KUMPULAN PERANGSANG SELANGOR BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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

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

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER 31/12/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2019 RM'000	VARIANCE RM'000	%	CURRENT YEAR TO DATE 31/12/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2019 RM'000	VARIANCE RM'000	%
Revenue	318,598	297,216	21,382	7	1,076,794	866,786	210,008	24
Cost of sales	(259,343)	(217,047)	(42,296)	(19)	(862,359)	(657,447)	(204,912)	(31)
Gross profit	59,255	80,169	(20,914)	(26)	214,435	209,339	5,096	2
Other income	5,417	10,696	(5,279)	(49)	16,893	29,889	(12,996)	(43)
Other expenses	(52,466)	(59,593)	7,127	12	(179,831)	(163,051)	(16,780)	(10)
Operating profit	12,206	31,272	(19,066)	(61)	51,497	76,177	(24,680)	(32)
Finance costs	(6,588)	(10,267)	3,679	36	(30,420)	(35,972)	5,552	15
Share of profit of associates	25,744	2,677	23,067	862	36,641	14,789	21,852	148
Profit before tax and zakat	31,362	23,682	7,680	32	57,718	54,994	2,724	5
Income tax and zakat	(3,893)	(9,791)	5,898	60	(16,858)	(25,771)	8,913	35
Profit for the period	**27,469**	**13,891**	**13,578**	**98**	**40,860**	**29,223**	**11,637**	**40**
Attributable to:								
- Owners of the parent	26,941	16,127	10,814	67	34,831	26,882	7,949	30
- Non-controlling interests	528	(2,236)	2,764	124	6,029	2,341	3,688	158
	27,469	**13,891**	**13,578**	**98**	**40,860**	**29,223**	**11,637**	**40**
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	5.0	3.0	2.0	67	6.5	5.0	1.5	30
Diluted EPS	5.0	3.0	2.0	67	6.5	5.0	1.5	30

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

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

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

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
PARTICULARS	CURRENT YEAR QUARTER 31/12/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2019 RM'000	VARIANCE RM'000	VARIANCE %	CURRENT YEAR TO DATE 31/12/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2019 RM'000	VARIANCE RM'000	VARIANCE %
Profit for the period	27,469	13,891	13,578	98	40,860	29,223	11,637	40
Other comprehensive income (net of tax):								
Foreign currency translation reserve	(4,175)	(8,288)	4,113	50	788	(6,072)	6,860	113
Other reserves	(1,770)	(15)	(1,755)	(11,700)	(1,772)	(34)	(1,738)	(5,112)
Total comprehensive income for the period	**21,524**	**5,588**	**15,936**	**285**	**39,876**	**23,117**	**16,759**	**72**
Attributable to:								
- Owners of the parent	23,603	9,321	14,282	153	36,260	22,019	14,241	65
- Non-controlling interests	(2,079)	(3,733)	1,654	44	3,616	1,098	2,518	229
	21,524	**5,588**	**15,936**	**285**	**39,876**	**23,117**	**16,759**	**72**

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

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

Unaudited Condensed Consolidated Statement of Financial Position
As At 31 December 2020

	Unaudited 31-Dec-20 RM'000	Audited 31-Dec-19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	359,596	373,001
Right-of-use assets	97,337	87,869
Investment properties	46,678	89,498
Investments in associates	159,593	323,181
Intangible assets	248,240	251,762
Goodwill on consolidation	186,241	187,725
Long term receivable	100,935	99,236
Deferred tax assets	1,451	989
Club memberships	153	153
	1,200,224	1,413,414
Current assets		
Inventories	160,142	141,692
Trade and other receivables	421,968	368,967
Cash and bank balances and short term funds	440,105	271,801
Current tax assets	7,589	8,059
	1,029,804	790,519
Non current asset held for sale	40,500	92,189
TOTAL ASSETS	**2,270,528**	**2,296,122**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	537,927	537,927
Foreign currency translation reserve	(487)	(3,688)
Other reserves	1,927	1,243
Retained earnings	454,656	422,281
Shareholders' equity	994,023	957,763
Non-controlling interests	111,892	109,250
TOTAL EQUITY	1,105,915	1,067,013
Non-current liabilities		
Other payables	80,925	80,925
Loans and borrowings	474,809	505,914
Lease liabilities	27,129	20,461
Deferred tax liabilities	102,958	106,810
Post-employment benefits	13,026	10,454
	698,847	724,564
Current liabilities		
Loans and borrowings	141,397	106,379
Lease liabilities	12,290	8,843
Trade and other payables	290,676	292,052
Contract liabilities	11,719	10,545
Current tax liabilities	9,684	7,594
	465,766	425,413
Liabilities of disposal group classified as held for sale	-	79,132
TOTAL LIABILITIES	1,164,613	1,229,109
TOTAL EQUITY AND LIABILITIES	**2,270,528**	**2,296,122**
Net assets per ordinary share attributable to owners of the parent (RM)	1.85	1.78

