



# **KUMPULAN PERANGSANG SELANGOR BERHAD**

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

*(Incorporated in Malaysia)*

## **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021**

A1 Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 March 2021

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR	PRECEDING YEAR	VARIANCE		CURRENT YEAR	PRECEDING YEAR	VARIANCE	
	QUARTER 31/03/2021 RM'000	CORRESPONDING QUARTER 31/03/2020 RM'000	RM'000	%	TO DATE 31/03/2021 RM'000	CORRESPONDING PERIOD 31/03/2020 RM'000	RM'000	%
Revenue	308,393	234,388	74,005	32	308,393	234,388	74,005	32
Cost of sales	(251,715)	(181,849)	(69,866)	(38)	(251,715)	(181,849)	(69,866)	(38)
Gross profit	56,678	52,539	4,139	8	56,678	52,539	4,139	8
Other income	13,938	7,053	6,885	98	13,938	7,053	6,885	98
Other expenses	(46,335)	(41,663)	(4,672)	(11)	(46,335)	(41,663)	(4,672)	(11)
Operating profit	24,281	17,929	6,352	35	24,281	17,929	6,352	35
Finance costs	(6,289)	(9,208)	2,919	32	(6,289)	(9,208)	2,919	32
Share of profit of associates	1,014	2,757	(1,743)	(63)	1,014	2,757	(1,743)	(63)
Profit before tax and zakat	19,006	11,478	7,528	66	19,006	11,478	7,528	66
Income tax and zakat	(6,775)	(5,504)	(1,271)	(23)	(6,775)	(5,504)	(1,271)	(23)
<b>Profit for the period</b>	<b>12,231</b>	<b>5,974</b>	<b>6,257</b>	<b>105</b>	<b>12,231</b>	<b>5,974</b>	<b>6,257</b>	<b>105</b>
Attributable to:								
- Owners of the parent	11,003	3,137	7,866	251	11,003	3,137	7,866	251
- Non-controlling interests	1,228	2,837	(1,609)	(57)	1,228	2,837	(1,609)	(57)
	<b>12,231</b>	<b>5,974</b>	<b>6,257</b>	<b>105</b>	<b>12,231</b>	<b>5,974</b>	<b>6,257</b>	<b>105</b>
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	2.0	0.6	1.5	251	2.0	0.6	1.5	251
Diluted EPS	2.0	0.6	1.5	251	2.0	0.6	1.5	251

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

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

**A2 Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 31 March 2021**

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER 31/03/2021	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2020	VARIANCE		CURRENT YEAR TO DATE 31/03/2021	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2020	VARIANCE	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Profit for the period	12,231	5,974	6,257	105	12,231	5,974	6,257	105
Other comprehensive income (net of tax):								
Foreign currency translation reserve	6,332	7,231	(899)	(12)	6,332	7,231	(899)	(12)
Other reserves	(4)	-	(4)	(100)	(4)	-	(4)	(100)
<b>Total comprehensive income for the period</b>	<b>18,559</b>	<b>13,205</b>	<b>5,354</b>	<b>41</b>	<b>18,559</b>	<b>13,205</b>	<b>5,354</b>	<b>41</b>
Attributable to:								
- Owners of the parent	16,527	9,447	7,080	75	16,527	9,447	7,080	75
- Non-controlling interests	2,032	3,758	(1,726)	(46)	2,032	3,758	(1,726)	(46)
<b>Total</b>	<b>18,559</b>	<b>13,205</b>	<b>5,354</b>	<b>41</b>	<b>18,559</b>	<b>13,205</b>	<b>5,354</b>	<b>41</b>

