

KELINGTON GROUP BERHAD ("KGB")
(Company No. 501386-P)
 Condensed Consolidated Statement of Comprehensive Income
 For The 1st Quarter Ended 31 March 2012

The unaudited financial results of Kelington Group Berhad and its subsidiaries (the "**Group**") for the 3 months period ended 31 March 2012 are as follow:-

	Note	Unaudited Current Qtr Ended 31/3/2012 RM'000	Unaudited Previous Qtr Ended 31/3/2011 RM'000	Unaudited 3-months Period up to 31/3/2012 RM'000	Unaudited 3-months Period up to 31/3/2011 RM'000
Revenue		26,723	19,420	26,723	19,420
Cost of sales		(22,784)	(16,704)	(22,784)	(16,704)
Gross profit		3,939	2,716	3,939	2,716
Other income		127	90	127	90
Administrative expenses		(2,413)	(1,601)	(2,413)	(1,601)
Selling and distribution expenses		(212)	(264)	(212)	(264)
Other expenses		(399)	(123)	(399)	(123)
Results from operating activities		1,042	818	1,042	818
Finance costs		(51)	(16)	(51)	(16)
Profit before tax		991	802	991	802
Income tax expenses	B5	(189)	(15)	(189)	(15)
Profit for the period		802	787	802	787
Other comprehensive Expense					
Foreign currency translation differences for foreign operations		(304)	(100)	(304)	(100)
Total other comprehensive expense		(304)	(100)	(304)	(100)
Total comprehensive income for the period		498	687	498	687
Basic earnings per ordinary share (sen):					
Basic earnings per share (sen)	B13	1.01	0.99	1.01	0.99
Diluted earnings per share (sen)	B13	0.99	N/A	0.99	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes enclosed to the interim financial statements.

KELINGTON GROUP BERHAD ("KGB")
(Company No. 501386-P)
Condensed Consolidated Statement of Financial Position
As at 31 March 2012

	Unaudited As At 31/3/2012 RM'000	Audited As At 31/12/2011 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	7,796	7,683
Goodwill on consolidation	4,887	199
Intangible assets	169	-
Development costs	253	285
Other receivables	3,068	-
	16,173	8,167
Current assets		
Inventories	1,100	270
Amount owing by contract customers	16,071	26,312
Trade receivables	38,060	36,793
Other receivables, prepayments and deposits	2,337	1,714
Tax refundable	531	383
Cash and cash equivalents	18,191	25,233
	76,290	90,705
TOTAL ASSETS	92,463	98,872
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	7,911	7,911
Share premium	6,236	6,236
Capital reserve	2,501	2,501
Employee share option reserve	350	350
Exchange fluctuation reserve	278	582
Retained earnings	33,623	32,821
Total Equity	50,899	50,401
Non-current liabilities		
Deferred tax liabilities	521	524
Long-term borrowings	1,035	1,178
	1,556	1,702
Current liabilities		
Amount owing to contract customers	5,559	5,575
Trade payables	27,805	34,156
Other payables and accruals	3,390	4,386
Provision for taxation	536	1,048
Short term borrowings	2,718	1,604
	40,008	46,769
Total liabilities	41,564	48,471
TOTAL EQUITY AND LIABILITIES	92,463	98,872
Net Assets Per Share Attributable to ordinary Equity holders of the company (RM)	0.6434	0.6371

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of KGB for the financial year ended 31 December 2011 and the accompanying explanatory notes enclosed to the interim financial statements.

KELINGTON GROUP BERHAD ("KGB")
(Company No. 501386-P)
Condensed Consolidated Statement of Cash Flow
For The 3-Months Period Ended 31 March 2012