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

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

Unaudited Condensed Consolidated Statement of Changes In Equity
For The Period Ended 31 December 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	40,860	34,831	-	-	-	34,831	6,029
Re-measurement of post-employment benefits	(1,772)	(1,772)	-	-	-	(1,772)	-
Gain on foreign currency translations	788	3,201	-	3,201	-	-	(2,413)
Total comprehensive income	39,876	36,260	-	3,201	-	33,059	3,616
Transactions with owners:							
Acquisition of a subsidiary	711	-	-	-	-	-	711
Liquidation of subsidiaries	(119)	-	-	-	-	-	(119)
Appropriation to statutory reserves	-	-	-	-	684	(684)	-
Dividend to non-controlling interests	(2,086)	-	-	-	-	-	(2,086)
Capital injection by non-controlling interests	520	-	-	-	-	-	520
	(974)	-	-	-	684	(684)	(974)
At 31 December 2020	**1,105,915**	**994,023**	**537,927**	**(487)**	**1,927**	**454,656**	**111,892**
At 1 January 2019	1,242,199	1,133,769	537,927	1,141	-	594,701	108,430
Profit net of tax and zakat	29,223	26,882	-	-	-	26,882	2,341
Re-measurement of post-employment benefits	(34)	(34)	-	-	-	(34)	-
Loss on foreign currency translations	(6,072)	(4,829)	-	(4,829)	-	-	(1,243)
Total comprehensive (loss)/income	23,117	22,019	-	(4,829)	-	26,848	1,098
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	(175,186)	(175,186)	-	-	-	(175,186)	-
Acquisition of a subsidiary	4,075	-	-	-	-	-	4,075
Dividend to non-controlling interests	(2,203)	-	-	-	-	-	(2,203)
Share capital reduction in a subsidiary	(2,150)	-	-	-	-	-	(2,150)
	(198,303)	(198,025)	-	-	-	(198,025)	(278)
Transfer from retained earnings	-	-	-	-	1,243	(1,243)	-
At 31 December 2019	**1,067,013**	**957,763**	**537,927**	**(3,688)**	**1,243**	**422,281**	**109,250**

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

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

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

	12 months ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000
Cash Flows From Operating Activities		
Profit before tax and zakat	57,718	54,994
Adjustment for non-cash items	32,028	38,652
Adjustment for non-operating items	(5,929)	832
Operating profit before working capital changes	83,817	94,478
Changes in working capital:		
Net change in current assets	65,915	(194,476)
Net change in current liabilities	(71,733)	152,744
Cash generated from operating activities	77,999	52,746
Contribution paid to post-employment benefits	-	(52)
Tax and zakat paid, net of refunds received	(20,568)	(20,356)
Net cash generated from operating activities	57,431	32,338
Cash Flows From Investing Activities		
Dividend received	200,229	501,502
Profit rate/ interest income received	7,203	10,544
Gain on fair value of short term funds	1,472	2,791
Acquisition and subscription additional interest in a subsidiary	(1,659)	(302,564)
Purchase of:		
- property, plant and equipment	(32,071)	(26,112)
- investment properties	-	(1,059)
- intangible assets	(531)	(731)
Proceeds from disposal of:		
- property, plant and equipment	413	3,258
- assets held for disposal	-	27,100
Placement of short term funds	(115,153)	(44,236)
Proceeds from capital reduction of an associate	-	119,997
Net cash generated from investing activities	59,903	290,490
Cash Flows From Financing Activities		
Dividends paid to shareholders	-	(198,025)
Dividend paid to non-controlling interest of subsidiaries	(2,086)	(2,203)
Share capital reduction of a subsidiary	-	(2,150)
Profit rate paid	(30,420)	(31,675)
Repayment of borrowings	(282,344)	(692,387)
Drawdown of borrowings	230,703	702,264
Repayment of obligations under finance leases	(6,150)	(33,660)
Proceed from lease liabilities	8,494	-
Liquidation of a subsidiary	(119)	-
Capital injection by non-controlling interest of a subsidiary	520	
Net movement in intercompany balances	-	8,140
Net movements in deposits with licensed banks	(4,461)	(19,110)
Net cash used in financing activities	(85,863)	(268,806)
Net increase in cash and cash equivalents	31,471	54,022
Effect of exchange rate changes on cash and cash equivalents	449	(3,545)
Cash and cash equivalents at 1 January	159,814	109,337
Cash and cash equivalents at 31 December	**191,734**	**159,814**

