



KUMPULAN PERANGSANG SELANGOR BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2022**

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

A1 Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 June 2022

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR	PRECEDING YEAR	VARIANCE		CURRENT YEAR	PRECEDING YEAR	VARIANCE	
	QUARTER 30/06/2022 RM'000	CORRESPONDING QUARTER 30/06/2021 RM'000	RM'000	%	TO DATE 30/06/2022 RM'000	CORRESPONDING PERIOD 30/06/2021 RM'000	RM'000	%
Revenue	325,514	323,751	1,763	1	654,691	632,144	22,547	4
Cost of sales	(263,088)	(266,375)	3,287	1	(523,280)	(519,290)	(3,990)	(1)
Gross profit	62,426	57,376	5,050	9	131,411	112,854	18,557	16
Other income	15,586	9,994	5,592	56	30,018	25,131	4,887	19
Other expenses	(59,512)	(51,502)	(8,010)	(16)	(109,590)	(97,834)	(11,756)	(12)
Operating profit	18,500	15,868	2,632	17	51,839	40,151	11,688	29
Finance costs	(5,218)	(6,005)	787	13	(10,454)	(12,294)	1,840	15
Share of (loss)/profit of associates	(1,378)	(186)	(1,192)	(641)	(5,581)	827	(6,408)	(775)
Profit before tax and zakat	11,904	9,677	2,227	23	35,804	28,684	7,120	25
Income tax and zakat	(7,169)	(6,862)	(307)	(4)	(14,675)	(13,637)	(1,038)	(8)
Profit for the period	4,735	2,815	1,920	68	21,129	15,047	6,082	40
Attributable to:								
- Owners of the parent	2,641	1,643	998	61	12,973	12,646	327	3
- Non-controlling interests	2,094	1,172	922	79	8,156	2,401	5,755	240
	4,735	2,815	1,920	68	21,129	15,047	6,082	40
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	0.5	0.3	0.2	61	2.4	2.4	0.1	3
Diluted EPS	0.5	0.3	0.2	61	2.4	2.4	0.1	3

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

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

A2 Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 30 June 2022

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER 30/06/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2021 RM'000	VARIANCE RM'000	%	CURRENT YEAR TO DATE 30/06/2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2021 RM'000	VARIANCE RM'000	%
Profit for the period	4,735	2,815	1,920	68	21,129	15,047	6,082	40
Other comprehensive income (net of tax):								
Foreign currency translation reserve	4,936	3,023	1,913	63	7,556	9,354	(1,798)	(19)
Re-measurement of post employment-benefits	-	4	(4)	(100)	-	-	-	-
Total comprehensive income for the period	9,671	5,842	3,829	66	28,685	24,401	4,284	18
Attributable to:								
- Owners of the parent	6,115	4,691	1,424	30	18,868	21,218	(2,350)	(11)
- Non-controlling interests	3,556	1,151	2,405	209	9,817	3,183	6,634	208
Total comprehensive income for the period	9,671	5,842	3,829	66	28,685	24,401	4,284	18

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

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

Unaudited Condensed Consolidated Statement of Financial Position
As At 30 June 2022

	Unaudited 30-Jun-22 RM'000	Audited 31-Dec-21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	402,743	387,715
Right-of-use assets	98,400	99,817
Investment properties	45,403	46,602
Investments in associates	153,289	158,870
Intangible assets	248,391	251,340
Goodwill on consolidation	186,879	186,879
Long term receivable	1,516	1,403
Deferred tax assets	1,704	1,080
Club memberships	153	153
	<u>1,138,478</u>	<u>1,133,859</u>
Current assets		
Inventories	213,833	203,936
Trade and other receivables	397,488	476,721
Cash and bank balances and short term funds	413,566	461,802
Current tax assets	7,698	7,434
	<u>1,032,585</u>	<u>1,149,893</u>
TOTAL ASSETS	<u>2,171,063</u>	<u>2,283,752</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	537,927	537,927
Foreign currency translation reserve	19,870	13,975
Capital reserves	3,363	3,163
Retained earnings	481,926	485,324
	<u>1,043,086</u>	<u>1,040,389</u>
Shareholders' equity	<u>1,043,086</u>	<u>1,040,389</u>
Non-controlling interests	<u>130,298</u>	<u>120,631</u>
TOTAL EQUITY	<u>1,173,384</u>	<u>1,161,020</u>
Non-current liabilities		
Other payables	2,109	2,048
Loans and borrowings	365,535	412,153
Lease liabilities	18,538	20,625
Deferred tax liabilities	106,481	107,085
Post-employment benefits	12,637	11,083
	<u>505,300</u>	<u>552,994</u>
Current liabilities		
Trade and other payables	296,686	357,316
Loans and borrowings	156,719	179,576
Lease liabilities	12,565	13,108
Contract liabilities	14,778	13,265
Current tax liabilities	11,631	6,473
	<u>492,379</u>	<u>569,738</u>
TOTAL LIABILITIES	<u>997,679</u>	<u>1,122,732</u>
TOTAL EQUITY AND LIABILITIES	<u>2,171,063</u>	<u>2,283,752</u>
Net assets per ordinary share attributable to owners of the parent (RM)	1.94	1.94

