KUMPULAN PERANGSANG SELANGOR BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

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

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30/9/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2019 RM'000	VARIANCE RM'000	%	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30/9/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2019 RM'000	VARIANCE RM'000	%
Revenue	302,335	252,947	49,388	20	758,196	569,570	188,626	33
Cost of sales	(239,279)	(199,973)	(39,306)	(20)	(603,016)	(440,400)	(162,616)	(37)
Gross profit	63,056	52,974	10,082	19	155,180	129,170	26,010	20
Other income	1,334	9,130	(7,796)	(85)	11,476	19,193	(7,717)	(40)
Other expenses	(41,425)	(43,814)	2,389	5	(127,365)	(103,458)	(23,907)	(23)
Operating profit	22,965	18,290	4,675	26	39,291	44,905	(5,614)	(13)
Finance costs	(6,787)	(8,510)	1,723	20	(23,833)	(25,706)	1,873	7
Share of profit of associates	7,334	4,513	2,821	63	10,897	12,113	(1,216)	(10)
Profit before tax and zakat	23,512	14,293	9,219	65	26,355	31,312	(4,957)	(16)
Income tax and zakat	(4,172)	(6,202)	2,030	33	(12,964)	(15,980)	3,016	19
Profit for the period	**19,340**	**8,091**	**11,249**	**139**	**13,391**	**15,332**	**(1,941)**	**(13)**
Attributable to:								
- Owners of the parent	16,156	6,655	9,501	143	7,888	10,755	(2,867)	(27)
- Non-controlling interests	3,184	1,436	1,748	122	5,503	4,577	926	20
	19,340	**8,091**	**11,249**	**139**	**13,391**	**15,332**	**(1,941)**	**(13)**
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	3.0	1.2	1.8	143	1.5	2.0	(0.5)	(27)
Diluted EPS	3.0	1.2	1.8	143	1.5	2.0	(0.5)	(27)

(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 September 2020

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30/9/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2019 RM'000	VARIANCE RM'000	VARIANCE %	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30/9/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2019 RM'000	VARIANCE RM'000	VARIANCE %
Profit for the period	19,340	8,091	11,249	139	13,391	15,332	(1,941)	(13)
Other comprehensive income (net of tax):								
Foreign currency translation reserve	(2,585)	1,823	(4,408)	(242)	4,961	2,216	2,745	124
Other reserves	-	(19)	19	100	-	(19)	19	100
Total comprehensive income for the period	**16,755**	**9,895**	**6,860**	**69**	**18,352**	**17,529**	**823**	**5**
Attributable to:								
- Owners of the parent	14,180	8,239	5,941	72	12,657	12,697	(40)	(0)
- Non-controlling interests	2,575	1,656	919	55	5,695	4,832	863	18
	16,755	**9,895**	**6,860**	**69**	**18,352**	**17,529**	**823**	**5**

(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 September 2020

	Unaudited 30-Sep-20 RM'000	Audited 31-Dec-19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	367,693	373,001
Right-of-use assets	83,057	87,869
Investment properties	47,134	89,498
Investments in associates	138,649	323,181
Intangible assets	252,627	251,762
Goodwill on consolidation	187,363	187,725
Long term receivable	99,115	99,236
Deferred tax assets	1,212	989
Club memberships	153	153
	1,177,003	1,413,414
Current assets		
Inventories	155,929	141,692
Trade and other receivables	359,136	368,967
Cash and bank balances and short term funds	405,871	271,801
Current tax assets	8,081	8,059
	929,017	790,519
Assets of disposal group classified as held for sale	104,520	92,189
TOTAL ASSETS	**2,210,540**	**2,296,122**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	537,927	537,927
Foreign currency translation reserve	1,081	(3,688)
Other reserves	1,662	1,243
Retained earnings	429,750	422,281
Shareholders' equity	970,420	957,763
Non-controlling interests	113,905	109,250
TOTAL EQUITY	1,084,325	1,067,013
Non-current liabilities		
Other payables	81,530	80,925
Loans and borrowings	478,899	505,914
Lease liabilities	17,385	20,461
Deferred tax liabilities	106,679	106,810
Post-employment benefits	11,933	10,454
	696,426	724,564
Current liabilities		
Loans and borrowings	85,178	106,379
Lease liabilities	8,919	8,843
Trade and other payables	260,644	292,052
Contract liabilities	11,409	10,545
Current tax liabilities	6,383	7,594
	372,533	425,413
Liabilities of disposal group classified as held for sale	57,256	79,132
TOTAL LIABILITIES	1,126,215	1,229,109
TOTAL EQUITY AND LIABILITIES	**2,210,540**	**2,296,122**
Net assets per ordinary share attributable to owners of the parent (RM)	1.81	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 September 2020

