



# **KUMPULAN PERANGSANG SELANGOR BERHAD**

*(Company No. 197501002218/(23737-K))  
(Incorporated in Malaysia)*

## **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2020**

A1 Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 March 2020

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR	PRECEDING YEAR	VARIANCE		CURRENT YEAR	PRECEDING YEAR	VARIANCE	
	QUARTER 31/3/2020 RM'000	CORRESPONDING QUARTER 31/3/2019 RM'000	RM'000	%	TO DATE 31/3/2020 RM'000	PERIOD 31/3/2019 RM'000	RM'000	%
Revenue	234,388	157,461	76,927	49	234,388	157,461	76,927	49
Cost of sales	(181,849)	(119,144)	(62,705)	(53)	(181,849)	(119,144)	(62,705)	(53)
Gross profit	52,539	38,317	14,222	37	52,539	38,317	14,222	37
Other income	5,088	4,562	526	12	5,088	4,562	526	12
Other expenses	(39,698)	(29,681)	(10,017)	(34)	(39,698)	(29,681)	(10,017)	(34)
Operating profit	17,929	13,198	4,731	36	17,929	13,198	4,731	36
Finance costs	(9,208)	(9,562)	354	4	(9,208)	(9,562)	354	4
Share of profit of associates	2,757	3,540	(783)	(22)	2,757	3,540	(783)	(22)
Profit before tax and zakat	11,478	7,176	4,302	60	11,478	7,176	4,302	60
Income tax and zakat	(5,504)	(4,675)	(829)	(18)	(5,504)	(4,675)	(829)	(18)
<b>Profit for the period</b>	<b>5,974</b>	<b>2,501</b>	<b>3,473</b>	<b>139</b>	<b>5,974</b>	<b>2,501</b>	<b>3,473</b>	<b>139</b>
Attributable to:								
- Owners of the parent	3,137	1,169	1,968	168	3,137	1,169	1,968	168
- Non-controlling interests	2,837	1,332	1,505	113	2,837	1,332	1,505	113
	<b>5,974</b>	<b>2,501</b>	<b>3,473</b>	<b>139</b>	<b>5,974</b>	<b>2,501</b>	<b>3,473</b>	<b>139</b>
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	0.6	0.2	0.4	168	0.6	0.2	0.4	168
Diluted EPS	0.6	0.2	0.4	168	0.6	0.2	0.4	168

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**Company No. 197501002218 (23737-K)**

**A2 Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 31 March 2020**

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER 31/3/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2019 RM'000	VARIANCE		CURRENT YEAR TO DATE 31/3/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2019 RM'000	VARIANCE	
			RM'000	%			RM'000	%
Profit for the period	5,974	2,501	3,473	139	5,974	2,501	3,473	139
Other comprehensive income/(loss) (net of tax):								
Foreign currency translation reserve	7,231	(741)	7,972	1,076	7,231	(741)	7,972	1,076
<b>Total comprehensive income for the period</b>	<b>13,205</b>	<b>1,760</b>	<b>11,445</b>	<b>1,215</b>	<b>13,205</b>	<b>1,760</b>	<b>11,445</b>	<b>1,215</b>
Attributable to:								
- Owners of the parent	9,447	743	8,704	1,171	9,447	743	8,704	1,171
- Non-controlling interests	3,758	1,017	2,741	270	3,758	1,017	2,741	270
	<b>13,205</b>	<b>1,760</b>	<b>11,445</b>	<b>650</b>	<b>13,205</b>	<b>1,760</b>	<b>11,445</b>	<b>650</b>

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**Company No. 197501002218 (23737-K)**