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

	As at 31-Dec-20	As at 31-Dec-19
Cash and bank balances	440,105	271,801
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(39,433)	(394)
Money market deposits	(208,938)	(121,221)
Cash and cash equivalent include in disposal group classified as held for sale	-	9,628
	191,734	**159,814**

(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		12 months ended	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Segment Revenue				
Manufacturing	273,245	239,506	894,601	650,889
Trading	31,157	34,827	124,064	117,410
Licensing	11,179	8,715	39,226	36,286
Infrastructure	1,325	11,805	9,999	54,716
Investment holding	387	343	1,168	1,154
Property investment	2,311	2,767	9,520	10,804
Total revenue including inter segment sales	319,604	297,963	1,078,578	871,259
Eliminations	(1,006)	(747)	(1,784)	(4,473)
Total	318,598	297,216	1,076,794	866,786

	3 months ended		12 months ended	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Segment Results				
Manufacturing	14,714	40,659	51,790	83,548
Trading	1,301	1,225	9,003	7,929
Licensing	2,094	989	12,298	9,689
Infrastructure *	24,010	1,383	29,185	9,114
Investment holding	(12,638)	(19,151)	(47,121)	(57,394)
Property investment	1,868	2,515	587	2,491
Oil and gas *	1,091	899	6,737	7,324
Total profit including inter segment sales	32,440	28,519	62,479	62,701
Eliminations	(1,078)	(4,837)	(4,761)	(7,707)
Profit before tax and zakat	31,362	23,682	57,718	54,994

* 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:

(i) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020

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.

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.

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.

A11 Material and subsequent events (continued)

(i) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020 (continued)

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 31 December 2020. On 12 October 2020, the government had announced CMCO in Kuala Lumpur, Putrajaya and Selangor for two (2) weeks from 14 October 2020 until 27 October 2020 and also in Sabah from 13 October 2020 to 26 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 9 November 2020. The Government had also later announced CMCO in Nilai district in Negeri Sembilan beginning 28 October 2020 until 10 November 2020. On 7 November 2020, the Government had announced on the extension of CMCO until 6 December 2020 throughout the states except for Perlis, Pahang and Kelantan.

Subsequently, the CMCO at Kedah, Melaka, Johor and Terengganu had been lifted effective 21 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 6 December 2020. However, this does not affect the subsidiaries' operation since business shall operate as usual by following the previously adopted guidelines.

The CMCO was later extended in most of the states until 14 January 2021. On 11 January 2021, the Government had announced that MCO restrictions would be re-introduced to the states of Malacca, Johor, Penang, Selangor, Sabah and the federal territories of Kuala Lumpur, Putrajaya, and Labuan between 13 January 2021 until 26 January 2021. On 15 January 2021, the Prime Minister had announced that MCO restrictions would be reimposed on Kelantan, Sibu and Sarawak between 16 January 2021 and 29 January 2021 in response to a surge of cases.