			Attributable to Owners of the Parent				
			------------------- Non Distributable -------------------			Distributable	
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Foreign currency translation reserve RM'000	Other 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	13,391	7,888	-	-	-	7,888	5,503
Gain on foreign currency translations	4,961	4,769	-	4,769	-	-	192
Total comprehensive income	18,352	12,657	-	4,769	-	7,888	5,695
Transactions with owners:							
Acquisition of a subsidiary	765	-	-	-	-	-	765
Liquidation of subsidiaries	(119)	-	-	-	-	-	(119)
Appropriation to statutory reserves	-	-	-	-	419	(419)	-
Dividend to non-controlling interests	(1,686)	-	-	-	-	-	(1,686)
	(1,040)	-	-	-	419	(419)	(1,040)
At 30 September 2020	**1,084,325**	**970,420**	**537,927**	**1,081**	**1,662**	**429,750**	**113,905**
At 1 January 2019	1,242,199	1,133,769	537,927	1,141	-	594,701	108,430
Profit net of tax and zakat	15,332	10,755	-	-	-	10,755	4,577
Re-measurement of post-employment benefits	(19)	(19)	-	-	(19)	-	-
Gain on foreign currency translations	2,216	1,961	-	1,961	-	-	255
Total comprehensive (loss)/income	17,529	12,697	-	1,961	(19)	10,755	4,832
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	(175,187)	(175,187)	-	-	-	(175,187)	-
Acquisition of subsidiary	(3,991)	(3,991)	-	-	-	(3,991)	-
Appropriation to statutory reserves	-	-	-	-	519	(519)	
Dividend to non-controlling interests	(2,204)	-	-	-	-	-	(2,204)
Selective Capital Reduction	(2,150)	-	-	-	-	-	(2,150)
	(206,371)	(202,017)	-	-	519	(202,536)	(4,354)
At 30 September 2019	**1,053,357**	**944,449**	**537,927**	**3,102**	**500**	**402,920**	**108,908**

(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 September 2020

	9 months ended	
	30-Sep-20	**30-Sep-19**
	RM'000	**RM'000**
Cash Flows From Operating Activities		
Profit before tax and zakat	26,355	31,312
Adjustment for non-cash items	34,857	107,388
Adjustment for non-operating items	14,150	2,933
Operating profit before working capital changes	75,362	141,633
Changes in working capital:		
Net change in current assets	24,898	(83,390)
Net change in current liabilities	(37,416)	180,887
Cash generated from operating activities	62,844	239,130
Tax and zakat paid, net of refunds received	(16,783)	(15,639)
Net cash generated from operating activities	46,061	223,491
Cash Flows From Investing Activities		
Dividend received	195,429	537,003
Profit rate/ interest income received	1,985	5,661
Profit from Islamic short term placement	298	105
Gain on fair value of short term funds	631	-
Acquisition and subscription additional interest in a subsidiary	(1,363)	(283,546)
Purchase of property, plant and equipment	(21,670)	(44,342)
Proceeds from disposal of property, plant and equipment	29	27,381
Net movements in money market deposits	(98,681)	(22,985)
Net cash generated from investing activities	76,658	219,277
Cash Flows From Financing Activities		
Dividend paid to non-controlling interest of subsidiaries	-	(2,204)
Dividend paid	-	(198,026)
Profit rate paid	(23,832)	(27,619)
Repayment of borrowings	(202,387)	(538,389)
Drawdown of borrowings	139,808	372,430
Net movements in deposits with licensed banks	(148)	(17,484)
Net cash used in financing activities	(86,559)	(411,292)
Net increase in cash and cash equivalents	36,160	31,476
Effect of exchange rate changes on cash and cash equivalents	1,032	298
Cash and cash equivalents at 1 January	130,306	75,718
Cash and cash equivalents at 30 September	**167,498**	**107,492**

