



# **KUMPULAN PERANGSANG SELANGOR BERHAD**

*(Company No. 197501002218/(23737-K))*

*(Incorporated in Malaysia)*

## **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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

**A1 Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 June 2020**

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR	PRECEDING YEAR	VARIANCE		CURRENT YEAR	PRECEDING YEAR	VARIANCE	
	QUARTER 30/6/2020 RM'000	QUARTER 30/6/2019 RM'000	RM'000	%	TO DATE 30/6/2020 RM'000	CORRESPONDING PERIOD 30/6/2019 RM'000	RM'000	%
Revenue	221,473	159,163	62,310	39	455,861	316,624	139,237	44
Cost of sales	(181,888)	(121,283)	(60,605)	(50)	(363,737)	(240,427)	(123,310)	(51)
Gross profit	39,585	37,880	1,705	5	92,124	76,197	15,927	21
Other income	5,054	5,501	(447)	(8)	10,142	10,063	79	1
Other expenses	(46,242)	(29,964)	(16,278)	(54)	(85,941)	(59,645)	(26,296)	(44)
Operating (loss)/profit	(1,603)	13,417	(15,020)	(112)	16,325	26,615	(10,290)	(39)
Finance costs	(7,837)	(7,634)	(203)	(3)	(17,045)	(17,196)	151	1
Share of profit of associates	805	4,059	(3,254)	(80)	3,563	7,599	(4,036)	(53)
(Loss)/Profit before tax and zakat	(8,635)	9,842	(18,477)	(188)	2,843	17,018	(14,175)	(83)
Income tax and zakat	(3,288)	(5,102)	1,814	36	(8,792)	(9,777)	985	10
<b>(Loss)/Profit for the period</b>	<b>(11,923)</b>	<b>4,740</b>	<b>(16,663)</b>	<b>(352)</b>	<b>(5,949)</b>	<b>7,241</b>	<b>(13,190)</b>	<b>(182)</b>
Attributable to:								
- Owners of the parent	(11,403)	2,932	(14,335)	(489)	(8,266)	4,100	(12,366)	(302)
- Non-controlling interests	(520)	1,808	(2,328)	(129)	2,317	3,141	(824)	(26)
	<b>(11,923)</b>	<b>4,740</b>	<b>(16,663)</b>	<b>(352)</b>	<b>(5,949)</b>	<b>7,241</b>	<b>(13,190)</b>	<b>(182)</b>
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	(2.1)	0.5	(2.7)	(489)	(1.5)	0.8	(2.3)	(302)
Diluted EPS	(2.1)	0.5	(2.7)	(489)	(1.5)	0.8	(2.3)	(302)

(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 30 June 2020**

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER 30/6/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2019 RM'000	VARIANCE		CURRENT YEAR TO DATE 30/6/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2019 RM'000	VARIANCE	
			RM'000	%			RM'000	%
(Loss)/Profit for the period	(11,923)	4,740	(16,663)	(352)	(5,949)	7,241	(13,190)	(182)
Other comprehensive income (net of tax):								
Foreign currency translation reserve	315	1,134	(819)	(72)	7,546	392	7,154	1,825
<b>Total comprehensive (loss)/income for the period</b>	<b>(11,608)</b>	<b>5,874</b>	<b>(17,482)</b>	<b>(424)</b>	<b>1,597</b>	<b>7,633</b>	<b>(6,036)</b>	<b>1,643</b>
Attributable to:								
- Owners of the parent	(10,971)	3,715	(14,686)	(395)	(1,523)	4,458	(5,981)	(134)
- Non-controlling interests	(637)	2,159	(2,796)	(130)	3,120	3,175	(55)	(2)
	<b>(11,608)</b>	<b>5,874</b>	<b>(17,482)</b>	<b>(298)</b>	<b>1,597</b>	<b>7,633</b>	<b>(6,036)</b>	<b>(79)</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 30 June 2020**