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

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

**Unaudited Condensed Consolidated Statement of Financial Position**  
**As At 31 March 2021**

	<b>Unaudited</b> <b>31-Mar-21</b> <b>RM'000</b>	<b>Audited</b> <b>31-Dec-20</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	365,257	359,717
Right-of-use assets	95,338	97,310
Investment properties	47,619	48,165
Investments in associates	159,007	159,593
Intangible assets	245,776	246,659
Goodwill on consolidation	186,241	186,241
Long term receivable	91,019	101,908
Deferred tax assets	1,418	1,569
Club memberships	153	153
	<u>1,191,828</u>	<u>1,201,315</u>
<b>Current assets</b>		
Inventories	159,111	164,387
Trade and other receivables	448,943	423,392
Cash and bank balances and short term funds	444,636	440,308
Current tax assets	6,821	6,586
	<u>1,059,511</u>	<u>1,034,673</u>
Non current asset held for sale	<u>40,500</u>	<u>40,500</u>
<b>TOTAL ASSETS</b>	<b><u>2,291,839</u></b>	<b><u>2,276,488</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	537,927	537,927
Foreign currency translation reserve	5,046	(482)
Other reserves	2,298	1,927
Retained earnings	465,175	454,260
<b>Shareholders' equity</b>	<u>1,010,446</u>	<u>993,632</u>
<b>Non-controlling interests</b>	<u>113,552</u>	<u>111,835</u>
<b>TOTAL EQUITY</b>	<u>1,123,998</u>	<u>1,105,467</u>
<b>Non-current liabilities</b>		
Other payables	81,301	80,925
Loans and borrowings	431,278	475,544
Lease liabilities	25,122	27,108
Deferred tax liabilities	102,430	102,896
Post-employment benefits	13,893	13,422
	<u>654,024</u>	<u>699,895</u>
<b>Current liabilities</b>		
Loans and borrowings	161,749	140,662
Lease liabilities	12,731	12,310
Trade and other payables	316,382	298,191
Contract liabilities	11,246	11,719
Current tax liabilities	11,709	8,244
	<u>513,817</u>	<u>471,126</u>
<b>TOTAL LIABILITIES</b>	<u>1,167,841</u>	<u>1,171,021</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,291,839</u></b>	<b><u>2,276,488</u></b>
Net assets per ordinary share attributable to owners of the parent (RM)	1.88	1.85

(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 2020 and the accompanying explanatory notes attached to the interim financial statements)

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

**Unaudited Condensed Consolidated Statement of Changes In Equity**  
**For The Period Ended 31 March 2021**

	Attributable to Owners of the Parent						
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Non Distributable			Distributable	
			Share capital RM'000	Foreign currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Non- controlling interests RM'000
At 1 January 2021	1,105,467	993,632	537,927	(482)	1,927	454,260	111,835
Profit net of tax and zakat	12,231	11,003	-	-	-	11,003	1,228
Re-measurement of post-employment benefits	(4)	(4)	-	-	-	(4)	-
Gain on foreign currency translations	6,332	5,528	-	5,528	-	-	804
Total comprehensive income	18,559	16,527	-	5,528	-	10,999	2,032
Transactions with owners:							
Transfer of shares to minority shareholders	-	315	-	-	315	-	(315)
Re-measurement of post-employment benefits	(28)	(28)	-	-	(28)	-	-
Appropriation to statutory reserves	-	-	-	-	84	(84)	-
	(28)	287	-	-	371	(84)	(315)
<b>At 31 March 2021</b>	<b>1,123,998</b>	<b>1,010,446</b>	<b>537,927</b>	<b>5,046</b>	<b>2,298</b>	<b>465,175</b>	<b>113,552</b>
At 1 January 2020	1,067,013	957,763	537,927	(3,688)	1,243	422,281	109,250
Profit net of tax and zakat	5,974	3,137	-	-	-	3,137	2,837
Gain on foreign currency translations	7,231	6,310	-	6,306	4	-	921
Total comprehensive income	13,205	9,447	-	6,306	4	3,137	3,758
Transactions with owners:							
Acquisition of a subsidiary	669	-	-	-	-	-	669
	669	-	-	-	-	-	669
Transfer from retained earnings	-	-	-	-	93	(93)	-
<b>At 31 March 2020</b>	<b>1,080,887</b>	<b>967,210</b>	<b>537,927</b>	<b>2,618</b>	<b>1,340</b>	<b>425,325</b>	<b>113,677</b>