Cash and cash equivalents included in the statement cash flows comprise:

	As at 30-Sep-20	**As at 30-Sep-19**
Cash and bank balances	405,871	238,696
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(58,992)	(81,858)
Money market deposits	(189,799)	(49,346)
Cash and cash equivalent include in disposal group classified as held for sale	10,418	-
	167,498	**107,492**

(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)

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 explanation of events and transactions that are significant for an understanding of 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 MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

Amendments to References to the Conceptual Framework in MFRS Standards

1 June 2020

Amendments to MFRS 16	COVID-19-Related Rent Concessions

17 August 2020

Amendments to MFRS 4	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
MFRS 101	Classification of Liabilities as Current and Non-current – Deferral of Effective Date

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	
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform
1 January 2022	
MFRS 1, MFRS 9	Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract
1 January 2023	
MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Deferred	
Amendments to MFRS10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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.

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, no other items were 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		9 months ended	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Segment Revenue				
Manufacturing	258,368	196,038	621,356	411,383
Trading	29,888	30,222	92,907	82,583
Licensing	8,154	8,301	28,047	27,571
Infrastructure	3,637	15,974	8,674	42,911
Investment holding	269	257	781	811
Property investment	2,286	2,644	7,209	8,037
Total revenue including inter segment sales	302,602	253,436	758,974	573,296
Eliminations	(267)	(489)	(778)	(3,726)
Total	302,335	252,947	758,196	569,570

	3 months ended		9 months ended	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Segment Results				
Manufacturing	20,557	19,147	37,076	42,889
Trading	2,608	2,391	7,702	6,704
Licensing	2,706	1,814	10,204	8,700
Infrastructure *	3,732	2,904	5,175	7,731
Investment holding	(8,653)	(12,819)	(34,483)	(38,243)
Property investment	127	(349)	(1,281)	(24)
Oil and gas *	3,739	2,398	5,645	6,425
Total profit including inter segment sales	24,816	15,486	30,038	34,182
Eliminations	(1,304)	(1,193)	(3,683)	(2,870)
Profit before tax and zakat	23,512	14,293	26,355	31,312

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

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 the 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 ("CMCO"), 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. It was then extended to 31st December 2020. On 12th October, the government had announced CMCO in Kuala Lumpur, Putrajaya and Selangor for two (2) weeks from 14th October 2020 until 27th October 2020 and also in Sabah from 13th October 2020 to 26th October 2020 due to the increase in COVID-19's cases in most of the districts. The CMCO was then extended for another two (2) weeks until 9th November 2020. The Government had also later announced CMCO in Nilai district in Negeri Sembilan beginning 28th October 2020 until 10th November 2020. On 7th November 2020, the Government had announced on the extension of CMCO until 6th December 2020 throughout the states except for Perlis, Pahang and Kelantan.

A11 Material and subsequent events (continued)

Subsequently, the CMCO at Kedah, Melaka, Johor and Terengganu had been lifted effective 21st November 2020, following a reduction in the number of COVID-19 cases. The Government had also announced that Kelantan will be placed under CMCO until 6th December 2020. However, this does not affect the subsidiaries' operation since business shall operate as usual by following the previously adopted guidelines.

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.

The economic impact from the COVID-19 which disrupted the supply and demand chains globally had challenged the progress of KPS' manufacturing operations in the second quarter, adversely affecting most of the Group's financial performance. Having exerted efforts to bridge business recovery, the adverse impacts of the pandemic on the manufacturing business moderated in the third quarter, resulting in a gradual recovery in demand across the customer base. Additionally, the Group has taken several actions to ensure the sustainability of the supply chain. However, performance is yet to revert to the pre-pandemic baseline. 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 September 2020 including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring except for:

i) Joint Venture ("JV") between Polyplus Packages (JB) Sdn Bhd ("Polyplus JB") (60%) and Mr Tan Kian Weng (40%) for the expansion of carton business in the Northern region for a total consideration of RM780,000.