	<b>Unaudited</b> <b>30-Jun-20</b> <b>RM'000</b>	<b>Audited</b> <b>31-Dec-19</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	372,293	373,001
Right-of-use assets	84,252	87,869
Investment properties	87,293	89,498
Investments in associates	294,839	323,181
Intangible assets	253,865	251,762
Goodwill on consolidation	187,342	187,725
Long term receivable	99,072	99,236
Deferred tax assets	1,055	989
Club memberships	153	153
	<u>1,380,164</u>	<u>1,413,414</u>
<b>Current assets</b>		
Inventories	144,001	141,692
Trade and other receivables	297,999	368,967
Cash and bank balances and short term funds	251,381	271,801
Current tax assets	7,028	8,059
	<u>700,409</u>	<u>790,519</u>
Assets of disposal group classified as held for sale	<u>66,967</u>	<u>92,189</u>
<b>TOTAL ASSETS</b>	<b><u>2,147,540</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	3,055	(3,688)
Capital reserves	1,452	1,243
Retained earnings	413,806	422,281
<b>Shareholders' equity</b>	<u>956,240</u>	<u>957,763</u>
<b>Non-controlling interests</b>	<u>113,036</u>	<u>109,250</u>
<b>TOTAL EQUITY</b>	<b><u>1,069,276</u></b>	<b><u>1,067,013</u></b>
<b>Non-current liabilities</b>		
Other payables	81,434	80,925
Loans and borrowings	495,699	505,914
Lease liabilities	19,855	20,461
Deferred tax liabilities	106,600	106,810
Post-employment benefits	11,832	10,454
	<u>715,420</u>	<u>724,564</u>
<b>Current liabilities</b>		
Loans and borrowings	67,979	106,379
Lease liabilities	6,052	8,843
Trade and other payables	211,896	292,052
Contract liabilities	11,043	10,545
Current tax liabilities	6,118	7,594
	<u>303,088</u>	<u>425,413</u>
Liabilities of disposal group classified as held for sale	<u>59,756</u>	<u>79,132</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,078,264</u></b>	<b><u>1,229,109</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,147,540</u></b>	<b><u>2,296,122</u></b>
Net assets per ordinary share attributable to owners of the parent (RM)	1.78	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 30 June 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
(Loss)/Profit net of tax and zakat	(5,949)	(8,266)	-	-	-	(8,266)	2,317
Gain on foreign currency translations	7,546	6,743	-	6,743	-	-	803
Total comprehensive income	1,597	(1,523)	-	6,743	-	(8,266)	3,120
Transactions with owners:							
Acquisition of a subsidiary	666	-	-	-	-	-	666
Appropriation to statutory reserves	-	-	-	-	209	(209)	-
	666	-	-	-	209	(209)	666
<b>At 30 June 2020</b>	<b>1,069,276</b>	<b>956,240</b>	<b>537,927</b>	<b>3,055</b>	<b>1,452</b>	<b>413,806</b>	<b>113,036</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	7,241	4,100	-	-	-	4,100	3,141
Re-measurement of post-employment benefits	-	-	-	-	-	-	-
Loss on foreign currency translations	392	358	-	358	-	-	34
Total comprehensive (loss)/income	7,633	4,458	-	358	-	4,100	3,175
Transactions with owners:							
Dividend for financial year ended 31 December 2018	(22,839)	(22,839)	-	-	-	(22,839)	-
Special dividend for financial year ended 31 December 2019	(175,188)	(175,188)	-	-	-	(175,188)	-
	(198,027)	(198,027)	-	-	-	(198,027)	-
<b>At 30 June 2019</b>	<b>1,051,805</b>	<b>940,200</b>	<b>537,927</b>	<b>1,499</b>	<b>-</b>	<b>400,774</b>	<b>111,605</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 30 June 2020**