(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 2020 and the accompanying explanatory notes attached to the interim financial statements)

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

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For The Period Ended 31 March 2021**

	3 months ended	
	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax and zakat	19,006	11,478
Adjustment for non-cash items	22,170	11,940
Adjustment for non-operating items	<u>(4,414)</u>	<u>6,652</u>
Operating profit before working capital changes	36,762	30,070
Changes in working capital:		
Net change in current assets	(22,152)	66,780
Net change in current liabilities	<u>68,884</u>	<u>(17,779)</u>
Cash generated from operating activities	83,494	79,071
Tax and zakat paid, net of refunds received	<u>(4,504)</u>	<u>(7,344)</u>
<b>Net cash generated from operating activities</b>	<u>78,990</u>	<u>71,727</u>
<b>Cash Flows From Investing Activities</b>		
Dividend received	1,600	-
Profit rate/ interest income received	812	808
Profit from Islamic short term placement	96	64
Gain on fair value of short term funds	984	-
Acquisition and subscription additional interest in a subsidiary	-	(1,245)
Purchase of property, plant and equipment	(12,619)	(8,913)
Proceeds from disposal of property, plant and equipment	7,903	50
Net movements in money market deposits	<u>(24,207)</u>	<u>36,671</u>
<b>Net cash (used in)/generated from investing activities</b>	<u>(25,431)</u>	<u>27,435</u>
<b>Cash Flows From Financing Activities</b>		
Issuance of shares	122	-
Profit rate paid	(6,289)	(9,208)
Repayment of borrowings	(79,400)	(68,406)
Drawdown of borrowings	12,469	7,566
Repayment of obligations under finance leases	-	(720)
Proceeds from lease liabilities	1,349	-
Net movements in deposits with licensed banks	<u>(51)</u>	<u>(17)</u>
<b>Net cash used in financing activities</b>	<u>(71,800)</u>	<u>(70,785)</u>
Net (decrease)/ increase in cash and cash equivalents	(18,241)	28,377
Effect of exchange rate changes on cash and cash equivalents	(3,440)	248
Cash and cash equivalents at 1 January	<u>186,961</u>	<u>126,791</u>
<b>Cash and cash equivalents at 31 March</b>	<u>165,280</u>	<u>155,416</u>

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

	<b>As at</b>	<b>As at</b>
	<u>31-Mar-21</u>	<u>31-Mar-20</u>
Cash and bank balances	444,636	260,741
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(40,092)	(74,909)
Money market deposits	<u>(239,264)</u>	<u>(30,416)</u>
	<u>165,280</u>	<u>155,416</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

## KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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

##### A1 Basis of preparation

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

The interim financial statements should be read in conjunction with the Kumpulan Perangsang Selangor Berhad's ("the Company") audited financial statements for the financial year ended 31 December 2020. 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 Company and its subsidiaries ("the Group") since the financial year ended 31 December 2020.

##### 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 2020 except for the adoption of MFRS, the following new and amended MFRSs with effect from 1 January 2021.

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

On 1 January 2021, the Group adopted MFRSs and the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:

###### 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform
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###### 1 April 2021

Amendments to MFRS 16	Covid-19 Related Rent Concession beyond 30 June 2021
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The initial application of the above accounting standards, amendments and interpretations did not have a material impact on the current period and prior period financial statements of the Group.

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

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

###### 1 January 2022

MFRS 1, MFRS 9 Amendments to MFRS 3 Amendments to MFRS 116	Annual Improvements to MFRS Standards 2018 - 2020 Reference to Conceptual Framework Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract

## KUMPULAN PERANGSANG SELANGOR BERHAD

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(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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#### A2.2 Standards issued but not yet effective (continued)

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

##### 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
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

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 2020 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.



**KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2021****A9 Segmental Information**

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
<b>Segment Revenue</b>		
Manufacturing	266,990	185,686
Trading	26,587	32,701
Licensing	9,370	11,497
Infrastructure and utilities	3,254	1,800
Investment holding	723	256
Property investment	2,100	2,704
Total revenue including inter segment sales	309,024	234,644
Eliminations	(631)	(256)
Total	308,393	234,388
	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
<b>Segment Results</b>		
Manufacturing	18,290	11,969
Trading	2,139	2,636
Licensing	4,956	5,757
Infrastructure and utilities *	(184)	1,312
Investment holding	(5,917)	(11,707)
Property investment	300	1,155
Oil and gas *	887	1,490
Total profit	20,471	12,612
Eliminations	(1,465)	(1,134)
Profit before tax and zakat	19,006	11,478

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

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

Property, plant, and equipment, other than freehold land are stated at cost 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.

## KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 197501002218 / (23737-K)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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#### 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”) 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 United States of America (“USA”), 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 cycles of the Group.

Where affected, the Group’s 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.

a) Recovery from Covid-19 pandemic

The economic impact from Covid-19, which disrupted supply and demand chains globally, challenged the progress of the Group’s manufacturing operations, 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 2020, 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 has yet to revert to the pre-pandemic baseline. The Group will continue to monitor the situation closely and plan timely responses and measures to effectively manage and mitigate the risks emerging from this pandemic.

b) Covid-19 reliefs

The Group has also leveraged on governments’ support schemes introduced in response to the Covid-19 pandemic to manage its cash flow and liquidity requirements during this difficult period. The Group’s operations in the USA has applied for the Paycheck Protection Program (“PPP”) loan in 2020, which amounted to USD445,900 (equivalent to RM1,872,244) and USD286,800 (equivalent to RM1,150,928) respectively under The Coronavirus Aid, Relief, and Economic Security Act.

## KUMPULAN PERANGSANG SELANGOR BERHAD

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(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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

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

b) Covid-19 reliefs (continued)

As for the Group’s operations in PRC mainly from Toyoplas Manufacturing (Malaysia) Sdn Bhd’s (“Toyoplas”), the government had provided a government subsidy to help small and medium enterprises to tide over the difficulties and support the stable and healthy development of enterprises. This will assist to alleviate the operating pressure of enterprises due to the impact of the Covid-19.

Toyoplas also managed to leverage on the Jobs Support Scheme (“JSS”), which provides wage support for Singapore employers to retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. Under the JSS, the Government of Singapore co-funds a proportion of the first SGD4,600 (equivalent to RM14,017) of gross monthly wages paid to each local employee up to March 2021.

The Group expects its business operations to gradually return to normal operating levels, aided by the progressive roll-out of mass vaccination programmes globally. The timing of the Group’s recovery from the impact caused by the Covid-19 pandemic will affect the level of business of the Group.

Based on the above, management concluded that the Group would have sufficient cash flows to fulfil its obligations and finance its ongoing operations and there were no significant impact in respect of judgements and estimation uncertainty in relation to measurement of assets and liabilities in the preparation of interim financial statements for the financial period ended 31 March 2021.

(ii) **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”).

## KUMPULAN PERANGSANG SELANGOR BERHAD

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(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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

(ii) **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 (continued)**

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 Variation, being a material variation to the terms of the SSA was approved by the Company’s shareholders on 25 May 2021 at the Extraordinary General Meeting 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 March 2021 including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring except for the registration of Toyoplas Manufacturing (Bac Giang) Company Limited (“TMV2”) as an indirect wholly owned subsidiary of Toyoplas.

On 19 March 2021, Toyoplas’ wholly-owned subsidiary, Toyoplas Holdings Pte. Ltd. (“THS”) received an Investment Registration Certificate from Bac Giang Province Industrial Zones Authority in Vietnam to undertake the business activities in relation to production and processing of plastic components as an export processing enterprise in the province.