On 11 August 2020, Century Bond Bhd ("CBB") via its wholly-owned subsidiary, Polyplus JB entered into a conditional JV agreement between Polyplus JB (60%), Mr Tan Kian Weng (40%) and Polyplus Packages (PG) Sdn Bhd ("Polyplus PG") ("JV Company") for the expansion of carton business in the Northern Region for a total consideration of RM780,000. Condition precedents have been fulfilled under the term stated in the JV Agreement ("JVA") on the same day of commencement of JVA.

Polyplus PG was incorporated on 16 January 2020 with the issued and paid up capital of RM2, hereafter the issued and paid up capital be increased to RM1,300,000 by way of allotment of 1,299,998 new ordinary shares at an issue price of RM1 each that was subscribed via injection of machinery totalling RM540,000 and cash injection totalling RM239,998 by Polyplus JB and a cash consideration of RM520,000 by Mr Tan Kian Weng. The JV company is involved in the manufacturing and sale of corrugated carton boxes and packaging products.

ii) Member's Voluntary Winding Up of Prior Packaging Industries Sdn Bhd

Prior Packaging Industries Sdn Bhd ("Prior Packaging" or "the Company"), a 65%-owned subsidiary of Multiview Enterprise Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of CBB has commenced its member's voluntary winding up on 15 November 2017. Prior Packaging was a dormant company when the commencement of the member's voluntary winding up.

A12 Changes in the composition of the Group (continued)

ii) Member's Voluntary Winding Up of Prior Packaging Industries Sdn Bhd (continued)

The Company had been dissolved by end of October 2020, on the expiration of three months after the lodging of the return with the Registrar and Official Receiver.

iii) Member's Voluntary Winding Up of Ready Chemical Sdn Bhd

Ready Chemical Sdn Bhd ("Ready Chemical" or "the Company"), an 80%-owned subsidiary of Multiview Enterprise Sdn Bhd has commenced its member's voluntary winding up on 15 November 2017. Ready Chemical was a dormant company when the commencement of the member's voluntary winding up.

The Company had been dissolved by end of October 2020, on the expiration of three months after the lodging of the return with the Registrar and Official Receiver.

A13 Capital commitments

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

	RM'000
Property, plant, and equipment:	
(i) Approved but not contracted for	25,932
(ii) Approved and contracted for	10,056

A14 Significant related party transactions

The following are the related party transactions of the Group:

	3 months ended		**9 months ended**	
	30.9.2020 RM'000	**30.9.2019 RM'000**	**30.9.2020 RM'000**	**30.9.2019 RM'000**
Sale of goods to a subsidiary company of non-controlling interest:				
- Sungai Harmoni Sdn Bhd	4,079	4,571	10,645	12,961
- Taliworks (Langkawi) Sdn Bhd	187	363	485	1,079
Sale of goods to related companies:				
- Konsortium Abass Sdn Bhd	-	1,451	-	4,107
- PNSB Water Sdn Bhd	-	8,975	-	21,268
- Konsortium Air Selangor Sdn Bhd	-	318	-	684
- Pengurusan Air Selangor Sdn Bhd	12,575	1,490	30,604	2,300
Infrastructure revenue from Pengurusan Air Selangor Sdn Bhd	2,955	24	5,011	276
Rental income received from ultimate holding company	70	70	211	211
Rental expenses payable to related companies:				
- Konsortium Abass Sdn Bhd	-	(3)	-	(9)
- Konsortium Air Selangor Sdn Bhd	-	(2)	-	(6)
- Pengurusan Air Selangor Sdn Bhd	(5)	-	(15)	-

A15 Contingent liabilities and contingent assets

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

		RM'000
i)	**Secured:**	
	a) Provision of proportionate corporate guarantee for an associate for working capital and issuance of bank guarantees	24,986
ii)	**Unsecured**	
	a) Performance guarantees to third parties	677
	b) Provision of proportionate corporate guarantee to a related party	4,447
		5,124

There were no contingent assets as at the reporting date.

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 RM302.3 million compared with RM252.9 million for the corresponding quarter 2019, representing an increase in revenue by 20% or RM49.4 million. The higher revenue was largely attributable to higher revenue from Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") by RM52.2 million due to consolidation of three (3) months results instead of two (2) months during the corresponding quarter 2019. The increase was also derived from higher revenue of Century Bond Bhd ("CBB") by RM6.3 million, King Koil Manufacturing West, LLC ("KKMW") by RM5.0 million and Smartpipe Technology Sdn Bhd ("SPT") by RM2.7 million netted off with lower revenue from KPS-HCM Sdn Bhd ("KPS-HCM") and CPI (Penang) Malaysia Sdn Bhd ("CPI") by RM15.0 million and RM1.2 million respectively.