	6 months ended	
	<u>30-Jun-20</u> RM'000	<u>30-Jun-19</u> RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax and zakat	2,843	17,018
Adjustment for non-cash items	28,805	7,823
Adjustment for non-operating items	11,533	10,125
Operating profit before working capital changes	43,181	34,966
Changes in working capital:		
Net change in current assets	90,816	151,597
Net change in current liabilities	(76,809)	(196,990)
Cash generated from/(used in) operating activities	57,188	(10,427)
Tax and zakat paid, net of refunds received	(12,349)	(10,024)
<b>Net cash generated/(used in) from operating activities</b>	<b>44,839</b>	<b>(20,451)</b>
<b>Cash Flows From Investing Activities</b>		
Dividend received	31,904	613,500
Profit rate/interest income received	1,478	3,778
Profit from Islamic short term placement	121	63
Gain on fair value of short term funds	433	-
Acquisition and subscription additional interest in a subsidiary	(1,244)	-
Purchase of property, plant and equipment	(16,190)	(9,404)
Proceeds from disposal of property, plant and equipment	60	-
Net movements in money market deposits	53,707	(199,262)
<b>Net cash generated from investing activities</b>	<b>70,269</b>	<b>408,675</b>
<b>Cash Flows From Financing Activities</b>		
Dividend paid	-	(175,188)
Profit rate paid	(17,045)	(17,196)
Repayment of borrowings	(161,625)	(489,590)
Drawdown of borrowings	97,989	334,355
Repayment of obligations under finance leases	(1,184)	(110)
Net movements in deposits with licensed banks	(37)	(17,912)
<b>Net cash used in financing activities</b>	<b>(81,902)</b>	<b>(365,641)</b>
Net increase in cash and cash equivalents	33,206	22,583
Effect of exchange rate changes on cash and cash equivalents	3,187	(75)
Cash and cash equivalents at 1 January	130,306	75,718
<b>Cash and cash equivalents at 30 June</b>	<b>166,699</b>	<b>98,226</b>
Cash and cash equivalents included in the statement cash flows comprise:		
	<b>As at</b>	<b>As at</b>
	<b><u>30-Jun-20</u></b>	<b><u>30-Jun-19</u></b>
Cash and bank balances	251,381	406,133
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(58,486)	(82,286)
Money market deposits	(37,805)	(225,621)
Cash and cash equivalent include in disposal group classified as held for sale	11,609	-
	<b>166,699</b>	<b>98,226</b>

(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

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(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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	

###### 1 June 2020

Amendments to MFRS 16	COVID-19-Related Rent Concessions
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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

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(Incorporated in Malaysia)

### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Manufacturing	177,941	109,697	362,988	215,345
Trading	30,318	26,473	63,019	52,361
Licensing	7,756	8,042	19,893	19,270
Infrastructure	3,238	12,692	5,038	26,937
Investment holding	256	297	512	555
Property investment	2,219	2,486	4,923	5,393
Total revenue including inter segment sales	221,728	159,687	456,373	319,861
Eliminations	(255)	(524)	(512)	(3,237)
Total	221,473	159,163	455,861	316,624



**KUMPULAN PERANGSANG SELANGOR BERHAD**

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020****A9 Segmental Information (continued)**

	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
<b>Segment Results</b>				
Manufacturing	4,277	13,047	16,519	23,741
Trading	2,458	2,434	5,094	4,312
Licensing	2,014	1,731	7,498	6,886
Infrastructure *	131	2,794	1,443	4,827
Investment holding	(14,123)	(11,454)	(25,830)	(25,424)
Property investment	(2,563)	85	(1,408)	325
Oil and gas *	416	2,043	1,906	4,028
Total profit including inter segment sales	(7,390)	10,680	5,222	18,695
Eliminations	(1,245)	(838)	(2,379)	(1,677)
(Loss)/Profit before tax and zakat	(8,635)	9,842	2,843	17,018

\* Inclusive of share of profit of associates

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

Property, plant, and equipment, other than freehold land are stated at cost or valuation less accumulated depreciation and any impairment losses. Freehold land is stated at cost or valuation less any impairment losses and is not depreciated.

**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, which is in the business of trading of water chemicals to water treatment plants that was deemed essential, some of the Group's other subsidiaries in Malaysia and abroad were 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, slower inventory movement driven by the 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.