**Unaudited Condensed Consolidated Statement of Financial Position**  
**As At 31 March 2020**

	<b>Unaudited</b>	<b>Audited</b>
	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	380,358	373,001
Right-of-use assets	87,491	87,869
Investment properties	88,954	89,498
Investments in associates	325,938	323,181
Intangible assets	250,625	251,762
Goodwill on consolidation	188,303	187,725
Long term receivable	98,826	99,236
Deferred tax assets	1,167	989
Club memberships	153	153
	<u>1,421,815</u>	<u>1,413,414</u>
<b>Current assets</b>		
Inventories	145,262	141,692
Trade and other receivables	318,881	368,967
Cash and bank balances and short term funds	260,741	271,801
Current tax assets	6,844	8,059
	<u>731,728</u>	<u>790,519</u>
Assets of disposal group classified as held for sale	<u>73,840</u>	<u>92,189</u>
<b>TOTAL ASSETS</b>	<b><u>2,227,383</u></b>	<b><u>2,296,122</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	537,927	537,927
Foreign currency translation reserve	2,618	(3,688)
Other reserves	1,340	1,304
Retained earnings	425,325	422,220
<b>Shareholders' equity</b>	<u>967,210</u>	<u>957,763</u>
<b>Non-controlling interests</b>	<u>113,677</u>	<u>109,250</u>
<b>TOTAL EQUITY</b>	<u>1,080,887</u>	<u>1,067,013</u>
<b>Non-current liabilities</b>		
Other payables	81,194	80,925
Loans and borrowings	506,276	505,914
Lease liabilities	21,291	20,461
Deferred tax liabilities	106,940	106,810
Post-employment benefits	11,443	10,454
	<u>727,144</u>	<u>724,564</u>
<b>Current liabilities</b>		
Loans and borrowings	52,280	106,379
Lease liabilities	7,088	8,843
Trade and other payables	285,243	292,052
Contract liabilities	8,371	10,545
Current tax liabilities	5,761	7,594
	<u>358,743</u>	<u>425,413</u>
Liabilities of disposal group classified as held for sale	<u>60,609</u>	<u>79,132</u>
<b>TOTAL LIABILITIES</b>	<u>1,146,496</u>	<u>1,229,109</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,227,383</u></b>	<b><u>2,296,122</u></b>
Net assets per ordinary share attributable to owners of the parent (RM)	1.80	1.78

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**Company No. 197501002218 (23737-K)**

**Unaudited Condensed Consolidated Statement of Changes In Equity**  
**For The Period Ended 31 March 2020**

	Attributable to Owners of the Parent						
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Non Distributable			Distributable	
			Share capital RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Non- controlling interests RM'000
At 1 January 2020	1,067,013	957,763	537,927	(3,688)	1,243	422,281	109,250
Profit net of tax and zakat	5,974	3,137	-	-	-	3,137	2,837
Gain on foreign currency translations	7,231	6,310	-	6,306	4	-	921
Total comprehensive income	13,205	9,447	-	6,306	4	3,137	3,758
Transactions with owners:							
Acquisition of a subsidiary	669	-	-	-	-	-	669
Appropriation to statutory reserves	-	-	-	-	93	(93)	-
	669	-	-	-	93	(93)	669
<b>At 31 March 2020</b>	<b>1,080,887</b>	<b>967,210</b>	<b>537,927</b>	<b>2,618</b>	<b>1,340</b>	<b>425,325</b>	<b>113,677</b>
At 1 January 2019	1,242,199	1,133,769	537,927	1,141	-	594,701	108,430
Profit net of tax and zakat	2,501	1,169	-	-	-	1,169	1,332
Loss on foreign currency translations	(741)	(426)	-	(426)	-	-	(315)
Total comprehensive (loss)/income	1,760	743	-	(426)	-	1,169	1,017
<b>At 31 March 2019</b>	<b>1,243,959</b>	<b>1,134,512</b>	<b>537,927</b>	<b>715</b>	<b>-</b>	<b>595,870</b>	<b>109,447</b>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**Company No. 197501002218 (23737-K)**

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For The Period Ended 31 March 2020**

	<b>3 months ended</b>	
	<b><u>31-Mar-20</u></b>	<b><u>31-Mar-19</u></b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax and zakat	11,478	7,176
Adjustment for non-cash items	11,940	(20,866)
Adjustment for non-operating items	<u>6,652</u>	<u>2,233</u>
Operating profit/(loss) before working capital changes	30,070	(11,457)
Changes in working capital:		
Net change in current assets	66,780	37,280
Net change in current liabilities	<u>(17,779)</u>	<u>(14,131)</u>
Cash generated from operating activities	79,071	11,692
Tax and zakat paid, net of refunds received	<u>(7,344)</u>	<u>(2,688)</u>
<b>Net cash generated from operating activities</b>	<u>71,727</u>	<u>9,004</u>
<b>Cash Flows From Investing Activities</b>		
Dividend received	-	43,500
Profit rate/interest income received	808	704
Acquisition and subscription additional interest in subsidiaries	(1,245)	-
Profit from Islamic short term placement	64	22
Purchase of property, plant and equipment	(8,913)	(7,142)
Proceeds from disposal of property, plant and equipment	50	
Net movements in money market deposits	<u>36,671</u>	<u>19,616</u>
<b>Net cash generated from investing activities</b>	<u>27,435</u>	<u>56,700</u>
<b>Cash Flows From Financing Activities</b>		
Profit rate paid	(9,208)	(9,562)
Repayment of borrowings	(68,406)	(352,983)
Drawdown of borrowings	7,566	324,770
Repayment of obligations under finance leases	(720)	(110)
Net movements in deposits with licensed banks	<u>(17)</u>	<u>(17,134)</u>
<b>Net cash used in financing activities</b>	<u>(70,785)</u>	<u>(55,019)</u>
Net increase in cash and cash equivalents	28,377	10,685
Effect of exchange rate changes on cash and cash equivalents	248	(98)
Cash and cash equivalents at 1 January	<u>126,791</u>	<u>75,718</u>
<b>Cash and cash equivalents at 31 March</b>	<u><b>155,416</b></u>	<u><b>86,305</b></u>
Cash and cash equivalents included in the statement cash flows comprise:		
	<b>As at</b>	<b>As at</b>
	<b><u>31-Mar-20</u></b>	<b><u>31-Mar-19</u></b>
Cash and bank balances	260,741	174,555
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(74,909)	(81,489)
Money market deposits	<u>(30,416)</u>	<u>(6,761)</u>
	<u><b>155,416</b></u>	<u><b>86,305</b></u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

## KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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#### A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

##### A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

##### A2 Significant accounting policies

The significant accounting policies adopted in preparing the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2019 except for the adoption of MFRS, the following new and amended MFRSs with effect from 1 January 2020.

###### A2.1 Adoption of MFRSs and Amendments to MFRSs

On 1 January 2020, the Group adopted MFRSs and the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020.

###### 1 January 2020

Amendments to MFRS 3	Definition of Business
Amendments to MFRS 101	Definition of Material
Amendments to MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	

The initial application of the above accounting standards, amendments and interpretations did not have a material impact on the current period and prior period financial statements of the Group.

###### A2.2 Standards issued but not yet effective

The Group has not adopted the following new and amended standards and interpretations that have been issued but not yet effective:

###### 1 January 2021

MFRS 17	Insurance Contracts
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###### Deferred

Amendments to MFRS10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group plans to apply the abovementioned MFRSs in the annual financial statements when they become effective. The adoption of these standards is not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

**KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2020****A3 Audit report of preceding annual financial statements**

The audited consolidated financial statements for the financial year ended 31 December 2019 were not subject to any audit qualification.

**A4 Seasonal or cyclical factors**

The Group's operations are not affected by seasonal or cyclical factors.

**A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

Other than those stated in the notes, there were no other items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter.

**A6 Material changes in estimates**

There was no material change in estimates of amounts reported in the prior interim period that have a material effect in the period under review.

**A7 Debt and equity securities**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter.

**A8 Dividend paid**

There was no dividend paid during the current quarter.

**A9 Segmental information**

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
<b>Segment Revenue</b>		
Manufacturing	185,047	105,648
Trading	32,701	25,888
Licensing	12,137	11,228
Infrastructure and utilities	1,799	14,245
Investment holding	256	258
Property investment	2,704	2,907
Total revenue including inter segment sales	234,644	160,174
Eliminations	(256)	(2,713)
Total	234,388	157,461



**KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 197501002218 / (23737-K)

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2020****A9 Segmental information (continued)**

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
<b>Segment Results</b>		
Manufacturing	12,242	10,694
Trading	2,636	1,878
Licensing	5,484	5,155
Infrastructure and utilities *	1,312	2,033
Investment holding	(11,707)	(14,505)
Property investment	1,155	300
Oil and gas *	1,490	1,985
Total profit	12,612	7,540
Eliminations	(1,134)	(364)
Profit before tax and zakat	11,478	7,176

\* Inclusive of share of profit/(loss) of associates

**A10 Valuation of property, plant and equipment**

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses and is not depreciated. The Group has not carried out any valuation of its property, plant and equipment during the reporting period.

**A11 Material and subsequent events**

There were no other material events subsequent to the end of the reporting period which is likely to substantially affect the results of the operations of the Group except for the 2019 Novel Coronavirus ("COVID-19") which has drastically impacted the economy and society around the globe from the beginning of 2020. The World Health Organisation declared COVID-19 a pandemic on 11 March 2020 given the expected effect of the pandemic in derailing health and socio-economic equilibrium. As governments globally acted to prioritize the safety of their citizens, restrictions/controls on movement were implemented. This has dampened sentiment, stunted consumer confidence and challenged growth prospects of many businesses across disparate sectors.

The Group has business presence in Malaysia, the People's Republic of China ("PRC"), Indonesia, Vietnam and the US, as well as extended value chains in Hong Kong, and the Eurozone. All these countries have implemented movement controls/restrictions, or other similar measures that curtail the capacity of the labour force, affecting the overall business cycle. With the exception of Aqua-Flo Sdn Bhd, our subsidiary carrying on the business of trading of water chemicals including to water treatment plants which was deemed essential, some of the Group's other subsidiaries in Malaysia and abroad have been subject to movement controls/restrictions. Where affected, their operations have been to some extent challenged by the disruption in the supply chain, limited production capacity due to shortage of raw material and as a result, slow inventory movement due to reduced end-demand from customers.