Since business operated as usual during the current quarter despite COVID-19 pandemic, the Group has recorded a higher profit before tax as a result of higher gross profit, lower expenses and finance costs during the current quarter. Higher profit before tax was also due to higher share of profit from associates specifically Sistem Penyuraian Trafik KL Barat Sdn. Bhd. ("SPRINT") and NGC Energy Sdn Bhd ("NGC Energy"). The Group registered a strong increase in profit before tax and zakat of 65% or RM23.5 million, as compared to RM14.3 million in the corresponding quarter in the previous year.

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

1. Manufacturing

The manufacturing sector recorded 32% revenue growth, contributing RM258.4 million or 85% to the Group's revenue as compared to RM196.0 million in the corresponding quarter last year. This sector contributed the highest increase in the Group's revenue mainly from all subsidiaries except for CPI. Higher revenue from Toyoplas by RM52.2 million mainly due to the recognition of full three (3) months revenue of RM126.1 million compared to two (2) months revenue of RM73.9 million in the corresponding quarter 2019 since Toyoplas was acquired in August 2019.

1. Manufacturing (continued)

   CBB recorded revenue of RM60.3 million, higher than the corresponding quarter 2019 by RM6.3 million resulting from higher traction from the offset carton and consumer divisions. KKMW contributed revenue of RM28.8 million, higher by RM5.0 million or 21% mostly due to higher sales of the premium lines. Meanwhile, CPI posted a revenue contribution of RM43.2 million, lower than the corresponding quarter 2019 by RM1.2 million.

   For the current quarter, this sector posted a slightly higher profit before tax of RM20.6 million as compared to RM19.1 million in the corresponding quarter 2019. KKMW and CBB recorded a higher profit before tax by RM2.4 million and RM1.1 million, respectively which was in tandem with higher revenue. Toyoplas recorded a lower profit before tax due to lower gross profit ("GP") margin resulting from lower capacity utilisation during the recovery period and sales to cover the fixed costs. Lower profit at Toyoplas was also due to the impairment loss on inventories of RM1.0 million and higher foreign exchange loss ("forex") of RM2.1 million as compared to a gain on forex of RM2.1 million in corresponding quarter 2019. In line with lower revenue recorded in CPI, it had also resulted in lower profit before tax by RM0.3 million.

2. Trading

   Revenue of RM29.9 million was RM0.3 million or 1% lower than the corresponding quarter's revenue of RM30.2 million from the lower sale of water chemicals.

   However, this sector recorded a higher profit before tax of RM2.6 million as compared to RM2.4 million in the corresponding quarter 2019 due to lower administrative cost coupled with writeback of impairment during the quarter.

3. Licensing

   This sector recorded a slight decrease in revenue of RM8.2 million during the current quarter as compared to RM8.3 million in the corresponding quarter 2019 mainly due to lower licensing revenue from the domestic and international licensees.

   For the current quarter, this sector posted a higher profit before tax of RM2.7 million as compared to RM1.8 million in the corresponding quarter 2019 due to lower administrative, selling and distribution costs incurred.

4. Infrastructure

   Revenue of RM3.6 million was lower by RM12.4 million as compared to corresponding quarter's revenue of RM16.0 million due to lower revenue at KPS-HCM as the infrastructure work at Pulau Indah was already completed and no new projects secured during the current quarter.

   However, this sector recorded a higher profit before tax of RM3.7 million as compared to RM2.9 million recorded in the corresponding quarter 2019 due to higher share of profit from associate, SPRINT by RM2.0 million netted off with lower profit before tax at KPS-HCM.

5. Investment holding

   This sector recorded a lower loss before tax and zakat of RM8.7 million as compared to a loss before tax of RM12.8 million in the corresponding quarter 2019 due to lower finance charges and lower administrative expenses during the period. Higher administrative costs in 2019 were mainly attributable to Toyoplas's acquisition costs of RM2.3 million.