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### **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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#### **A11 Material and subsequent events (continued)**

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.

The MCO was then replaced with Recovery Movement Control Order ("RMCO") which took effect from 10 June until 31 August 2020 with more lenient restrictions.

King Koil Manufacturing West, LLC's ("KKMW") operation in Arizona has temporarily ceased for 55 days from 23 March 2020 until 17 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 since the previous 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. Additionally, the Group has taken several actions to ensure the sustainability of the supply chain, aims for sustainable sales traction and creates more demand. 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 30 June 2020 including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring.

**KUMPULAN PERANGSANG SELANGOR BERHAD**

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020****A13 Capital commitments**

The amount of commitments not provided for in the unaudited interim financial statements as at 30 June 2020 is as follows:

	<b>RM'000</b>
Property, plant, and equipment:	
(i) Approved but not contracted for	<u>29,740</u>
(ii) Approved and contracted for	<u>11,013</u>

**A14 Significant related party transactions**

The following are the related party transactions of the Group:

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sale of goods to a subsidiary company of non-controlling interest:				
- Sungai Harmoni Sdn Bhd	1,372	4,433	6,566	8,390
- Taliworks (Langkawi) Sdn Bhd	49	405	298	716
Sale of goods to related companies:				
- Konsortium Abass Sdn Bhd	-	2,050	-	3,962
- PNSB Water Sdn Bhd	-	8,947	-	18,269
- Konsortium Air Selangor Sdn Bhd	-	288	-	526
- Pengurusan Air Selangor Sdn Bhd	4,607	700	18,029	1,150
Infrastructure revenue from Pengurusan Air Selangor Sdn Bhd	715	219	2,056	365
Rental income received from ultimate holding company	71	71	141	141
Rental expenses payable to related companies:				
- Konsortium Abass Sdn Bhd	-	(3)	-	(6)
- Konsortium Air Selangor Sdn Bhd	-	(2)	-	(3)
- Pengurusan Air Selangor Sdn Bhd	(5)	-	(9)	-

**A15 Contingent liabilities and contingent assets**

The contingent liabilities as at 30 June 2020 are as follows:

i) <b>Secured:</b>	<b>RM'000</b>
a) Provision of proportionate corporate guarantee for an associate:	
i) Working capital and issuance of bank guarantees	<u>34,986</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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#### 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 RM221.5 million compared with RM159.2 million for the corresponding quarter 2019, representing an increase in revenue by 39% or RM62.3 million. The higher revenue was largely attributable to revenue from the new subsidiary namely Toyoplas Manufacturing Sdn Bhd (“Toyoplas”) of RM87.8 million as well as higher revenue from Aqua-Flo Sdn Bhd (“Aqua-Flo”) by RM3.8 million netted off with lower revenue from KPS-HCM Sdn Bhd (“KPS-HCM”) and CPI (Penang) Malaysia Sdn Bhd (“CPI”) by RM9.7 million and RM8.8 million respectively. King Koil Manufacturing West, LLC (“KKMW”) also recorded lower revenue by RM7.1 million.

Temporary operation shutdown at all manufacturing subsidiaries in compliance with the movement control orders at the respective localities had cause the Group to record losses during the quarter. Almost all subsidiaries resumed operations with 100% workforce by the end of April 2020 except for KKMW which resumed its operation by middle May 2020. The losses recorded during the quarter was also due to the impairment loss recognised on asset held for disposal of RM6.0 million and impairment loss on an investment property amounting to RM1.9 million. The Group registered a loss before tax and zakat of RM8.6 million as compared to corresponding quarter 2019 profit of RM9.8 million, significantly decreased by RM18.4 million or 188%.