Toyoplas Manufacturing (Malaysia) Sdn Bhd's ("Toyoplas") operations in Dongguan, Shanghai and Nanning in the PRC were subject to mandatory stoppage of operations from 31 January 2020 until 9 February 2020. The said operations have since resumed.

## **KUMPULAN PERANGSANG SELANGOR BERHAD**

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### **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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Century Bond Bhd's, CPI (Penang) Malaysia Sdn Bhd's and Toyoplas' operations in Malaysia were halted in compliance with the Malaysia Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020. The MCO was subsequently extended:

- (a) for two (2) weeks until 14 April 2020;
- (b) for another two (2) weeks until 28 April 2020;
- (c) for another two (2) weeks until 12 May 2020; and
- (d) for another four (4) weeks until 9 June 2020.

Approval from the Malaysian Ministry of International Trade and Industry ("MITI") to operate during the MCO period came at different dates for different subsidiaries and at a reduced capacity. As of 28 April 2020, MITI allowed all companies that had approval to operate during MCO to ramp up operations to full capacity.

On 4 May 2020, the government reduced the MCO to a conditional MCO, providing some flexibility for business entities to resume operations. With the conditional MCO in place from 4 May 2020 until 9 June 2020, all subsidiaries in Malaysia have resumed their operations but with strict adherence to the guidelines issued by the government.

King Koil Manufacturing West, LLC's ("KKMW") operation in Arizona has temporarily ceased from the last week of March 2020 until third week of May 2020, following the order for closure of non-essential businesses by the state of California where the majority of KKMW's customers operate.

Toyoplas' operations in Indonesia and Vietnam were not affected by the movement controls/restrictions in these two countries.

The disruption of supply chains and slower order pull by customers in the current quarter is expected to have an impact to the Group's financial performance. However, the degree of impact will depend on the extent and depth of the pandemic, better clarity of which is believed to be better assessed after the following quarters. This said, the Group will continue to monitor closely the situation and plan timely responses and measures to effectively manage and mitigate the risks emerging from this pandemic.

#### **A12 Changes in the composition of the Group**

There were no other changes in the composition of the Group for the period ended 31 March 2020 including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring except for the acquisition of 51% shareholding in PT Infinity Packaging Solutions ("PT Infinity") via Polyplus Packages (JB) Sdn Bhd ("Polyplus JB"), a wholly owned subsidiary of Century Bond Bhd ("CBB").

On 26 December 2019, CBB via its wholly owned subsidiary, Polyplus JB has entered into a conditional Share Purchase Agreement ("SPA") with Nurman Tan, Leong Jong Yee, Edyson Heryanto Manurung and Effendi for the acquisition of 51% equity stake in PT Infinity for a total consideration of RM1.275 million. PT Infinity, which located in Batam, Indonesia, involves in manufacturing and trading of paper box based for packaging industry such as carton and offset carton packaging.

On 26 February 2020, conditions precedent have been fulfilled and on the even date, the SPA has become unconditional and the acquisition was completed, which in turn PT Infinity became a subsidiary of Polyplus JB.

## KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

#### A13 Capital commitments

The amount of commitments not provided for in the unaudited interim financial statements as at 31 March 2020 is as follows:

	<b>RM'000</b>
Property, plant and equipment:	
(i) Approved but not contracted for	<u>59,973</u>
(ii) Approved and contracted for	<u>11,137</u>

#### A14 Significant related party transactions

The following are the related party transactions of the Group:

	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of goods to subsidiary companies of non-controlling interest:		
- Sungai Harmoni Sdn Bhd	5,194	3,957
- Taliworks (Langkawi) Sdn Bhd	249	311
Sale of goods to related companies:		
- Konsortium Abass Sdn Bhd	-	975
- PNSB Water Sdn Bhd	-	4,754
- Konsortium Air Selangor Sdn Bhd	-	121
- Pengurusan Air Selangor Sdn Bhd	13,422	229
Infrastructure revenue from Pengurusan Air Selangor Sdn Bhd	1,341	-
Rental income received from ultimate holding company	70	70
Rental expenses payable to related companies:		
- Konsortium Abass Sdn Bhd	-	(3)
- Konsortium Air Selangor Sdn Bhd	-	(2)
- Pengurusan Air Selangor Sdn Bhd	(5)	-

#### A15 Contingent liabilities and contingent assets

The contingent liabilities as at 31 March 2020 are as follows:

	<b>RM'000</b>
i) <b>Secured:</b>	
a) Provision of proportionate corporate guarantee for an associate:	
i) Working capital and issuance of bank guarantees	<u>46,986</u>
ii) <b>Unsecured</b>	
a) Performance guarantees to third parties	677
b) Provision of proportionate corporate guarantee to a related party	<u>4,447</u>
	<u>5,124</u>

There were no contingent assets as at the reporting date.