6. Property investment

   Property investment registered a lower revenue of RM2.3 million as compared to RM2.6 million in the corresponding quarter 2019, mainly due to lower rental income at Summit Hotel KL City Centre ("SHCC").

   This sector recorded a profit before tax of RM0.1 million as compared to a loss before tax of RM0.3 million in the corresponding quarter 2019.

7. Oil and gas

   NGC Energy registered a higher profit after tax of RM9.3 million as compared to a profit after tax of RM6.0 million in the corresponding quarter of 2019. This was mainly due to higher revenue from Industrial and Commercial ("I&C") segment and domestic sales of Liquified Petroleum Gas ("LPG"). The Group's share of profit was RM3.7 million as compared to RM2.4 million in the corresponding quarter 2019.

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

For the nine months ended 30 September 2020, the Group registered revenue of RM758.2 million as compared to RM569.6 million in the corresponding period 2019, representing an increase in revenue by RM188.6 million or 33%. Higher revenue was mainly due to nine months contribution from Toyoplas netted off with lower revenue at KPS-HCM and CPI.

The Group's profit before tax and zakat for the current period of RM26.4 million was 16% or RM4.9 million lower than the corresponding period 2019 of RM31.3 million mainly due to the lower contributions from subsidiaries as a result of COVID-19 related impacts which affecting the results from each subsidiary except for trading and licensing sectors. Lower profit before tax and zakat recorded was also due to lower share of profit of associates by RM1.2 million, impairment loss recognised on an asset held for disposal of RM6.0 million as well as an impairment loss on an investment property and inventories amounting to RM1.9 and RM2.4 million respectively, netted off with lower finance costs.

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

1. Manufacturing

   The manufacturing sector contributed revenue of RM621.4 million and profit before tax of RM37.1 million compared to the corresponding period 2019 revenue of RM411.4 million and profit before tax of RM42.9 million.

1. Manufacturing (continued)

   The increase in revenue was mainly due to the recognition of Toyoplas' 9 months revenue of RM290.1 million against 2 months revenue of RM73.9 million in 2019, coupled with higher sales recorded by CBB and KKMW of RM4.4 million and RM5.8 million respectively. However, this sector registered a lower profit in the current period resulting from the reduction in GP margin due to lower production during the MCO period. Lower sales to cover the fixed costs coupled with impairment loss on inventories of RM2.4 million also led to the decrease in profit before tax during the period.

2. Trading

   The trading sector posted revenue of RM92.9 million, higher by 12% or RM10.3 million due to higher revenue from the sale of water chemicals.

   In line with the increase in revenue, this sector recorded an increase in profit before tax of RM7.7 million, 15% higher than the corresponding period 2019 of RM6.7 million.

3. Licensing

   The licensing sector recorded revenue of RM28.0 million as compared to the corresponding period 2019 of RM27.6 million representing an increase in revenue by 1% or RM0.4 million primarily attributed to higher revenue from international licensees. In line with the increase in revenue, profit before tax was RM10.2 million as compared to the corresponding period 2019 of RM8.7 million.

4. Infrastructure

   Lower revenue of RM8.7 million as compared to RM42.9 million in the corresponding period 2019 mainly due to lower revenue at KPS-HCM as the infrastructure work at Pulau Indah was already completed and no new projects secured during the period.

   In line with lower revenue at KPS-HCM, profit before tax of this sector for the current period of RM5.2 million was 32% lower than the corresponding period of RM7.7 million.

5. Investment holding

   This sector recorded a lower loss before tax of RM34.5 million as compared to a loss before tax of RM38.2 million in the corresponding period 2019 mainly due to lower administrative expenses and finance charges incurred during the period under review.

6. Property Investment

   Property investment sector recorded lower revenue of RM7.2 million as compared to RM8.0 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 higher loss before tax of RM1.3 million as compared to a loss before tax of RM0.1 million in the corresponding period 2019.