	Unaudited 3-Months Ended 31/3/2012 RM'000	Unaudited 3-Months Ended 31/3/2011 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	991	802
Adjustments for:-		
Amortisation of development cost	32	17
Depreciation of property, plant and equipment	278	244
Loss on disposal	-	4
Loss on foreign exchange - unrealised	163	20
Interest expense	27	15
Interest income	(25)	(57)
Operating profit before working capital changes	1,466	1,045
Increase in inventory	(831)	(901)
Decrease/ (Increase) in amounts owing by contract customers	10,241	(696)
(Decrease)/ Increase in amounts owing to contract customers	(16)	4,256
Increase in trade and other receivables	(2,689)	(8,026)
(Decrease)/ Increase in trade and other payables	(10,322)	2,241
CASH FROM OPERATIONS	(2,151)	(2,081)
Income tax paid	(849)	(17)
Interest paid	(27)	(15)
Interest received	25	57
NET CASH FROM/ (FOR) OPERATING ACTIVITIES	(3,002)	(2,056)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of plant and equipments	(186)	(80)
Development costs paid	-	(101)
Net cash outflow on acquisition of a subsidiary (Note 1)	(4,536)	-
Proceeds from disposal	-	46
NET CASH FOR INVESTING ACTIVITIES	(4,722)	(135)
CASH FOR FINANCING ACTIVITIES		
Drawdown of factoring loan	1,123	-
Repayment of trust receipts	-	(2,122)
Repayment of lease and hire purchase obligations	(113)	(55)
Repayment of term loan	(30)	(24)
Proceeds from private placement	-	2,860
NET CASH FOR FINANCING ACTIVITIES	980	659
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,744)	(1,532)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(298)	(91)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	25,233	22,140
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	18,191	20,517

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

Cash and bank balances	15,659	10,035
Fixed deposits	2,532	10,482
	18,191	20,517

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited consolidated financial statements of KGB for the year ended 31 December 2011 and the accompanying explanatory notes enclosed to the interim financial statements.

Note 1

On 14 February 2012, Kelington Engineering (S) Pte Ltd, a wholly-owned subsidiary of KGB had acquired 100,000 shares, representing a 100% equity interest, in Puritec Technologies (S) Pte Ltd for a total cash consideration of SGD2,100,000 or its equivalent of RM5,069,400.

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

	RM'000
Property, plant and equipments	217
Intangible asset	169
Trade and other receivables	2,280
Cash and cash equivalents	508
Trade and other payables	(2,803)
Net Assets	371
Goodwill	4,688
Exchange difference on purchase consideration	9
Purchase consideration	5,069
Cash and cash equivalents of a subsidiary acquired	(508)
Exchange difference	(24)
Net cash outflow on acquisition in a subsidiary company	4,536

KELINGTON GROUP BERHAD ("KGB")
(Company No. 501386-P)
Condensed Consolidated Statements of Changes in Equity
For The 1st Quarter Ended 31 March 2012

	<----- Attributable to Equity Holders of the Company ----->						Distributable	Total RM'000
	<----- Non Distributable ----->					Retained Earnings RM'000		
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Employee Share Option Reserve RM'000	Exchange Fluctuation Reserve RM'000			
As at 1 January 2012	7,911	6,236	2,501	350	582	32,821	50,401	
Total comprehensive income for the year	-	-	-	-	(304)	802	498	
Shares issued via private placement	-	-	-	-	-	-	-	
Employee share option reserve	-	-	-	-	-	-	-	
Dividend paid for the period	-	-	-	-	-	-	-	
Total recognised income and expense for the year	-	-	-	-	(304)	802	498	
As at 31 March 2012	7,911	6,236	2,501	350	278	33,623	50,899	
As at 1 January 2011	7,471	3,816	2,401	-	(15)	26,566	40,239	
Total comprehensive income for the year	-	-	-	-	(100)	787	687	
Shares issued via private placement	440	2,420	-	-	-	-	2,860	
Total recognised income and expense for the period	440	2,420	-	-	(100)	787	3,547	
As at 31 March 2011	7,911	6,236	2,401	-	(115)	27,353	43,786	

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with KGB's audited consolidated financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes enclosed to the interim financial statements.

KELINGTON GROUP BERHAD ("KGB")
(Company No. 501386-P)
EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements of the Group are prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("**FRS**") 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 2011. 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 2011.

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 2011.

The Group has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs/ IC Interpretations	Effective date
FRS 9 Financial Instruments	01 January 2015
FRS 10 Consolidated Financial Statements	01 January 2013
FRS 11 Joint Arrangements	01 January 2013
FRS 12 Disclosure of Interests in Other Entities	01 January 2013
FRS 13 Fair Value Measurement	01 January 2013
FRS 119 (Revised) Employee Benefits	01 January 2013
FRS 124 (Revised) Related Party Disclosures	01 January 2012
FRS 127 (2011) Separate Financial Statements	01 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	01 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	01 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	01 January 2015
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	01 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Group's financial statements for the annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). The Group is currently in the process of assessing the impact of the adoption of these new accounting standards and do not expect any significant impact on the financial statements arising from the adoption.

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss. The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

2. Status of Audit Qualification

There were no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2011.