Performance of the respective operating business segments for the second quarter ended 30 June 2020 as compared to the preceding year corresponding quarter is analysed as follows:

1. Manufacturing

The manufacturing sector recorded 62% revenue growth, contributing RM177.9 million to the Group’s revenue as compared to RM109.7 million in the corresponding quarter last year. This sector contributed the highest increase in Group’s revenue mainly from the new subsidiary, Toyoplas of RM87.8 million netted off with lower revenue from other subsidiaries. Century Bond Bhd (“CBB”) recorded a revenue of RM44.1 million, lower than the corresponding quarter 2019 by RM3.7 million resulting from lower traction of the paper, carton, and plastic divisions. CPI posted revenue contribution of RM33.9 million, lower than the corresponding quarter 2019 by RM8.8 million. Meanwhile, KKMW contributed revenue of RM12.1 million, lower by RM7.1 million or 37%. Lower revenue recorded by the subsidiaries primarily due to the temporary operation shutdown from middle March 2020 and only resumed operation with 100% workforce by the end of April 2020 except for KKMW which resumed its operation by middle May 2020.

For the current quarter, this sector posted a lower profit before tax of RM4.3 million as compared to RM13.0 million in the corresponding quarter 2019. This was mainly due to lower gross profit (“GP”) margin resulting from lower capacity utilisation during MCO period and sales to cover the fixed costs.

CBB recorded a lower profit before tax by RM4.4 million whilst CPI and KKMW’s profit before tax reduced by RM2.9 million and RM2.2 million, respectively.

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#### 2. Trading

Revenue of RM30.3 million was RM3.8 million or 14% higher than the corresponding quarter's revenue of RM26.5 million from the higher sale of water chemicals.

In line with higher revenue during the quarter, higher profit before tax of RM2.5 million recorded as compared to RM2.4 million in the corresponding quarter 2019.

#### 3. Licensing

This sector recorded slight decrease in revenue of RM7.8 million during the current quarter as compared to RM8.1 million in the corresponding quarter 2019 mainly due to lower licensing revenue from the international licensees.

For the current quarter, this sector posted a profit before tax of RM2.0 million as compared to RM1.8 million in the corresponding quarter 2019 due to lower selling and distribution costs incurred.

#### 4. Infrastructure

Revenue of RM3.2 million was lower by RM9.5 million as compared to corresponding quarter's revenue of RM12.7 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 RM0.1 million as compared to RM2.8 million recorded in the corresponding quarter 2019. In addition, the reduction was also contributed by lower share of profit from associate, Sistem Penyuraian Trafik KL Barat Sdn. Bhd. ("SPRINT") by RM1.5 million as compared to RM1.9 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 higher loss before tax and zakat of RM14.1 million as compared to a loss before tax of RM11.5 million in the corresponding quarter 2019 due to the impairment loss on asset held for disposal of RM6.0 million netted off with lower administrative expenses and finance charges incurred during the current quarter.

#### 6. Property investment

Property investment registered lower revenue of RM2.2 million as compared to RM2.5 million in the corresponding quarter 2019, mainly due to lower rental income at Summit Hotel KL City Centre ("SHCC").

This sector recorded a loss before tax of RM2.6 million as compared to a profit before tax of RM0.1 million in the corresponding quarter 2019 due to the impairment loss recognised on investment property amounting to RM1.9 million.

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#### 7. Oil and gas

NGC Energy Sdn Bhd (“NGC Energy”) registered a lower profit after tax of RM1.1 million as compared to a profit after tax of RM5.1 million in the corresponding quarter of 2019. This was mainly due to lower revenue from Industrial and Commercial (“I&C”) segment and domestic sales of Liquefied Petroleum Gas (“LPG”). The Group’s share of profit was RM0.4 million as compared to RM2.0 million in the corresponding quarter 2019.

#### b) Current year to-date against previous year to-date

For the six months ended 30 June 2020, the Group registered revenue of RM455.9 million as compared to RM316.6 million in the corresponding period 2019, representing an increase in revenue by RM139.2 million or 44%. Higher revenue was mainly due to contribution from newly acquired subsidiary, Toyoplas of RM164.0 million.