7. Oil and gas

For the current period, NGC Energy registered a profit after tax of RM14.1 million which translated into the Group's share of profit of RM5.6 million as compared to corresponding period 2019 profit after tax of RM16.1 million and Group's share of profit of RM6.4 million. The lower share of profit in the 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 increased by RM80.8 million or 36% to RM302.3 million as compared to RM221.5 million recorded in the second quarter of 2020. This was due to higher revenue from the manufacturing sector, with the subsidiaries being fully operated post the CMCO period that was imposed in the second quarter of 2020. The Group's recorded a profit before tax and zakat of RM23.5 million from loss before tax and zakat of RM8.6 million in the preceding quarter due to higher revenue with lower other expenses and finance costs as well as a higher share of profit of associates during the current quarter. This led to the profit before tax of RM19.3 million during the quarter under review as compared to a loss before tax of RM11.9 million in the preceding quarter.

B3 Commentary on prospects

The year 2020 started with challenges for businesses globally due to the onset of the COVID-19 pandemic. 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.

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

With the rising number of cases of COVID-19 in Malaysia, the health, safety and wellbeing of CBB's staff remain paramount. The Group continues to operate our business based on guidelines and SOP's that are in-line with required laws and regulations. While the paper bags segment is facing a tough operating environment in the construction industry, the other segments such as carton and plastics have been recovering well as most of the supply are to essential industries. It was also observed of an increased activities amongst OEM players in Johor. This is a testament of CBB's resilience, driven by its diversified business segments and markets, as well as strong market positions. Moving forward, CBB will continue to strive for better financial performance, while at the same time, the Group is mindful of the tough operating environment and uncertainties ahead of us.

Toyoplas and CPI's businesses are currently at a recovery phase as the global market gradually re-opens. While sales are seen to be picking up beginning 3Q2020, the impact of the softening market arising from COVID-19 is foreseen to last until the later part of the year. Nevertheless, domestic and international operations of CPI and Toyoplas are in full force and are not curtailed by any restriction by respective governments. 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.

B3 Commentary on prospects (continued)

1. Manufacturing (continued)

With COVID-19 compelling consumers to spend more time at home, demand for high-quality bedding in the US continues to grow as consumers are investing more in home furnishing. KKMW is benefiting from this trend with business returning to the pre-shutdown level even with the double threats to economic stability from the ongoing pandemic as well as domestic politics leading up to the presidential election in November 2020. In addition to strong business from its existing customers, KKMW has also added new customers to its distribution, including recognisable retail names in the market with nationwide presence. The persistent challenge is on the supply side as suppliers contend with disruptions to their supply chains caused by the pandemic and natural disasters i.e. hurricane season. KKMW continues to expand its supply chain to ensure customers' expectations are well met.

2. Trading

With its main activities in water treatment chemical supply, Aqua-Flo Sdn Bhd ("Aqua-Flo") is classified under essential services. Sales revenue as of to-date is not affected, even during the MCO period. Aqua-Flo will focus on strategic initiatives to enhance sales and profitability by improving operational efficiency and strengthening marketing efforts and technical support. Further, Aqua-Flo will continue to bid for new tenders for the supply of 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 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

For KPS-HCM, all related testing for Pulau Indah Industrial Park ("PIIP3C") Infrastructure project has been carried out accordingly as per requirements. The final testing for the Water Reticulation System, M&E System and Sewage Treatment Plant System shall be completed upon receiving a permanent supply of clean water and electricity. The permanent supply from the authorities are progressively been carried out on-site and KPS-HCM is coordinating closely with all stakeholders to ensure completion and subsequently the issuance of Certificate of Practical Completion ("CPC").

Given the ramp-up initiatives, SPT was able to submit its CPC application several locations currently pending approval from Pengurusan Air Selangor Sdn Bhd. SPT is still on track to complete the remaining works by end December 2020. The key focus would be on the initiatives in Kedah where SPT is waiting for the tender evaluation result for 3 projects and to also secure the letter of award for two (2) proposals concerning NRW reduction programme and submarine pipeline replacement works. Moving forward, the competition will continue to increase having only a few tenders to bid due to on-going budget cuts by the Government.

5. Oil and gas

Pursuant to the announcement made by the Government on the RMCO, the sales volume for I&C segment has improved showing a good trend of volume recovering post MCO / CMCO as most restrictions were lifted. NGC Energy will continue to strengthen marketing efforts and to further penetrate the I&C segment.

B3 Commentary on prospects (continued)

5. Oil and gas

Domestic segment volume has also shown positive results. Efforts are being intensified to cover more household areas. The current focus is to maintain and reach out to other domestic users to improve the sales volume. NGC's remain cautious on the uncertainty of a tough operating environment.