On 21 January 2021, the Government extended the country's MCO restrictions in Selangor, Penang, Johor, Malacca, Sabah and the Federal Territories of Kuala Lumpur, Putrajaya and Labuan until 4 February 2021 due to a continuation of rising cases. It was later announced that the MCO will be extended until 4 March 2021. The return of MCO also mean that only five economic sectors deemed essential are allowed to operate but with only 30% of management staff allowed at the workplace.

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.

A11 Material and subsequent events (continued)

(ii) Proposed Variation to the Share Sale Agreement Dated 17 May 2019 (“SSA”) for the Deferment of the Second Year Profit Guarantee (“PG”) in respect of the Toyoplas Manufacturing (Malaysia) Sdn Bhd (“Toyoplas”) Acquisition

On 17 May 2019, Perangsang Dinamik Sdn.Bhd. (“PDSB”), a wholly-owned subsidiary of the Company, had entered into the SSA with Lim Tech Consolidated Limited (formerly known as Toyoplas Consolidated Limited) (“Vendor”), Lim Lai An (“LLA”), Lim Hui Bian (“LHB”) (LLA and LHB are collectively referred to as the “Guarantors”) for the sale and purchase of the entire issued share capital in Toyoplas by PDSB from the Vendor for a cash consideration of RM311,250,000 (“Acquisition”). Pursuant to the SSA, the Vendors and Guarantors have jointly and severally covenanted, warranted and guaranteed PDSB a profit guarantee (“PG”) of RM80,925,000 for 2 financial years, further described hereunder.

(a) the adjusted audited net profit after tax of Toyoplas and its subsidiaries’ (“Toyoplas Group”) for the First PG Year (financial year ending (“FYE”) 31 December 2019) shall not be less than Ringgit Malaysia Thirty Eight Million Five Hundred and Ninety Five Thousand (RM38,595,000.00) (“First Year PG”); and

(b) the adjusted audited net profit after tax of the Toyoplas Group for the Second PG Year (FYE 31 December 2020) shall not be less than Ringgit Malaysia Forty Two Million Three Hundred and Thirty Thousand (RM42,330,000.00) (“Second Year PG”).

Following the Acquisition, the Vendor and the Guarantors had, vide a letter dated 14 January 2021, requested for a deferral of the Second Year PG amounting to RM42.33 million from the FYE 31 December 2020 to the FYE 31 December 2021 due to unprecedented challenges caused by the COVID-19 pandemic in 2020 affecting the business operations and financial performance of Toyoplas and its subsidiaries.

In this regard, PDSB had on 25 February 2021, entered into a conditional variation agreement with the Vendor and the Guarantors (“Variation Agreement”) for the deferment of the Second Year PG and to vary, amend, supplement, modify, delete, add and/or substitute the relevant provisions of the SSA upon the terms and subject to the conditions of the Variation Agreement.

The Proposed Variation, being a material variation to the terms of the SSA is subject to the approval of the Company’s shareholders at the forthcoming Extraordinary General Meeting (“EGM”) in accordance with Paragraph 8.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

A12 Changes in the composition of the Group

There were no other changes in the composition of the Group for the period ended 31 December 2020 including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring except for a joint venture between Polyplus Packages (JB) Sdn Bhd (51%), ESP Packaging (M) Sdn Bhd (19%), Leong Jong Yee (20%), Nurman Tan (10%) and Infinity Packaging Solution Sdn Bhd.

On 13 November 2020, Century Bond Bhd ("CBB") via its wholly owned subsidiary, Polyplus Packages (JB) Sdn Bhd ("Polyplus JB") had entered into a Joint Venture ("JV") agreement with ESP Packaging (M) Sdn Bhd (19%), Leong Jong Yee (20%) and Nurman Tan (10%) ("collectively be referred to as "the new shareholders") for agreed to invest in Infinity Packaging Solution Sdn Bhd ("IPS" or "JV Company"). Polyplus JB will hold 51% equity interest in IPS by subscribing 51 ordinary shares of IPS at a price of RM1.00 per share.

IPS was incorporated on 7 January 2020 with the issued and paid up capital of RM100, and currently in the midst of transferring the shares to the new shareholders as per agreed proportion stipulated in the JV agreement. The JV company is involved in the business of offset printing for corrugated carton boxes, pulp moulded products and packaging.