## KUMPULAN PERANGSANG SELANGOR BERHAD

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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#### B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

##### B1 Performance review

a) Current quarter against previous year corresponding quarter

Group revenue increased significantly to RM234.4 million compared with RM157.5 million for the corresponding quarter 2019, representing an increase in revenue by 49% or RM76.9 million. The higher revenue was largely attributable to revenue from the new subsidiary namely Toyoplas Manufacturing Sdn Bhd ("Toyoplas") of RM76.1 million as well as higher revenue from King Koil Manufacturing West, LLC ("KKMW") by RM7.9 million and Aqua-Flo Sdn Bhd ("AFT") by RM6.8 million netted off with lower revenue from KPS-HCM Sdn Bhd ("KPS-HCM") and CPI (Penang) Malaysia Sdn Bhd ("CPI") by RM8.8 million and RM6.4 million respectively.

In line with higher profit contribution from the manufacturing, trading and licensing sector for the current quarter ended 31 March 2020, the Group registered a profit before tax and zakat of RM11.5 million as compared to corresponding quarter 2019 of RM7.2 million, increased by RM4.3 million or 60%.

Performance of the respective operating business segments for the first quarter ended 31 March 2020 as compared to the preceding year corresponding quarter is analysed as follows:

1. Manufacturing

The manufacturing sector recorded 75% revenue growth, contributing RM185.1 million to the Group's revenue as compared to RM105.6 million in the corresponding quarter last year. This sector contributed the highest increase in Group's revenue mainly from the new subsidiary, Toyoplas of RM76.1 million. CBB contributed RM48.0 million in revenue, higher than the corresponding quarter 2019 by RM1.8 million on higher traction from the carton business. KKMW contributed revenue of RM21.7 million, higher by RM7.9 million or 57% on higher capacity utilisation, additional new retailers and stronger sales of the premium bedding lines. CPI posted revenue contribution of RM39.2 million, lower than the corresponding quarter 2019 by RM6.4 million.

For the current quarter, this sector posted a profit before tax of RM12.2 million as compared to RM10.7 million in the corresponding quarter 2019. KKMW contributed a higher profit by RM2.6 million netted off with lower contribution from CBB and CPI by RM0.5 million and RM1.2 million respectively.

2. Trading

Revenue of RM32.7 million was RM6.8 million or 26% higher than the corresponding quarter's revenue of RM25.9 million from the higher sale of water chemicals.

In line with higher revenue during the quarter, higher profit before tax of RM2.6 million recorded as compared to RM1.9 million in the corresponding quarter 2019

3. Licensing

This sector recorded RM12.1 million revenue during the current quarter as compared to RM11.2 million in the corresponding quarter 2019 mainly due to higher licensing revenue from the international licensees.

## KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

---

### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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For the current quarter, this sector posted a profit before tax of RM5.5 million as compared to RM5.1 million in the corresponding quarter 2019.

#### 4. Infrastructure and utilities

Revenue of RM1.8 million was lower by RM12.4 million as compared to corresponding quarter's revenue of RM14.2 million due to lower revenue at KPS-HCM Sdn Bhd ("KPS-HCM") as the infrastructure work at Pulau Indah was already completed and no new projects secured during the current quarter.

With lower revenue during the quarter, this sector recorded a lower profit before tax of RM1.3 million as compared to RM2.0 million recorded in the corresponding quarter 2019.

#### 5. Investment holding

Investment holding revenue is primarily derived from the management fee charged to subsidiaries.

This sector recorded a lower loss before tax and zakat of RM11.7 million as compared to a loss before tax of RM14.5 million in the corresponding quarter 2019, due to lower administrative expenses and finance charges incurred during the current quarter.

#### 6. Property investment

Property investment registered lower revenue of RM2.7 million as compared to RM2.9 million in the corresponding quarter 2019, mainly due to lower rental income at Summit Hotel KL City Centre.

However, this sector recorded a higher profit before tax of RM1.2 million as compared to a profit before tax of RM0.3 million in the corresponding quarter 2019, due to income received from late penalty charges on disposal of an asset.