3. Segmental Information

The Group operates wholly in the business of providing engineering services and general trading specifically in the provision of ultra-high purity gas and chemical delivery systems solutions.

KELINGTON GROUP BERHAD ("KGB")
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By geographical segment

In presenting information on the basis of geographical segments, segment revenue are based on the geographical location of customers. The carrying value of segment assets and capital additions are based on the geographical location of the assets.

	Malaysia RM'000	China RM'000	Taiwan RM'000	Year-to-date ended 31/3/12		Eliminations RM'000	Group RM'000
				Singapore RM'000	Vietnam RM'000		
Revenue							
- External sales	6,311	2,153	9,063	9,750	22	(576)	26,723
Results:							
Segment results	199	(41)	519	337	2	-	1,016
Finance costs	(17)	(19)	(13)	(1)	-	-	(50)
Interest income	25	-	-	*	-	-	25
Profit before tax							991
Income tax expense							(189)
Profit after tax							802
Capital expenditure	5	-	-	181	-	-	186
Depreciation	169	61	17	32	-	-	279
Other non-cash items	32	-	-	-	-	-	32

	Malaysia RM'000	China RM'000	Taiwan RM'000	Year-to-date ended 31/03/11		Eliminations RM'000	Group RM'000
				Singapore RM'000	Vietnam RM'000		
Revenue							
- External sales	7,765	5,017	3,283	2,197	1,536	(378)	19,420
Results:							
Segment results	711	(154)	40	99	63	-	759
Finance costs	(12)	*	(4)	*	-	-	(16)
Interest income	59	-	-	-	-	-	59
Profit before tax							802
Income tax expense							(15)
Profit after tax							787
Capital expenditure	349	3	0	34	-	-	386
Depreciation	162	61	13	8	-	-	244
Other non-cash items	15	-	26	*	-	-	41

Note:

* - Less than RM1,000

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 December 2011.

5. Material Changes in Estimates

There were no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared with the previous financial quarters or financial year.

6. Seasonal or Cyclical Factors

The interim operations of the Group were not affected by any significant seasonal or cyclical factors during the quarter under review.

7. Dividends Paid

There were no dividends paid during the current quarter under review.

8. Valuation of Property, Plant and Equipment

Property, plant and equipment of the Group were not revalued during the current quarter under review. As at 31 March 2012, all the property, plant and equipment were stated at cost less accumulated depreciation.

9. Movement Debt And Equity Securities

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

**KELINGTON GROUP BERHAD ("KGB")
(Company No. 501386-P)
EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

10. Changes in Composition of the Group

Save as disclosed in the following, there has been no change in the composition of the Group during the current quarter under review.

Acquisition of Puritec Technologies (S) Pte Ltd

On 14 February 2012, the Board of Directors of KGB had announced that Kelington Engineering (S) Pte Ltd, a wholly-owned subsidiary of KGB, had on 14 February 2012 entered into a Sale and Purchase Agreement to acquire 100,000 ordinary shares of SGD1.00 each representing 100% of the issued and paid-up share capital in Puritec Technologies (S) Pte Ltd ("**PTPL**") for a cash consideration of SGD2,100,000 or its equivalent of RM5,069,400.

PTPL was incorporated on 4 May 2011 and is principally providing total value chain engineering services to the Semi-conductor, Photovoltaic, LCD, Pharmaceutical and Process Plants.

11. Discontinued Operation

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

12. Capital Commitments

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

13. Changes in Contingent Liabilities and Contingent Assets

Contingent liabilities of the Group as at 31 March 2012 are as follows:

	Bank	Insurance
	RM'000	RM'000
Performance bond and warranty bond granted to contract customers:		
- Warranty bond	453	-
- Performance bond	<u>2,174</u>	<u>2,489</u>
Total	<u>2,627</u>	<u>2,489</u>

14. Material Subsequent Events

Subsequent to the quarter ended 31 March 2012,

(i) On 8 May 2012, TA Securities Holdings Berhad, on behalf of the board of directors of KGB, announce that the Company proposed to undertake a bonus issue of up to 86,190,000 Bonus Share on the basis of one (1) Bonus Share for every one (1) existing KGB Share held on an entitlement date to be determined and announced later.

(ii) On 10 May 2012, the Company increased its issued and paid-up share capital from RM7,911,000 to RM7,960,520 by the issuance of 495,200 new ordinary shares of RM0.10 each ("Shares") at an issue price of RM0.68 per share by way of Employees' Share Option Scheme.