On 5 April 2021, THS received a Certificate of Enterprise Registration of its wholly-owned subsidiary TMV2 with a charter capital of VND104,715,000,000. The aforementioned business activities will be undertaken by TMV2.

#### A13 Capital commitments

The amount of commitments not provided for in the unaudited interim financial statements as at 31 March 2021 is as follows:

	<b>RM’000</b>
Property, plant, and equipment:	
(i) Approved but not contracted for	<u>68,038</u>
(ii) Approved and contracted for	<u>7,097</u>

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The following are the related party transactions of the Group:

	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of goods to subsidiary companies of non-controlling interest:		
- Sungai Harmoni Sdn Bhd	3,666	5,194
- Taliworks (Langkawi) Sdn Bhd	-	249
Sale of goods to Pengurusan Air Selangor Sdn Bhd	11,357	13,422
Infrastructure revenue from Pengurusan Air Selangor Sdn Bhd	340	1,341
Rental income received from ultimate holding company	-	70
Rental expenses payable to related company:		
- Pengurusan Air Selangor Sdn Bhd	(5)	(5)

**A15 Contingent liabilities and contingent assets**

The contingent liabilities as at 31 March 2021 are as follows:

i) <b>Secured:</b>	<b>RM'000</b>
a) Provision of proportionate corporate guarantee ("CG") for an associate for working capital and issuance of bank guarantees	<u>28,186</u>
ii) <b>Unsecured</b>	
a) Performance guarantees to third parties	677
b) Provision of proportionate CG to a related party	<u>4,447</u>
	<u>5,124</u>

There were no contingent assets as at the reporting date.

The provision of proportionate CG to a related party was issued to Central Spectrum (M) Sdn Bhd ("CSSB") in October 2017 of RM4.45 million being the Company's share of 51% of the performance bond in relation to the infrastructure work in Pulau Indah awarded by CSSB to KPS-HCM Sdn Bhd ("KPS-HCM").

KPS-HCM has successfully obtained the Certificate of Practical Completion ("CPC") for the Pulau Indah Project on 31 December 2020. The CG shall therefore be extended until the new date of CPC plus three (3) months.

On 22 April 2021, the Company had notified CSSB with regard to the cancellation of the CG which was accepted by CSSB on 26 April 2021. The CG was no longer valid from 1 April 2021 onwards.

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

##### B1 Performance review

###### Current quarter against previous year corresponding quarter

Group revenue increased to RM308.4 million compared with RM234.4 million for the corresponding quarter 2020, representing an increase in revenue by 32% or RM74.0 million. The higher revenue was largely attributable to higher revenue from Toyoplas Manufacturing (Malaysia) Sdn Bhd (“Toyoplas”) by RM49.6 million coupled with higher revenue from CPI (Penang) Malaysia Sdn Bhd (“CPI”) and Century Bond Bhd (“CBB”) by RM11.6 million and RM11.0 million respectively netted off with lower revenue from Aqua-Flo Sdn Bhd (“Aqua-Flo”) by RM6.1 million.

In line with higher profit contribution from the manufacturing sector for the current quarter ended 31 March 2021, the Group registered a profit before tax and zakat of RM19.0 million as compared to corresponding quarter 2020 of RM11.5 million, increased by RM7.5 million or 65%. Higher profit before tax was also attributed to lower finance costs during the current quarter.

Performance of the respective operating business segments for the first quarter ended 31 March 2021 as compared to the preceding year corresponding quarter is analysed as follows:

##### 1. Manufacturing

The manufacturing sector recorded 44% revenue growth, contributing RM267.0 million or 87% to the Group’s revenue as compared to RM185.7 million in the corresponding quarter last year. This sector contributed the highest increase in the Group’s revenue. The highest contributor is from Toyoplas with revenue of RM125.7 million, an increase in revenue by 65% or RM49.6 million year-on-year.