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):

	3 months ended		9 months ended	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income from the deposit with licensed bank	105	72	376	164
Profit from Islamic short-term placement	177	42	298	105
Profit rate income - fixed deposit	402	1,811	1,609	5,497
Gain on the fair value of short-term funds	198	-	631	-
(Loss)/Gain on foreign exchange	(2,377)	2,271	801	2,381
Writeback of impairment on receivables	167	-	154	-
Finance costs	(6,787)	(8,510)	(23,833)	(25,706)
Depreciation of property, plant, and equipment	(10,231)	(6,864)	(30,582)	(14,834)
Depreciation of investment properties	(1,010)	(1,033)	(3,024)	(3,838)
Amortisation of intangible assets	(1,191)	(1,393)	(3,255)	(3,074)
Impairment on inventories	(960)	-	(2,416)	-
Impairment on investment property	-	-	(1,857)	-
Impairment on asset held for disposal	-	-	(6,000)	-

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

B6 Income tax expense

	3 months ended		9 months ended	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax expense	4,010	5,674	11,778	15,340
Deferred tax recognised in the income statement	162	223	(331)	(230)
Income tax expense	4,172	5,897	11,446	15,110
Zakat expense	-	305	1,517	870
Income tax and zakat expense	4,172	6,202	12,964	15,980

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.

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.

Subsequent to 29 February 2020, a new Federal Government took office. No extension of the Cut-Off Date and the Long Stop Date has been mutually agreed by MOF Inc and SPRINT Holdings on the SPRINT Offer.

As at the date of this report, the Group is not aware of any further updates in respect of the SPRINT Offer.

B8 Borrowings

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

	As at 3rd Quarter 2020		
	Foreign Denomination RM'000 (USD)	**RM Denomination RM'000**	**Total Borrowings RM'000**
Short term borrowings - secured			
Revolving credits	8,317	17,683	26,000
Term loan	2,625	30,642	33,267
Banker's acceptance	-	1,201	1,201
Trust receipt	8,276	16,434	24,710
Subtotal	**19,218**	**65,960**	**85,178**
Long term borrowings - secured			
Term loan	5,052	472,979	478,031
Overdraft	-	868	868
Subtotal	**5,052**	**473,847**	**478,899**
Total borrowings - secured			
Revolving credits	8,317	17,683	26,000
Term loan	7,677	503,621	511,298
Banker's acceptance	-	1,201	1,201
Trust receipt	8,276	16,434	24,710
Overdraft	-	868	868
Total	**24,270**	**539,807**	**564,077**
Borrowing included in the disposal group classified as held for sale	-	41,798	41,798
Total	**24,270**	**581,605**	**605,875**

	As at 3rd Quarter 2019			
	Foreign Denomination USD'000	**Foreign Denomination RMB'000**	**RM Denomination RM'000**	**Total Borrowings RM'000**
Short term borrowings - secured				
Revolving credits	3,140	2,291	26,237	31,668
Obligation under finance leases	-	-	777	777
Term loan	2,869	-	70,511	73,380
Trust receipt	3,879	-	18,207	22,086
Subtotal	**9,888**	**2,291**	**105,732**	**127,911**
Long term borrowings - secured				
Obligation under finance leases	-	-	1,576	1,576
Lease	14,068	4,456	2,119	20,643
Term loan	3,339	-	505,557	508,896
Subtotal	**17,407**	**4,456**	**509,252**	**531,115**
Total borrowings - secured				
Revolving credits	3,140	2,291	26,237	31,668
Obligation under finance leases	-	-	2,353	2,353
Lease	14,068	4,456	2,119	20,643
Term loan	6,208	-	576,068	582,276
Trust receipt	3,879	-	18,207	22,086
Total	**27,295**	**6,747**	**624,984**	**659,026**

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.

	3 months ended		**9 months ended**	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
Net profit attributable to owners of the parent (RM'000)	16,156	6,655	7,888	10,755
Weighted average number of shares in issue ('000)	537,385	537,385	537,385	537,385
Basic EPS (sen)	3.0	1.2	1.5	2.0

(b) Diluted EPS

The diluted earnings per ordinary share equal 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 November 2020