KELINGTON GROUP BERHAD ("KGB")
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EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

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

1 Review Of Performance

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

For the first quarter ended 31 March 2012, the Group has achieved a higher revenue at RM26.72 million or an increase of 37.61% as compared to the previous corresponding period of RM19.42 million due to higher revenue contribution from Taiwan and Singapore operations. The Group's profit before taxation ("PBT") increased by RM0.19 million or 23.57% to RM0.99 million. The increase is mainly due to the increase in project volumes of Taiwan and Singapore operations, which includes the newly acquired subsidiary, Puritec Technologies, during the current quarter under review. However, the Group's PBT margin had reduced to 3.71% as compared to the previous corresponding period of 4.13%. The decrease is mainly due to the increase in administrative expenses which consist of transfer listing expenses, expenses of newly acquired subsidiary, Puritec Technologies and the increase in personnel costs resulting from higher business volume.

Performance of the respective geographical segments for the quarter ended 31 March 2012 as compared to the previous corresponding period is analysed as follows: -

1) Malaysia operations - The decrease in PBT by RM0.55 million (-72.69%) was mainly due to the overall reduction in project margins and an increase in administrative expenses which comprise of transfer listing expenses.

2) China operations - China operations managed to reduce loss before taxation by RM0.09 million from a loss of RM0.15 million, mainly due to an increase in project margins of a number of key projects.

3) Taiwan operations - PBT increased by RM0.47 million (1305.56%) to RM0.51 million, mainly due to an increase of key projects undertaken, including one Key Base Build project for a touch panel application.

4) Singapore operations - PBT increased by RM0.24 million (239.39%) to RM0.34 million, mainly due to the result of increase in revenue.

5) Others - The decrease in PBT by RM0.06 million (-96.83%) was due to the project undertaken in Vietnam has been completed during the current quarter under review.

(b) Variation of Results Against Preceding Quarter

The Group's PBT of RM0.99 million for the first quarter ended 31 March 2012 shows a decrease of RM2.43 million or -71.05% as compared to the PBT of RM3.42 million for the preceding quarter ended 31 December 2012. This is mainly due to the typical lower sales in the first quarter of the year.

2 Commentary Of Prospects

The Group will continue with the existing core business and seeking opportunities to diversify into other industry. With the strategic plan in place and orders in the book, the Board of Directors are confident that the Group's performance will continue to remain satisfactory.

This includes:

(i) The Group will actively secure new contract in local and overseas;

(ii) The Group will continue seeking strategic alliances opportunity in order to establish synergistic results and penetrate into new multi-national customers.

3 Profit Forecast and Profit Guarantee

The Company did not announce any profit forecast or profit estimate for the FYE 31 December 2012 in any public document and hence this information is not applicable.

4 Profit for the Period

	Quarter ended		Year-to-date ended	
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	25	57	25	57
Interest expense	(27)	(15)	(27)	(15)
Depreciation and amortisation	(310)	(261)	(310)	(261)
Foreign exchange loss	(163)	(20)	(163)	(20)

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

KELINGTON GROUP BERHAD ("KGB")
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5 Income Tax Expense

	Current quarter ended 31/3/12 RM'000	Cumulative Year to date ended 31/3/12 RM'000
Current tax: - for the financial period	189	189

The effective tax rate of the Group for the current financial period under review is lower than the statutory tax rate mainly due to certain income arising from KGB's subsidiary, Kelington Technologies Sdn Bhd, which is Pioneer Status Company being tax exempted.

6 Unquoted Investments / Properties

There were no sales of unquoted investments or properties during the current quarter under review and current financial year to date.

7 Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities during the current interim period under review and financial year to date.

8 Corporate Proposal

Save as disclosed in the following, there were no outstanding corporate proposals announced but not completed as at the current quarter under review:-

Transfer Listing

On 17 January 2012, Bursa Malaysia Securities Berhad ("Bursa Malaysia") had approved the transfer of the Company's entire issued and paid up share capital from the ACE Market to the Main Market of Bursa Malaysia. The Transfer Listing was completed on 27 January 2012.

9 Group Borrowings

The Group's borrowings as at 31 March 2012 are as follow:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:-			
Factoring	2,401	-	2,401
Hire purchase	243	-	243
Term Loan	74	-	74
	<u>2,718</u>	<u>-</u>	<u>2,718</u>
Long-term borrowings:-			
Hire purchase	430	-	430
Term Loan	605	-	605
	<u>1,035</u>	<u>-</u>	<u>1,035</u>
Total Borrowings	<u>3,753</u>	<u>-</u>	<u>3,753</u>

All of our Group's outstanding bank borrowings are denominated in RM.