CPI posted revenue contribution of RM50.8 million, higher by RM11.6 million or 30% whilst CBB recorded revenue of RM59.1 million, higher than the corresponding quarter 2020 by RM11.0 million resulting from higher traction from the offset and carton divisions.

Meanwhile, King Koil Manufacturing West, LLC (“KKMW”) contributed revenue of RM27.2 million, higher by RM5.5 million or 25% mostly due to strong turnaround by new customers.

For the current quarter, this sector posted a higher profit before tax of RM18.3 million as compared to RM12.0 million in the corresponding quarter 2020. Toyoplas recorded profit before tax of RM5.8 million, higher by RM5.2 million from the recognition of gain on disposal of property, plant and equipment of RM5.0 million.

CBB posted higher profit before tax by RM1.7 million resulting from higher gross profit (“GP”) margin whilst CPI recorded higher profit before tax by RM1.2 million due to stronger sales during the quarter. However, KKMW and KKSI recorded a loss before tax of RM1.6 million and RM0.1 million respectively as a result of raw materials shortage, leading to disruption in sales volume to cover the fixed costs.

##### 2. Trading

Revenue of RM26.6 million was RM6.1 million or 19% lower than the corresponding quarter’s revenue of RM32.7 million from the lower sale of water chemicals as a result of dry season.

In tandem with lower revenue, this sector recorded a profit before tax of RM2.1 million, slightly lower than corresponding quarter 2020 of RM2.6 million.

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#### 3. Licensing

This sector recorded a slight decrease in revenue of RM9.4 million during the current quarter as compared to RM11.5 million in the corresponding quarter 2020 mainly due to lower licensing revenue from international licensees.

Consequently, this sector recorder lower profit before tax of RM5.0 million as compared to RM5.7 million in the corresponding quarter 2020.

#### 4. Infrastructure

Revenue of RM3.3 million was higher by RM1.5 million as compared to the corresponding quarter's revenue of RM1.8 million due to higher revenue at KPS-HCM Sdn Bhd ("KPS-HCM") led by the variation order from Pulau Indah project.

However, this sector recorded a loss before tax of RM0.2 million as compared to profit before tax of RM1.3 million recorded in the corresponding quarter 2020 due to lower share of profit from associate, SPRINT by RM2.4 million netted off with higher share of profit from Perangsang Water Management Sdn Bhd by RM1.3 million.

#### 5. Investment holding

This sector recorded a higher revenue due to higher management fee of RM0.7 million as compared to RM0.3 million in the corresponding quarter 2020. Loss before tax were also lower by RM5.8 million due to lower finance costs and recognition of profit rate income arising from the deferment of second year profit guarantee period.

#### 6. Property investment

Property investment registered a lower revenue of RM2.1 million as compared to RM2.7 million in the corresponding quarter 2020, mainly due to lower rental income at Summit Hotel KL City Centre.

This sector recorded a lower profit before tax of RM0.3 million as compared to a profit before tax of RM1.2 million in the corresponding quarter 2020 in line with lower revenue registered during the quarter.

#### 7. Oil and gas

NGC Energy Sdn Bhd ("NGC Energy") registered a lower profit after tax of RM2.2 million as compared to a profit after tax of RM3.7 million in the corresponding quarter of 2020. This was mainly due to lower revenue from Industrial and Commercial ("I&C") segment and domestic sales of Liquefied Petroleum Gas ("LPG"). The Group's share of profit was RM0.9 million as compared to RM1.5 million in the corresponding quarter 2020.

## B2 Comparison with the preceding quarter's results

The current quarter Group revenue decreased by RM9.9 million or 3% to RM308.4 million as compared to RM318.3 million recorded in the fourth quarter of 2020. This was due to lower revenue from the manufacturing sector. The Group's recorded a profit before tax and zakat of RM19.0 million as compared to profit before tax and zakat of RM30.9 million in the preceding quarter. This is mainly due to higher share of profit from associates during the previous quarter. This led to the profit after tax of RM12.2 million during the quarter under review as compared to a profit after tax of RM26.7 million in the preceding quarter.