A13 Capital commitments

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

	RM'000
Property, plant, and equipment:	
(i) Approved but not contracted for	17,389
(ii) Approved and contracted for	7,391

A14 Significant related party transactions

The following are the related party transactions of the Group:

	3 months ended		**12 months ended**	
	31.12.2020 RM'000	**31.12.2019 RM'000**	**31.12.2020 RM'000**	**31.12.2019 RM'000**
Sale of goods to a subsidiary company of non-controlling interest:				
- Sungai Harmoni Sdn Bhd	3,964	5,266	14,608	15,378
- Taliworks (Langkawi) Sdn Bhd	152	416	837	281
Sale of goods to related companies:				
- Konsortium Abass Sdn Bhd	-	-	-	260
- PNSB Water Sdn Bhd	-	-	-	764
- Konsortium Air Selangor Sdn Bhd	-	-	-	4
- Pengurusan Air Selangor Sdn Bhd	12,937	12,749	43,542	13,148
Infrastructure revenue from Pengurusan Air Selangor Sdn Bhd	1,329	2,525	6,340	3,331
Rental income received from ultimate holding company	47	70	258	282
Rental expenses payable to related companies:				
- Konsortium Abass Sdn Bhd	-	-	-	(9)
- Konsortium Air Selangor Sdn Bhd	-	-	-	(5)
- Pengurusan Air Selangor Sdn Bhd	(5)	(5)	(19)	(5)

A15 Contingent liabilities and contingent assets

The contingent liabilities as at 31 December 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	22,986
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 to RM318.6 million compared with RM297.2 million for the corresponding quarter 2019, representing an increase in revenue by 7% or RM21.4 million. The higher revenue was largely attributable to higher revenue from King Koil Manufacturing West, LLC ("KKMW") by RM13.9 million and Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") by RM10.2 million. Century Bond Bhd ("CBB") and CPI (Penang) Malaysia Sdn Bhd ("CPI") also recorded higher revenue by RM7.7 million and RM2.1 million respectively netted off with lower revenue from KPS-HCM Sdn Bhd ("KPS-HCM") and Aqua-Flo Sdn Bhd ("Aqua-Flo") by RM9.3 million and RM3.6 million respectively.

The Group has recorded a higher profit before tax as a result of lower expenses and finance costs during the current quarter. Higher profit before tax recorded specifically from proceeds from SPLASH securitisation of RM18.6 million with higher share of profit from associate namely Sistem Penyuraian Trafik KL Barat Sdn. Bhd. ("SPRINT") by RM4.0 million. However, lower gross profit ("GP") Margin mainly from TMM due to different sales mix has reduce the profit before tax during the quarter.

Nevertheless, the Group registered an increase in profit before tax and zakat of RM31.4 million, as compared to RM23.7 million in the corresponding quarter in the previous year.

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

1. Manufacturing

The manufacturing sector recorded 14% revenue growth, contributing RM273.2 million or 86% to the Group's revenue as compared to RM239.5 million in the corresponding quarter last year. This sector contributed the highest increase in the Group's revenue mainly from all subsidiaries. The highest contributor is from Toyoplas with RM129.9 million revenue, with 9% increase or RM10.2 million.

1. Manufacturing (continued)

   KKMW contributed revenue of RM32.2 million, higher by RM13.9 million or 76% mostly due to strong turnaround by new and existing customers. CBB recorded revenue of RM61.3 million, higher than the corresponding quarter 2019 by RM7.6 million resulting from higher traction from the offset carton and consumer divisions. Meanwhile, CPI posted revenue contribution of RM49.8 million, slightly higher than the corresponding quarter 2019 by RM2.1 million.

   For the current quarter, this sector posted a lower profit before tax of RM14.7 million as compared to RM40.7 million in the corresponding quarter 2019. Toyoplas recorded lower profit before tax by RM24.0 million or 84% reduction due to lower GP margin, driven by low margin assembly sales during the quarter compared to corresponding quarter 2019. Lower scrap sales during the quarter by RM2.6 million also led to the decrease in profit before tax during the quarter.