(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 2021 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 Year Ended 30 June 2022

	Share capital RM'000	Foreign currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2022	537,927	13,975	3,163	485,324	1,040,389	120,631	1,161,020
Profit net of tax and zakat	-	-	-	12,973	12,973	8,156	21,129
Gain on foreign currency translations	-	5,895	-	-	5,895	1,661	7,556
Total comprehensive income	-	5,895	-	12,973	18,868	9,817	28,685
Transactions with owners:							
Final dividend for financial year ended 31 December 2021	-	-	-	(13,435)	(13,435)	-	(13,435)
Dividends paid to non-controlling interests	-	-	-	-	-	(150)	(150)
Dividend paid to a preference shareholder of a subsidiary	-	-	-	(2,736)	(2,736)	-	(2,736)
Appropriation to statutory reserves	-	-	200	(200)	-	-	-
	-	-	200	(16,371)	(16,171)	(150)	(16,321)
At 30 June 2022	537,927	19,870	3,363	481,926	1,043,086	130,298	1,173,384
As per BS	537,927	19,870	3,363	481,926	1,043,086	130,298	1,173,384
<i>Diff</i>	-	-	-	-	-	-	-
At 1 January 2021	537,927	(482)	1,927	454,260	993,632	111,835	1,105,467
Profit net of tax and zakat	-	-	-	12,646	12,646	2,401	15,047
Gain on foreign currency translations	-	8,572	-	-	8,572	782	9,354
Total comprehensive income	-	8,572	-	12,646	21,218	3,183	24,401
Transactions with owners:							
Dividend for financial year ended 31 December 2020	-	-	-	(13,434)	(13,434)	-	(13,434)
Dividends paid to non-controlling interests	-	-	-	(2,167)	(2,167)	-	(2,167)
Transfer of shares to minority shareholders	-	-	315	-	315	(315)	-
Re-measurement of post-employment benefits	-	-	(28)	-	(28)	-	(28)
Appropriation to statutory reserves	-	-	136	(136)	-	-	-
	-	-	423	(15,737)	(15,314)	(315)	(15,629)
At 30 June 2021	537,927	8,090	2,350	451,169	999,536	114,703	1,114,239

(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 2021 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 Year Ended 30 June 2022

	6 months ended	
	<u>30-Jun-22</u>	<u>30-Jun-21</u>
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax and zakat	35,804	28,684
Adjustment for non-cash items	37,963	35,036
Adjustment for non-operating items	(4,973)	(3,869)
Operating profit before working capital changes	68,794	59,851
Changes in working capital:		
Net change in current assets	113,931	(42,209)
Net change in current liabilities	(112,712)	36,497
Cash generated from operating activities	70,013	54,139
Tax and zakat paid, net of refunds received	(13,810)	(14,483)
Net cash generated from operating activities	<u>56,203</u>	<u>39,656</u>
Cash Flows From Investing Activities		
Dividend received	2,174	6,000
Profit rate/ interest income received	1,022	1,630
Gain on fair value of short term funds	1,277	1,965
Purchase of :		
- property, plant and equipments	(26,916)	(23,450)
Proceeds from disposal of :		
- property, plant and equipment	837	8,050
Net movements in money market deposits	53,475	5,186
Net cash generated from/(used in) investing activities	<u>31,869</u>	<u>(619)</u>
Cash Flows From Financing Activities		
Dividends paid to shareholders	-	(13,434)
Dividend paid to non-controlling interest of a subsidiary	(150)	(400)
Dividend paid to a preference shareholder of a subsidiary	(2,886)	(2,167)
Issuance of shares	-	122
Profit rate paid	(10,454)	(12,294)
Repayment of borrowings	(109,981)	(149,575)
Drawdown of borrowings	40,362	109,607
Repayment of obligations under finance leases	(1,265)	(4,296)
Net movements in deposits with licensed banks	109	(100)
Net cash used in financing activities	<u>(84,265)</u>	<u>(72,537)</u>
Net increase/(decrease) in cash and cash equivalents	3,807	(33,500)
Effect of exchange rate changes on cash and cash equivalents	1,352	2,554
Cash and cash equivalents at 1 January	162,442	186,961
Cash and cash equivalents at 30 June	<u><u>167,601</u></u>	<u><u>156,015</u></u>

