21,946)	(35,722)
Other expenses	(2,235)	(5,079)	(1,232)	(2,871)