#### 7. Oil and gas

NGC Energy Sdn Bhd ("NGC Energy") registered a lower profit after tax of RM3.7 million as compared to a profit after tax of RM5.0 million in the corresponding quarter of 2019. This was mainly due to lower revenue from Industrial and Commercial ("I&C") segment. The Group's share of profit was RM1.5 million as compared to RM2.0 million in the corresponding quarter 2019.

## B2 Comparison with the preceding quarter's results

The current quarter Group revenue decreased by RM63.5 million or 21% to RM234.4 million as compared to RM297.9 million recorded in the fourth quarter of 2019. This was due to lower revenue from manufacturing sector which had been impacted by COVID-19 pandemic resulting in lower contributions during the quarter. In line with lower revenue, the Group's profit before tax decreased to RM11.5 million from RM22.6 million recorded in the preceding quarter. This led to the decrease in the Group's profit after tax from RM15.3 million in the preceding quarter to RM6.0 million during the quarter under review.

## **KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

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### **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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#### **B3 Commentary on prospects**

The first quarter of 2020 started with challenges for businesses globally, as the year was taunted by COVID-19. KPS Group's subsidiaries, save for its trading business, were not spared from the devastating impact of the pandemic. Globally, the pandemic has resulted in disruption in the global supply chain as well as slowing of demand as consumers are financially affected by the crisis. Domestically, the operations of the subsidiaries were also affected by the MCO that was announced by the Malaysian Government on 18<sup>th</sup> March 2020.

Business Continuity Plans have been activated across all subsidiaries to ensure the sustainability of businesses with the emphasis on the health and safety of staffs and operation; as well as preserving liquidity.

##### **1. Manufacturing**

CBB's financial performance has been doing well before the MCO as most of its business are localised. This has changed since the MCO and its subsequent extensions. Nonetheless, CBB has activated its Business Continuity Plan to ensure business sustainability during the MCO. Safety, health, and well-being of all employees remain paramount and guidelines and SOP's are in place to minimise disruption to its business operations and to work in-line with required laws and regulations. Moving forward, CBB will strive for a better financial performance post the lifting of the MCO due to its diversified business segments and strong market positions, while at the same time, we are cognisant of the tough operating environment ahead of us

The global pandemic also affected CPI and Toyoplas with lower sales due to softening market demand as well as slower order pulls from customers arising from the disruption in the global supply chain. In addition, several production sites of Toyoplas and CPI were also affected by the lockdown or quarantine orders in the countries where they operate, limiting the production capacity of affected sites. Operations in the People's Republic of China ("PRC") were the first to be impacted in February 2020 following the Chinese New Year break. By mid-February 2020, all sites were back online. This was followed by the MCO in Malaysia, with no similar order imposed on the Indonesian site to date. CPI and Toyoplas will continue to strive to ensure the sustainability of its business by leveraging on the companies' long-standing customer base across multiple industries and diversified production locations whilst maintaining the highest standard of health and safety for its employees and operations.

Although the plant is in Arizona, KKMW ceased its regular operations in the last week of March 2020, following the order for closure of non-essential businesses by the state of California where more than 80% of KKMW's sales are from. Until the market re-opens, King Koil is committed to maintaining its current core workforce to the extent possible, with added support in the form of the US federal government's forgivable loan under the Coronavirus Aid, Relief and Economic Security (CARES) Act. This ensures that the employees' income and benefits including healthcare coverage are protected throughout the current shutdown, and that a healthy level of liquidity is maintained for KKMW to rebound quickly as soon as non-essential businesses in its key markets are allowed to resume operations. However, with unemployment rate reportedly reaching 15% – 20% in April 2020, the US consumer retail space is expected to face continued fallout from the pandemic beyond the current disruption, due to erosion of household income which will effectively hamper consumers' spending power and change spending behaviour. To this end, King Koil is formulating its strategy to adapt to the inevitable new normal post pandemic with development of new products and added promotions focusing on segments with pent-up demand and economic security for when the market re-opens.

## KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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#### B3 Commentary on prospects (continued)

##### 2. Trading

Aqua-Flo Sdn Bhd is continuously focusing on strategic initiatives to increase sales and future profitability by strengthening marketing and technical support and operational efficiency. Aqua-Flo chemical products are classified under essential services for water treatment and the company continues to supply chemicals during the MCO period. However, there are not many activities in terms of new bidding during the MCO and its extensions. Post-MCO, the company will continue actively bid for new contracts for the supply and delivery of water treatment chemicals and related equipment.

##### 3. Licensing

King Koil's network of international licensees has not escaped the economic impact of the COVID-19 pandemic in their respective markets to various degrees, just as our manufacturing operations are experiencing in the US market. King Koil Licensing Company Inc ("KKLC") remains supportive of the licensees through the current uncertainties, to ensure that they will emerge from the pandemic relatively unscathed and ready for the eventual rebound.