   CBB and CPI also posted lower profit before tax by RM3.5 million and RM1.4 million respectively resulting from lower GP margin with higher foreign exchange loss during the quarter. However, KKMW recorded a lower loss before tax by RM3.0 million which was in tandem with higher revenue.

2. Trading

   Revenue of RM31.2 million was RM3.6 million or 10% lower than the corresponding quarter's revenue of RM34.8 million from the lower sale of water chemicals.

   However, this sector recorded a profit before tax of RM1.3 million, slightly higher than corresponding quarter 2019 due to higher interest income coupled with lower admin costs during the quarter.

3. Licensing

   This sector recorded a slight increase in revenue of RM11.2 million during the current quarter as compared to RM8.7 million in the corresponding quarter 2019 mainly due to higher licensing revenue from international licensees.

   In line with higher revenue, this sector posted a higher profit before tax of RM2.1 million as compared to RM1.0 million in the corresponding quarter 2019.

4. Infrastructure

   Revenue of RM1.3 million was lower by RM10.5 million as compared to corresponding quarter's revenue of RM11.8 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 RM24.0 million as compared to RM1.4 million recorded in the corresponding quarter 2019 due to the proceed from SPLASH securitisation of RM18.6 with higher share of profit from associate, SPRINT by RM4.0 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 RM12.6 million as compared to a loss before tax of RM19.2 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 RM3.3 million with unwinding of discount costs of RM2.7 million.

6. Property investment

   Property investment registered a lower revenue of RM2.3 million as compared to RM2.8 million in the corresponding quarter 2019, mainly due to lower rental income at Summit Hotel KL City Centre ("SHCC").

   This sector recorded a lower profit before tax of RM1.9 million as compared to a profit before tax of RM2.5 million in the corresponding quarter 2019 in line with lower revenue registered during the quarter.

7. Oil and gas

   NGC Energy registered a slightly higher profit after tax of RM2.7 million as compared to a profit after tax of RM2.3 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 RM1.1 million as compared to RM0.9 million in the corresponding quarter 2019.

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

For the twelve months ended 31 December 2020, the Group registered revenue of RM1,076.8 million as compared to RM866.8 million in the corresponding period 2019, representing an increase in revenue by RM210.0 million or 24%. Higher revenue was mainly due to twelve (12) 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 RM57.7 million was 5% or RM2.7 million higher than the corresponding period 2019 of RM55.0 million mainly due to the one-off proceed from SPLASH securitisation netted with lower contributions from subsidiaries as a result of COVID-19 related impacts which affecting the results from each subsidiary, specifically from manufacturing sectors.

Performance of the respective operating business segments for the twelve months ended 31 December 2020 as compared to the preceding year corresponding period is analysed as follows:

1. Manufacturing

   The manufacturing sector contributed revenue of RM894.6 million and profit before tax of RM51.8 million compared to the corresponding period 2019 revenue of RM650.9 million and profit before tax of RM83.5 million.

   The increase in revenue was mainly due to the recognition of Toyoplas' 12 months revenue of RM420.0 million against 5 months revenue of RM193.6 million in 2019, coupled with higher sales recorded by KKMW and CBB by RM19.7 million and RM12.1 million respectively.

1. Manufacturing (continued)

   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 GP margin, different sales mix coupled with impairment loss on inventories and trade receivables of RM2.0 million and RM1.0 million respectively also led to the decrease in profit before tax during the period. Lower results also derived from the increase in forex loss during the year of RM6.5 million compared to gain of RM0.9 million in corresponding period 2019.

2. Trading

   The trading sector posted revenue of RM124.1 million, higher by 6% or RM6.7 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 RM9.0 million, 14% higher than the corresponding period 2019 of RM7.9 million.

3. Licensing

   The licensing sector recorded revenue of RM39.2 million as compared to the corresponding period 2019 of RM36.3 million representing an increase in revenue by 8% or RM2.9 million primarily attributed to higher revenue from international licensees. In line with the increase in revenue, profit before tax was RM12.3 million as compared to the corresponding period 2019 of RM9.7 million.

4. Infrastructure

   Lower revenue of RM10.0 million as compared to RM54.7 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.