The Group’s profit before tax and zakat for the current period of RM2.8 million was 83% or RM14.2 million lower than the corresponding period 2019 of RM17.0 million mainly due to the lower contributions from manufacturing, infrastructure and oil and gas sectors, as a results of COVID-19 related impacts which affecting the results from each subsidiaries except for trading and licensing sectors. Lower profit before tax and zakat recorded was also due to the impairment loss recognised on asset held for disposal of RM6.0 million and impairment loss on an investment property amounting to RM1.9 million.

Performance of the respective operating business segments for the six months ended 30 June 2020 as compared to the preceding year corresponding period is analysed as follows:

#### 1. Manufacturing

The manufacturing sector contributed a revenue of RM363.0 million and profit before tax of RM16.5 million compared to corresponding period 2019 revenue of RM215.3 million and profit before tax of RM23.7 million.

The increase in revenue was mainly from the newly acquired subsidiary, Toyoplas by RM164.0 million. However, this sector shows lower profits in the current period resulting from decrease in profit before tax from CBB and CPI by RM4.8 million and RM4.2 million respectively. The reduction in GP margin resulting from lower production during MCO period and sales to cover the fixed costs also led to the decrease in profit before tax during the period. At KKMW, the operation in Arizona was temporarily ceased for 55 days from 23 March 2020 until 17 May 2020 which also contributed to lower profit before tax during the period.

#### 2. Trading

Trading sector posted a revenue of RM63.0 million, higher by 20% or RM10.6 million due to higher revenue from sale of water chemicals.

In line with the increase in revenue, this sector recorded an increase of profit before tax of RM5.1 million, 18% higher than the corresponding period 2019 of RM4.3 million.

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#### 3. Licensing

The licensing sector recorded revenue of RM19.9 million as compared to corresponding period 2019 of RM19.3 million representing an increase in revenue by 3% or RM0.6 million primarily attributed to higher revenue from international licensees. In line with the increase in revenue, profit before tax was RM7.5 million as compared to corresponding period 2019 of RM6.9 million.

#### 4. Infrastructure

Lower revenue of RM5.0 million as compared to RM26.9 million in the corresponding period 2019 mainly 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 period.

Profit before tax for the current period of RM1.4 million was 71% lower than corresponding period of RM4.8 million mainly due to lower share of profit from SPRINT by RM1.6 million and lower contributions of KPS-HCM by RM1.5 million.

#### 5. Investment holding

This sector recorded a loss before tax of RM25.8 million as compared to a loss before tax of RM25.4 million in the corresponding period 2019 mainly due to impairment loss on asset held for disposal of RM6.0 million netted off with lower administrative expenses and finance charges incurred during the period under review.

#### 6. Property Investment

Property investment sector recorded lower revenue of RM4.9 million as compared to RM5.4 million in the corresponding period 2019 mainly due to lower rental income at SHCC.

In line with lower revenue and the impairment loss recognised on an investment property amounting to RM1.9 million, this sector recorded a loss before tax of RM1.4 million as compared to profit before tax of RM0.3 million in the corresponding period 2019.

#### 7. Oil and gas

For the current period, NGC Energy registered profit after tax of RM4.8 million which translated into the Group's share of profit of RM1.9 million as compared to corresponding period 2019 profit after tax of RM10.1 million and Group's share of profit of RM4.0 million. Lower share of profit in current period mainly due to lower revenue from I&C segment and domestic sales of LPG.

## B2 Comparison with the preceding quarter's results

The current quarter Group revenue decreased by RM12.9 million or 6% to RM221.5 million as compared to RM234.4 million recorded in the first quarter of 2020. 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 recorded a loss before tax of RM8.6 million from profit before tax of RM11.5 million in the preceding quarter due to lower GP margin recorded particularly in manufacturing sector resulting from lower capacity utilisation during MCO period and sales to cover the fixed costs and impairment losses recognised during the quarter by RM7.9 million. This led to the decrease in the Group's profit after tax from RM6.0 million in the preceding quarter to loss before tax of RM11.9 million during the quarter under review.

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**B3 Commentary on prospects**

The year 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.