##### 4. Infrastructure and utilities

KPS-HCM has completed the main infrastructure work at Pulau Indah Infrastructure Park, Phase 3C. The implementation of MCO and its extension have delayed testing and commissioning works at PIIP3C. The company is coordinating closely with all stakeholders to ensure completion and eventual issuance of Certificate of Practical Completion (CPC) post MCO. Moving forward, the company shall be focusing on securing new projects.

The MCO has halted on-going projects of Smartpipe Technology Sdn Bhd ("SPT"). All project locations were cleared adhering to the safety guidelines announced by the authorities prior to the MCO. The on-going MCO extension is poised to further affect the end-to-end supply chain moving forward. Competition is expected to stiffen because of fewer tenders due to budget cuts. Pricing would be as the key differentiator. At the same time, on-going projects will be further delayed with a potential reduction in scope as clients are looking at cost saving opportunities. This will have a direct impact on both revenue and profit of SPT. While it is still unclear, the actual impact to the industry will be highly dependent on the duration of the MCO and the government's corresponding exit strategy plan. During this MCO period, SPT continues its engagement with stakeholders and vendors throughout the supply chain to ensure the readiness of all parties once the MCO is lifted. The key immediate focus is to ramp up / complete existing P12 project for Air Selangor Sdn Bhd and to also secure the Non-Revenue Water reduction proposal for Kedah.

##### 5. Oil and gas

Pursuant to the announcement by Malaysian Government on the MCO, NGC Energy has activated the Business Continuity Plans and continued to operate and maintain its services to provide their clients with uninterrupted supply and support. There was no interruption for NGC Energy's operations as it is a private company categorized under the Essential Services (i.e. Energy).

The MCO has impacted the revenue from Industrial & Commercial ("I&C") segment as only essential services can operate during the MCO period. Should the Malaysian Government decide to allow business operations in phases soon, the revenue from the I&C segment will improve gradually. NGC Energy will have to enhance its marketing strategy to further penetrate the I&C segment post MCO.

**KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2020****B3 Commentary on prospects (continued)**

## 5. Oil and gas (continued)

There were encouraging sales volume for the Domestic segment prior to the MCO announcement. Due to the MCO, the Domestic segment volume was also impacted. Efforts are being intensified to cover more household areas. The current focus is to maintain and serve domestic users with enough LPG supply.

**B4 Profit forecast and profit guarantee**

No profit forecast or profit guarantee was issued during the current quarter.

**B5 Other income/(expenses)**

Included in other income/(expenses) are the following credits/(charges):

	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income from the deposit with licensed bank	169	61
Profit from Islamic short-term placement	64	22
Profit rate income - fixed deposit	638	643
Gain on the fair value of short-term funds	386	-
Gain/(loss) on foreign exchange	1,639	(664)
Finance costs	(9,208)	(9,562)
Depreciation of property, plant and equipment	(9,915)	(9,311)
Depreciation of investment properties	(573)	(1,338)
Amortisation of intangible assets	(826)	(839)
Impairment of trade receivables	(123)	-
Impairment of inventories	(115)	-

Other items not applicable to the Group is gain or loss on derivatives.

**B6 Income tax expense**

	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax expense	5,613	4,902
Deferred tax recognised in the income statement	(109)	(227)
Income tax expense	5,504	4,675
Zakat expense	-	-
Income tax and zakat expense	5,504	4,675



## KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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#### **B7 Status of corporate proposals**

There were no other corporate proposals during the period ended and subsequent to the reporting period except for the Proposed Offer to Purchase all the securities held by Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT Holdings"), a 20% associated company of the Company, in Sistem Penyuraian Trafik KL Barat Sdn. Bhd. ("SPRINT") by Minister of Finance (Incorporated) ("MOF Inc") ("Proposed Acquisition")

SPRINT Holdings had on 21 June 2019, received a Letter of Offer dated on even date from MOF Inc in respect of MOF Inc's offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of SPRINT ("SPRINT Offer"). SPRINT is a wholly owned subsidiary of SPRINT Holdings.

The Board of Directors of the Company had on 2 July 2019 deliberated on the SPRINT Offer and had resolved to vote in favour of accepting the SPRINT Offer.