   Despite of lower profit before tax generated from KPS-HCM, this sector recorded higher profit before tax of RM29.2 million, compared to the corresponding period 2019 of RM9.1 million. This mainly derived from the one-off proceed from SPLASH securitisation of RM18.6 million with higher share of profit from associate namely SPRINT by RM4.3 million.

5. Investment holding

   This sector recorded a lower loss before tax of RM47.1 million as compared to a loss before tax of RM57.4 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 RM9.5 million as compared to RM10.8 million in the corresponding period 2019 mainly due to lower rental income at SHCC.

   In line with lower revenue, this sector recorded a lower profit before tax of RM0.6 million as compared to a profit before tax of RM2.5 million in the corresponding period 2019.

7. Oil and gas

   For the current period, NGC Energy registered a profit after tax of RM16.8 million which translated into the Group's share of profit of RM6.7 million as compared to corresponding period 2019 profit after tax of RM18.3 million and Group's share of profit of RM7.3 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 RM16.3 million or 5% to RM318.6 million as compared to RM302.3 million recorded in the third quarter of 2020. This was due to higher revenue from the manufacturing sector, with the subsidiaries being fully operated during the period. The Group's recorded a profit before tax and zakat of RM31.4 million as compared to profit before tax and zakat of RM23.5 million in the preceding quarter. This is mainly due to higher revenue and higher share of profit from associates coupled with lower finance costs during the current quarter. This led to the profit after tax of RM27.5 million during the quarter under review as compared to a profit after tax of RM19.3 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, plastics and consumers have been recovering well as most of the supply are to essential industries. It was also observed of an increased activity amongst OEM players in Johor which led the growth of our offset division. 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 via execution of its strategic and business initiatives, 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 still at a recovery phase as the global market gradually re-opens. While sales picked up beginning Q3 2020, the impact of the softening market arising from COVID-19 lasted until year end, with full year sales in most industry segments coming in lower than previous year. Nevertheless, domestic and international operations of CPI and Toyoplas are currently in full force and are not curtailed by any restriction by respective governments. In these uncertain times, 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 industry segments and diversified production locations whilst maintaining the highest standard of health and safety for its employees and operations.

1. Manufacturing (continued)

As COVID-19 continues to compel 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 has benefited from this trend as retailers are more welcoming to new vendors who are able to supply high quality bedding that meets consumers' delivery expectations, even in the pandemic. KKMW commenced supply to several key customers with expansive geographical coverage in Q4 2020 including the distribution of King Koil high-end lines to a top department store, and a private label program for one of the top furniture retailers in the US. These new relationships boosted its performance in an otherwise typically slow season for the home furnishing industry. The persistent challenge continues to be on the supply side as suppliers contend with disruptions to their supply chains caused by the pandemic and natural disasters. KKMW continues to expand its supply chain to ensure customers' expectations are well met.

2. Trading

Aqua-Flo's main activities is supplying water treatment chemicals to States water companies which is classified under essential services. The business operations were largely unaffected by the Movement Control Order (MCO). The company managed to record steady sales in Q4 2020 and the year-end 2020 monsoon season further boosted demand for chemicals. Aqua-Flo stays focused on growth and pursued new business opportunities by continuously participating in 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 and commissioning works for Pulau Indah Industrial Park Infrastructure project has been carried out accordingly as per requirements. KPS-HCM coordinated closely with all stakeholders to ensure completion and subsequently the issuance of Certificate of Practical Completion ("CPC") targeted in early 2021.

Given the ramp-up initiatives to complete Package 12 project, SPT has successfully completed works at three locations having obtained corresponding CPC from Pengurusan Air Selangor Sdn Bhd. The remaining works at other locations are at its final stages pending testing and commissioning. Subject to any further delays because of the Covid-19 situation, SPT targets to complete all remaining works in Q1 2021. The key focus remains on the initiatives in Kedah where SPT is still 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

The sales volume for I&C segment has improved showing a good trend of volume recovering during RMCO as most restrictions were lifted. NGC Energy will continue to strengthen marketing efforts and further penetrate the I&C segment.