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

	As at	As at
	<u>30-Jun-22</u>	<u>30-Jun-21</u>
Cash and bank balances	413,566	404,019
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(27,524)	(40,510)
Money market deposits	(218,441)	(207,494)
	<u><u>167,601</u></u>	<u><u>156,015</u></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 2021 and the accompanying explanatory notes attached to the interim financial statements)

KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 197501002218 / (23737-K)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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 2021. The explanatory notes attached to the interim financial statements explain 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 2021.

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 2021 except for the adoption of MFRS, the following new and amended MFRSs with effect from 1 January 2022.

A2.1 Adoption of MFRSs and Amendments to MFRSs

On 1 January 2022, the Group adopted MFRSs and the following new and amended MFRSs are mandatory for annual financial periods beginning on or after 1 January 2022:

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

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 are not yet effective:

1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
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
Amendments to MFRS 112	Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

A2 Significant accounting policies (continued)

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

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 2021 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 were no material changes in estimates of amounts reported in the prior interim period has a material effect in the period under review.

A7 Debt and equity securities

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

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 SECOND QUARTER ENDED
30 JUNE 2022****A9 Segmental Information**

Segment Revenue	3 months ended					
	30.06.2022			30.06.2021		
	External Revenue	Inter-Segment Revenue	Total Revenue	External Revenue	Inter-Segment Revenue	Total Revenue
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Manufacturing	272,716	-	272,716	276,610	-	276,610
Trading	40,318	-	40,318	29,671	-	29,671
Licensing	9,730	-	9,730	8,650	-	8,650
Infrastructure	477	-	477	6,592	-	6,592
Investment holding	14,565	(14,565)	-	540	(632)	(92)
Property investment	2,273	-	2,273	2,320	-	2,320
Total Revenue	340,079	(14,565)	325,514	324,383	(632)	323,751

Segment Revenue	6 months ended					
	30.06.2022			30.06.2021		
	External Revenue	Inter-Segment Revenue	Total Revenue	External Revenue	Inter-Segment Revenue	Total Revenue
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Manufacturing	543,694	-	543,694	543,600	-	543,600
Trading	74,971	-	74,971	56,258	-	56,258
Licensing	31,029	-	31,029	18,020	-	18,020
Infrastructure	477	-	477	9,846	-	9,846
Investment holding	28,465	(28,465)	-	1,263	(1,263)	-
Property investment	4,520	-	4,520	4,420	-	4,420
Total Revenue	683,156	(28,465)	654,691	633,407	(1,263)	632,144

Segment Results	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Manufacturing	16,891	12,419	28,766	30,709
Trading	2,197	2,261	4,549	4,400
Licensing	4,339	5,234	20,913	10,190
Infrastructure *	(1,725)	(422)	(6,980)	(606)
Investment holding	(10,531)	(10,495)	(13,736)	(17,876)
Property investment	422	380	1,100	680
Oil & Gas *	311	300	1,192	1,187
Total Profit Before Tax and Zakat	11,904	9,677	35,804	28,684

* Inclusive of share of profit of associates

KUMPULAN PERANGSANG SELANGOR BERHAD

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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) Living with 2019 Novel Coronavirus (“Covid-19”) disease

The COVID-19 pandemic, which started in 2020, remained an international concern as the number of COVID-19 cases continued to increase with the appearance of various variants of concern. As a result, the Movement Control Order (“MCO”) initially imposed by the Government of Malaysia had subsequently entered into various phases of the MCO, followed by the announcement of the National Recovery Plan (“NRP”) in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. The Government of Malaysia has announced Malaysia’s transition to endemic phase of Covid-19 on 1st April 2022.