Toyoplas and CPI's businesses are currently at a recovery phase as the global market gradually re-opened. For operations in Malaysia, the workforce limitations, in adherence to the MCO, had been lifted for both Toyoplas and CPI and operations had resumed with 100% workforce on 29 April 2020.

Toyoplas operations outside of Malaysia no longer faced similar restrictions in the second quarter of 2020. While sales are seen to be picking up, the impact of the softening market arising from COVID-19 is foreseen to last until the later part of the year. Notwithstanding this, 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.

KKMW resumed its operations on 18 May 2020, after almost 2 months of voluntary shutdown since the last week of March 2020. This followed by the reopening of its customers' physical retail businesses in the state of California where more than 80% of KKMW's sales are from. Pent-up demand from consumers resulted in an encouraging rebound in June 2020, which drove the plant's utilisation to approach pre-pandemic level. However, we remain cautious as the US are still seeing increasing number of new COVID-19 cases especially in parts of the country that were early to reopen. KKMW continues with its strategies for recovery while monitoring the situation closely, adhering to local regulations and experts' recommendations to help manage the spread.

**2. Trading**

Aqua-Flo is continuously focusing on strategic initiatives to increase sales and future profitability by strengthening marketing, technical support as well as 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. Business activities are not affected by the ongoing MCO and its extensions. The company will continue its focus on actively bidding for new contracts for the supply and delivery of water treatment chemicals and related equipment.



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#### **B3 Commentary on prospects (continued)**

##### **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**

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.

With the approval granted by MITI during MCO on certain project sites, Smartpipe Technology Sdn Bhd ("SPT") was able to proceed with physical on-site works earlier than planned. All necessary steps were taken to ensure that Standard Operating Procedures ("SOPs") issued by relevant authorities were adhered. Immediately after the government allowed some sectors to continue their business operations as usual, SPT has taken the necessary steps to speed up on-site works. Moving forward, competition continues to stiffen because of fewer tenders due to budget cuts with pricing remains as the key differentiator. While it is still unclear, the impact to the industry is seen to slightly improve with both federal and state initiatives to revive back the economy. The key immediate focus is to ramp up and complete existing P12 project for Air Selangor Sdn Bhd and to also secure the Non-Revenue Water reduction proposal for the state of Kedah.

##### **5. Oil and gas**

Pursuant to the announcement by Malaysian Government on the MCO, NGC Energy has activated the Business Continuity Plan 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 and its extensions. Currently in the RMCO phase, I&C segment is slowly recovering. NGC Energy will need to strengthen marketing efforts to recapture revenue from the I&C segment and to further penetrate the I&C segment post MCO.

Domestic segment volume was also impacted during the MCO and its extensions. Efforts are being intensified to cover more household areas. The current focus is to maintain and serve domestic users with enough Liquefied Petroleum Gas ("LPG") supply.

#### **B4 Profit forecast and profit guarantee**

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

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

	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Interest income from the deposit with licensed bank	103	31	271	92
Profit from Islamic short-term placement	57	41	121	63
Profit rate income - fixed deposit	568	3,043	1,207	3,686
Gain on the fair value of short-term funds	47	-	433	-
Gain on foreign exchange	1,539	775	3,178	110
Writeback of impairment	100	-	-	-
Finance costs	(7,837)	(7,634)	(17,045)	(17,196)
Depreciation of property, plant and equipment	(10,436)	(3,943)	(20,351)	(7,970)
Depreciation of investment properties	(1,441)	(1,467)	(2,014)	(2,805)
Amortisation of intangible assets	(1,238)	(842)	(2,064)	(1,681)
Impairment of trade receivables	-	(96)	(23)	(237)
Impairment on investment property	(1,857)	-	(1,857)	-
Impairment on asset held for disposal	(6,000)	-	(6,000)	-

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

**B6 Income tax expense**

	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Income tax expense	2,156	4,764	7,769	9,666
Deferred tax recognised in income statement	(385)	(227)	(494)	(454)
Income tax expense	1,771	4,537	7,275	9,212
Zakat expense	1,517	565	1,517	565
Income tax and zakat expense	3,288	5,102	8,792	9,777

**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.

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#### **B7 Status of corporate proposals (continued)**

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.