Domestic segment volume has also shown positive growth. NGC Energy is trying to cover more household areas to further improve the volume for Domestic segment. The current focus is to maintain and reach out to other domestic users to improve the sales volume. NGC Energy’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		**12 months ended**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
	RM’000	**RM’000**	**RM’000**	**RM’000**
Interest income from the deposit with licensed bank	344	108	720	272
Interest income from related companies	705	1,475	3,617	6,020
Profit from Islamic short-term placement	103	238	401	343
Profit rate income - fixed deposit	856	917	2,465	3,909
Gain on the fair value of short-term funds	841	266	1,472	2,791
Negative goodwill	-	1,842	-	1,842
(Loss)/Gain on foreign exchange	(7,247)	(1,969)	(6,446)	412
Finance costs	(6,588)	(10,267)	(30,420)	(35,972)
Depreciation of property, plant, and equipment	(11,350)	(14,353)	(41,932)	(29,187)
Depreciation of investment properties	(144)	(156)	(3,168)	(3,994)
Amortisation of intangible assets	(1,270)	(2,600)	(4,525)	(5,674)
Impairment on trade receivables	(3,952)	(2,338)	(3,798)	(2,338)
Impairment on other receivables	(82)	-	(82)	-
Impairment on inventories	(762)	(789)	(2,081)	(789)
Impairment on investment property	-	-	(1,857)	-
Impairment on cash generating units	500	-	(5,500)	-

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

B6 Income tax expense

	3 months ended		12 months ended	
	31.12.2020 RM'000	**31.12.2019 RM'000**	**31.12.2020 RM'000**	**31.12.2019 RM'000**
Income tax expense	4,182	9,137	15,960	24,478
Deferred tax recognised in the income statement	(291)	427	(622)	196
Income tax expense	3,891	9,564	15,338	24,674
Zakat expense	2	227	1,520	1,097
Income tax and zakat expense	3,893	9,791	16,858	25,771

B7 Status of corporate proposals

There were no other corporate proposals during the period ended and subsequent to the reporting period.

B8 Borrowings

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

	As at 4th Quarter 2020		
	Foreign Denomination RM'000 (USD)	**RM Denomination RM'000**	**Total Borrowings RM'000**
Short term borrowings - secured			
Revolving credits	8,026	29,033	37,059
Term loan	4,601	68,163	72,764
Banker's acceptance	-	1,723	1,723
Trust receipt	7,992	21,045	29,037
Overdraft	-	814	814
Subtotal	**20,619**	**120,778**	**141,397**
Long term borrowings - secured			
Term loan	2,507	472,302	474,809
Subtotal	**2,507**	**472,302**	**474,809**
Total borrowings - secured			
Revolving credits	8,026	29,033	37,059
Term loan	7,108	540,465	547,573
Banker's acceptance	-	1,723	1,723
Trust receipt	7,992	21,045	29,037
Overdraft	-	814	814
Total	**23,126**	**593,080**	**616,206**

B8 Borrowings (continued)

	As at 4th Quarter 2019		
	Foreign Denomination RM'000	**RM Denomination RM'000**	**Total Borrowings RM'000**
Short term borrowings - secured			
Revolving credits	7,571	39,000	46,571
Term loan	3,062	17,090	20,152
Banker's acceptance	-	5,354	5,354
Trust receipt	-	14,924	14,924
Factoring	-	13,724	13,724
Clean import loan	5,654	-	5,654
Subtotal	**16,287**	**90,092**	**106,379**
Long term borrowings - secured			
Term loan	3,170	502,744	505,914
Subtotal	**3,170**	**502,744**	**505,914**
Total borrowings - secured			
Revolving credits	7,571	39,000	46,571
Term loan	6,232	519,834	526,066
Banker's acceptance	-	5,354	5,354
Trust receipt	-	14,924	14,924
Factoring	-	13,724	13,724
Clean import loan	5,654	-	5,654
Total	**19,457**	**592,836**	**612,293**

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		**12 months ended**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Net profit attributable to owners of the parent (RM'000)	26,941	16,127	34,831	26,882
Weighted average number of shares in issue ('000)	537,385	537,385	537,385	537,385
Basic EPS (sen)	5.0	3.0	6.5	5.0

(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: 25 February 2021