10 Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this quarterly announcement.

11 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:-

In the High Court of the Republic of Singapore Suit No.: 674 of 2011/C

Envipure Pte Ltd and Envipure Sdn Bhd (collectively the "**Plaintiffs**") v Puritec Technologies (S) Pte Ltd ("**Puritec**"), Milestone Master Sdn Bhd ("**Milestone**"), Gaw Chin Hian, Tan Kim Hoe, Peter Lee Wai Seng, Tan Yet Hoong, Yeo Teck Jen, Chen Li Yun, Tan Kian Ling, and Kelington Engineering (S) Pte Ltd ("**KE Singapore**") (collectively the "**Defendants**").

KELINGTON GROUP BERHAD ("KGB")
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The Plaintiffs had on 5 October 2011 served KE Singapore with a Writ of Summons and Summons (Ex Parte Injunction) dated 29 September 2011 and an Injunction Order dated 30 September 2011.

The Plaintiffs alleged, amongst other things, that KE Singapore had conspired by unlawful means to replicate the Facilities Engineering Services Division ("FES") of the Plaintiffs, by diverting the FES business, key employees and customers to Puritec and Milestone, and used the Plaintiffs' confidential information, to gain an illegitimate commercial advantage for KE Singapore over the Plaintiffs. Puritec and Milestone are the subcontractors engaged by the Group for projects undertaken in Singapore and Malaysia, respectively.

The Plaintiffs are seeking for certain declarations and orders including, that the Defendants, jointly and severally:-

(i) be liable to account for the loss suffered by the Plaintiffs arising from the diversion of the Plaintiffs' direct customers / projects, loss of confidence in data / project / quotation secretly published, loss of goodwill, business contacts, business contracts, propriety information;

(ii) be liable to the Plaintiffs in damages for conspiracy, to be assessed;

(iii) deliver up to the Plaintiffs or cause to be delivered up all confidential information belonging to the Plaintiffs or to the Plaintiffs' customers, which was removed from the Plaintiffs and which are in the Defendants' possession, power custody or control and any copies or reproductions of the same, and that the same be permanently deleted from any electronic data storing such information; and

(iv) be liable to deliver, upon oath to the Plaintiffs all of the Plaintiffs property and / or propriety and confidential information and / or trade secrets in whatever form in the custody, possession, power or control of the Defendants.

Further to the announcement made on 6 October 2011, the Board of Directors of KGB has announced that KE Singapore, a wholly-owned subsidiary of the Company, has on 10 February 2012 entered into a Deed of Resolution with the parties and has mutually reached an amicable settlement in relation to the legal proceeding upon and subject to the terms and conditions stated in the Deed.

Each party shall bear its own costs and expenses (including all legal and other professional costs, disbursements and expenses) in connection with the Suit and the Claims relating to the Suit, and the negotiation, preparation, execution and implementation of this Deed.

On 26 March 2012, the Board of Directors of Kelington announced that KE Singapore, a wholly owned subsidiary of Kelington had on 23 March 2012 received a notice of discontinuance issued by Messrs Kelvin, Chia Partnership that the Plaintiffs wholly discontinue their action against the Defendants with no orders as to costs.

12 Dividends Payable

The Board of Directors of KGB recommended the payment of a final tax-exempt dividend of 4 sen per ordinary share amounting to RM3,164,400 in respect of the FYE 31 December 2011. The proposal dividend is subject to the approval of the shareholders at the forthcoming Twelfth Annual General Meeting.

13 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-March-12	31-March-11	31-March-12	31-March-11
Profit After Taxation (RM'000)	802	787	802	787
Weighted average number of ordinary shares in issue ('000)	79,110	79,110	79,110	79,110
Basic Earnings Per Share (Sen)	1.01	0.99	1.01	0.99
Diluted Earnings Per Share (Sen) #	0.99	N/A	0.99	N/A

Note :

- Assuming the full exercise of 7,232,000 share options under Employees' Share Option Scheme.

14 DISCLOSURE OF REALISED AND UNREALISED PROFITS/ LOSSES

	Cumulative Year to date ended 31/3/12 RM'000	Cumulative Year to date ended 31/3/11 RM'000
Total retained profits of KGB:		
- Realised	33,984	27,556
- Unrealised	(361)	(203)
Total group retained profits as per consolidated accounts	<u>33,623</u>	<u>27,353</u>