The Letter of Offer stipulates, inter alia that upon acceptance of the SPRINT Offer and subject to (i) satisfactory due diligence findings, (ii) the execution of a definitive agreement in respect of the offer, (iii) the approval of the Cabinet of Malaysia, and (iv) SPRINT Holdings adherence to the terms of the offer, each party will each use all reasonable endeavours to negotiate and finalise the terms of the definitive agreement in respect of the offer including detailed procedures for Completion, which will incorporate all the principal terms and conditions set forth in the offer, by 30 August 2019 or any other day and time that SPRINT Holdings and either MOF Inc or Special Purpose Vehicle ("SPV") may mutually agree in writing ("Cut-Off Date"). From the date of acceptance of the SPRINT Offer until the Cut-Off Date, SPRINT Holdings shall deal with MOF Inc and/or SPV exclusively on the Proposed Acquisition.

On 29 August 2019, MOF Inc and SPRINT Holdings mutually agreed to extend the Cut-Off Date to negotiate and finalise the terms of the definitive agreement from 30 August 2019 to 31 October 2019 in respect of the SPRINT Offer.

MOF Inc and SPRINT Holdings further agreed to the following in respect of the SPRINT Offer: -

- (i) the Cut-Off Date to negotiate and finalise the terms of the definitive agreements shall be extended from 31 December 2019 to 29 February 2020;
- (ii) the long stop date to satisfy the Conditions Precedent shall be extended to a date which shall be mutually agreed between MOF Inc and SPRINT Holdings; and
- (iii) the date of Completion shall be extended from 31 December 2019 to a date which shall be no later than 31 March 2020.

There has been no further update or extension on the Cut-Off Date as at the date of this report.

**KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2020****B8 Borrowings**

The Group borrowings as at 31 March 2020 are as follows:

	As at 1 <sup>st</sup> Quarter 2020		
	Foreign Denomination RM'000 (USD)	RM Denomination RM'000	Total Borrowings RM'000
<b>Short term borrowings - secured</b>			
Revolving credits	7,960	16,433	24,393
Term loan	2,799	5,224	8,023
Banker's acceptance	-	141	141
Trust receipt	4,090	15,633	19,723
<b>Sub total</b>	<b>14,849</b>	<b>37,431</b>	<b>52,280</b>
<b>Long term borrowings - secured</b>			
Term loan	3,116	502,186	505,302
Overdraft	-	974	974
<b>Sub total</b>	<b>3,116</b>	<b>503,160</b>	<b>506,276</b>
<b>Total borrowings - secured</b>			
Revolving credits	7,960	16,433	24,393
Term loan	5,915	507,410	513,325
Banker's acceptance	-	141	141
Trust receipt	4,090	15,633	19,723
Overdraft	-	974	974
<b>Total</b>	<b>17,965</b>	<b>540,591</b>	<b>558,556</b>

	As at 1 <sup>st</sup> Quarter 2019		
	Foreign Denomination RM'000 (USD)	RM Denomination RM'000	Total Borrowings RM'000
<b>Short term borrowings - secured</b>			
Revolving credits	-	58,545	58,545
Obligation under finance leases	-	566	566
Term loan	1,648	62,047	63,695
Syndicated term loan	-	21,429	21,429
Trust receipt	-	10,739	10,739
Overdraft	-	984	984
<b>Sub total</b>	<b>1,648</b>	<b>154,310</b>	<b>155,958</b>
<b>Long term borrowings - secured</b>			
Obligation under finance leases	-	2,066	2,066
Term loan	4,055	410,073	414,128
Syndicated term loan	-	10,571	10,571
<b>Sub total</b>	<b>4,055</b>	<b>422,710</b>	<b>426,765</b>
<b>Total borrowings - secured</b>			
Revolving credits	-	58,545	58,545
Obligation under finance leases	-	2,632	2,632
Term loan	5,703	472,120	477,823
Syndicated term loan	-	32,000	32,000
Trust receipt	-	10,739	10,739
Overdraft	-	984	984
<b>Total</b>	<b>5,703</b>	<b>577,020</b>	<b>582,723</b>

**KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2020**

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**B9 Material litigation**

Neither the Company nor its subsidiary companies have been or are involved in any material litigations, claims or arbitrations either as plaintiffs or defendants and the Directors are not aware of any proceedings, pending or threatened, against the Company or its subsidiary companies or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the Company or its subsidiary companies.

**B10 Dividend**

No interim dividend has been recommended or declared for the financial period.

**B11 Earnings per share (“EPS”)****(a) Basic EPS**

The basic EPS is calculated by dividing the net profit attributable to owners of the parent by the weighted average number of shares in issue.

	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
Net profit attributable to owners of the parent (RM'000)	3,137	1,169
Weighted average number of shares in issue ('000)	537,385	537,385
Basic EPS (Sen)	0.6	0.2

**(b) Diluted EPS**

The diluted earnings per ordinary share equals basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

**BY ORDER OF THE BOARD****HASHIMAH BINTI HAJI MOHD ISA****Company Secretary**

Date: 28 May 2020