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#### B3 Commentary on prospects

The Group started the year 2021 in a relatively better footing as businesses globally has shown signs of improvements and has rebounded to pre-COVID levels after what has been a difficult operating condition in 2020. The Group continues to operate within the stipulated SOP's and in-line with regulations set by the relevant authorities to ensure the safety and well-being of its employees. The Group continues to navigate 2021 vigilantly via its diversified businesses, focused execution, and operating excellence. Nonetheless, the Group continues to be mindful of the potential business difficulties and uncertainties to the global supply chain caused by the COVID-19 pandemic.

##### 1. Manufacturing

Despite the uncertain economic environment, CBB recorded a better financial performance against the same period last year due to better performance from its carton and offset carton divisions. Offset carton was driven by higher sales to a newly acquired customer in 2020 as well as increasing demand from existing European consumer products customers. Also, Q1 2020 includes the impact of the first MCO which is absent in Q1 2021. 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 continued to be in a recovery phase as the global market gradually bounces back to its pre-COVID-19 state. While sales level for Q1 2021 has returned to a level that is comparable with the same period last year, both entities remain cautious of the market uncertainties that may be brought upon by the pandemic which has yet to be put to a complete halt. As of current, the domestic and international operations of Toyoplas and CPI are in full force and are not curtailed by any restriction by the respective governments. In these uncertain times, Toyoplas and CPI 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.

The US bedding industry, KKMW included, faced a tough opening quarter to 2021 as critical foam shortage reached historic levels. The shortage stemmed from interrupted supply of key chemicals in foam production which were affected by the winter storms in the South, namely Texas and Louisiana. With the chemical producers declaring force majeure, foam suppliers are forced to slash allocations for bedding manufacturers nationwide that were just cutting down backlogs brought on by increased consumer demand. KKMW's strong relationship with its customers have enabled KKMW to retain these customers through the resultant backlog and unavoidable price increases to pass on some of the rising raw material costs. The foam crisis is expected to extend through May 21, after which the current backlog of orders are expected to be processed and shipped out through the summer.

##### 2. Trading

Aqua-Flo's business operations were largely unaffected by the Movement Control Order as it is classified under essential services. Aqua-Flo recorded lower sales of water chemicals in Q1 2021 as a result of dry season. Aqua-Flo is focused on growth and shall pursue new business opportunities by continuously participating in new tenders for the supply of chemicals and related equipment.



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#### 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

KPS-HCM has successfully obtained the Certificate of Practical Completion ("CPC") for the Pulau Indah Project ("the Project") on 31 December 2020. The Defect Liability Period shall be for the period from 1 January 2021 to 31 December 2021. KPS-HCM shall continue to monitor the Project closely and subsequently obtain the Certificate of Making Good Defects by Q1 2022.

Aggressive measures taken enabled Smartpipe Technology Sdn Bhd ("SPT") to steer on-going Package 12 project back on track towards overall completion with balance of work at Jalan Cheras-Kajang. Based on the updated work schedule, SPT targets to obtain the final CPC by end June 2021. Given the overall decline within the construction industry due to the COVID-19 pandemic, government initiatives in reviving back the economic sector via new infrastructure projects as announced in the 2021 budget will be the target for all leading to intense competition. SPT continues its effort by offering both trenchless and conventional pipe solutions to the Malaysian market, focusing on states with higher non-revenue water ("NRW") in line with the National NRW Program which aims to reduce the nation's NRW to 31.0%.

#### 5. Oil and gas

The sales volume for I&C segment was affected due to the MCO in the beginning of 2021. As most restrictions were lifted during CMCO, the I&C segment has shown positive improvement of sales volume. NGC Energy will continue to strengthen marketing efforts and further penetrate the I&C segment.

Domestic segment was also impacted due to MCO in 2021. NGC Energy is trying to cover more household areas to further improve the volume for Domestic segment. NGC Energy shall focus on improving its distributor proposition and enhance marketing approach to end-users. 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.