On 31 October 2019, MOF Inc and SPRINT Holdings had mutually agreed to the following in respect of the SPRINT Offer: -

- (i) the Cut-Off Date for the finalisation of the respective definitive agreements from 31 October 2019 to 31 December 2019;
- (ii) the Long Stop Date to satisfy the conditions precedent from 29 November 2019 to 29 February 2020; and
- (iii) the completion date of the MOF Offers from 31 December 2019 to a date which shall be no later than 31 March 2020.

On 19 December 2019, MOF Inc and SPRINT Holdings had mutually agreed to the following in respect of the SPRINT Offer: -

- (i) the Cut-Off Date for the finalisation of the respective definitive agreements from 31 December 2019 to 29 February 2020; and
- (ii) the Long Stop Date to satisfy the conditions precedent and the date of Completion to a date which shall be mutually agreed between MOF Inc and SPRINT Holdings.

Due to the change in the Federal Government, SPRINT Holdings will seek further direction from the MOF Inc on the status of this acquisition.

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The Group borrowings as at 30 June 2020 are as follows:

	As at 2 <sup>nd</sup> Quarter 2020		
	Foreign Denomination RM'000 (USD)	RM Denomination RM'000	Total Borrowings RM'000
<b>Short term borrowings - secured</b>			
Revolving credits	7,704	27,703	35,407
Term loan	2,746	16,662	19,408
Banker's acceptance	-	748	748
Trust receipt	2,955	9,461	12,416
<b>Sub total</b>	<b>13,405</b>	<b>54,574</b>	<b>67,979</b>
<b>Long term borrowings - secured</b>			
Term loan	5,670	489,107	494,777
Overdraft	-	922	922
<b>Sub total</b>	<b>5,670</b>	<b>490,029</b>	<b>495,699</b>
<b>Total borrowings - secured</b>			
Revolving credits	7,704	27,703	35,407
Term loan	8,416	505,769	514,185
Banker's acceptance	-	748	748
Trust receipt	2,955	9,461	12,416
Overdraft	-	922	922
<b>Total</b>	<b>19,075</b>	<b>544,603</b>	<b>563,678</b>
Borrowing included in disposal group classified as held for sale	-	41,813	41,813
<b>Total</b>	<b>19,075</b>	<b>586,416</b>	<b>605,491</b>

	As at 2 <sup>nd</sup> Quarter 2019		
	Foreign Denomination RM'000 (USD)	RM Denomination RM'000	Total Borrowings RM'000
<b>Short term borrowings - secured</b>			
Revolving credits	-	8,000	8,000
Obligation under finance leases	-	572	572
Term loan	1,673	55,472	57,145
Trust receipt	-	22,394	22,394
<b>Sub total</b>	<b>1,648</b>	<b>86,438</b>	<b>88,111</b>
<b>Long term borrowings – secured</b>			
Obligation under finance leases	-	1,921	1,921
Term loan	3,669	330,000	333,669
<b>Sub total</b>	<b>3,669</b>	<b>331,921</b>	<b>335,590</b>
<b>Total borrowings - secured</b>			
Revolving credits	-	8,000	8,000
Obligation under finance leases	-	2,493	2,493
Term loan	5,342	385,472	390,814
Trust receipt	-	22,394	22,394
<b>Total</b>	<b>5,342</b>	<b>418,359</b>	<b>423,701</b>

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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 (Loss)/Earnings per share (“EPS”)****(a) Basic EPS**

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

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
Net (loss)/profit attributable to owners of the parent (RM'000)	(11,403)	2,932	(8,266)	4,100
Weighted average number of shares in issue ('000)	537,385	537,385	537,385	537,385
Basic EPS	(2.1)	0.5	(1.5)	0.8

**(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: 27 August 2020