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

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Interest income from the deposit with licensed bank	92	169
Profit from Islamic short-term placement	96	64
Profit rate income - fixed deposit	190	638
Gain on the fair value of short-term funds	984	386
Gain on foreign exchange	5,210	3,224
Writeback of other receivables	15	-
Finance costs	(6,289)	(9,208)
Loss on foreign exchange	(4,673)	(1,591)
Depreciation of property, plant and equipment	(10,565)	(9,915)
Depreciation of investment properties	(574)	(573)
Amortisation of intangible assets	(1,240)	(826)
Impairment of trade receivables	(35)	(123)
Impairment of inventories	(852)	(115)

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

**B6 Income tax expense**

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Income tax expense	7,141	5,613
Deferred tax recognised in the income statement	(366)	(109)
Income tax expense	6,775	5,504
Zakat expense	-	-
Income tax and zakat expense	6,775	5,504

**B7 Status of corporate proposals**

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

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The Group borrowings as at 31 March 2021 are as follows:

	As at 1st Quarter 2021		
	Foreign Denomination RM'000 (USD)	RM Denomination RM'000	Total Borrowings RM'000
<b>Short term borrowings - secured</b>			
Revolving credits	8,292	17,988	26,280
Term loan	1,425	105,750	107,175
Banker's acceptance	-	3,186	3,186
Trust receipt	7,436	16,913	24,349
Overdraft	-	759	759
<b>Subtotal</b>	<b>17,153</b>	<b>144,596</b>	<b>161,749</b>
<b>Long term borrowings - secured</b>			
Term loan	3,649	427,629	431,278
<b>Subtotal</b>	<b>3,649</b>	<b>427,629</b>	<b>431,278</b>
<b>Total borrowings - secured</b>			
Revolving credits	8,292	17,988	26,280
Term loan	5,074	533,379	538,453
Banker's acceptance	-	3,186	3,186
Trust receipt	7,436	16,913	24,349
Overdraft	-	759	759
<b>Total</b>	<b>20,802</b>	<b>572,225</b>	<b>593,027</b>
<b>As at 1<sup>st</sup> Quarter 2020</b>			
	Foreign Denomination RM'000 (USD)	RM Denomination RM'000	Total Borrowings RM'000
<b>Short term borrowings - secured</b>			
Revolving credits	7,960	16,433	24,393
Term loan	2,799	5,224	8,023
Banker's acceptance	-	141	141
Trust receipt	4,090	15,633	19,723
<b>Sub total</b>	<b>14,849</b>	<b>37,431</b>	<b>52,280</b>
<b>Long term borrowings - secured</b>			
Term loan	3,116	502,186	505,302
Overdraft	-	974	974
<b>Sub total</b>	<b>3,116</b>	<b>503,160</b>	<b>506,276</b>
<b>Total borrowings - secured</b>			
Revolving credits	7,960	16,433	24,393
Term loan	5,915	507,410	513,325
Banker's acceptance	-	141	141
Trust receipt	4,090	15,633	19,723
Overdraft	-	974	974
<b>Total</b>	<b>17,965</b>	<b>540,591</b>	<b>558,556</b>

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#### B9 Material litigation

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

#### B10 Dividend

A single-tier final dividend of 2.5 sen per ordinary share of approximately RM13,434,635 in respect of the financial year ended 31 December 2020 was declared on 30 March 2021 which subsequently approved by the shareholders at the Annual General Meeting on 25 May 2021 and to be paid on 24 June 2021.

#### 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	
	31.03.2021	31.03.2020
Net profit attributable to owners of the parent (RM'000)	11,003	3,137
Weighted average number of shares in issue ('000)	537,385	537,385
Basic EPS (Sen)	2.0	0.6

##### (b) Diluted EPS

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

#### BY ORDER OF THE BOARD

**HASHIMAH BINTI HAJI MOHD ISA**  
Company Secretary

Date: 27 May 2021