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 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.

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 assessment of the Group, there is no significant impact arising from the COVID-19 in respect of the judgements and assumptions used in the preparation of the financial statements for the financial period ended 30 June 2022. The Group will continue to assess the impact of the COVID-19 on the financial statements of the Group for the financial year ending 31 December 2022.

(ii) Russia-Ukraine Conflict

The Russia-Ukraine conflict resulted in the imposition of various economic sanctions on Russia by several countries across the world. These developments resulted in soaring global commodities and energy prices and supply chain disruption.

As at the date of this report, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

KUMPULAN PERANGSANG SELANGOR BERHAD

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

A12 Changes in the composition of the Group

There were no other changes in the composition of the Group for the period ended 30 June 2022, including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring except for the striking off of Brisdale International Hotel Sdn. Bhd. ("BIH"), the wholly owned indirect subsidiary of the Company via Cash Band (M) Berhad. BIH has ceased its operation since 2015. On 22 July 2022, BIH has been struck off from the register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the Company Act 2016.

A13 Capital commitments

The amount of commitments not provided for in the unaudited interim financial statements as of 30 June 2022 is as follows:

	RM'000
Property, plant, and equipment:	
(i) Approved but not contracted for	<u>28,949</u>
(ii) Approved and contracted for	<u>9,634</u>

A14 Significant related party transactions

The following are the related party transactions of the Group:

	3 months ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Sales of products to a subsidiary company of non-controlling interest	4,430	4,618	8,932	8,284
Sale of products to related companies	14,063	12,936	28,630	24,293
Infrastructure revenue from a related company	477	1,398	477	1,738
Rental income from related companies	77	-	154	-
Rental and other expenses charged by related companies	(12)	(12)	(24)	(24)

A15 Contingent liabilities and contingent assets

The contingent liabilities as of 30 June 2022 are as follows:

i) Secured:	RM'000
Provision of proportionate corporate guarantee for an associate for revolving credits and issuance of bank guarantees	<u>50,586</u>
ii) Unsecured	
Performance guarantees to third parties	<u>568</u>

There were no contingent assets as at the reporting date.

KUMPULAN PERANGSANG SELANGOR BERHAD

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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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 RM325.5 million compared with RM323.8 million for the corresponding quarter 2021, representing an increase in revenue by 1% or RM1.7 million. The increase in revenue was attributable primarily to higher revenue from Aqua-Flo Sdn Bhd (“Aqua-Flo”) by RM10.6 million, CPI (Penang) Sdn Bhd (“CPI”) by RM6.7 million and King Koil Licensing Company Inc (“KKLC”) by RM1.0 million but netted off with lower revenue from Toyoplas Manufacturing (Malaysia) Sdn Bhd (“Toyoplas”) by RM7.5 million, KPS-HCM Sdn Bhd (“KPS-HCM”) by RM4.5 million, Smartpipe Technology Sdn Bhd (“SPT”) by RM1.6 million, King Koil Sales Inc (“KCSI”) by RM1.5 million, Century Bond Bhd (“CBB”) by RM1.4 million and King Koil Manufacturing West, LLC (“KKMW”) by RM0.1 million.

In line with higher revenue, the Group registered higher gross profit (“GP”) and GP margin mainly contributed by improved margin at KKMW arising from termination of low margin customer. The Group also recorded higher profit before tax and zakat of RM11.9 million as compared to corresponding quarter 2021 profit before tax and zakat of RM9.7 million due to higher revenue and GP and lower finance costs arising from debt repayment.

Performance of the respective operating business segments for the second quarter ended 30 June 2022 as compared to the preceding year corresponding quarter is analysed as follows:

1. Manufacturing

The manufacturing sector recorded lower revenue by 1%, contributing RM272.7 million or 84% to the Group’s revenue compared to RM276.6 million in the corresponding quarter last year. The highest contributor is from Toyoplas with revenue of RM123.5 million. However, the revenue was lower by RM7.5 million or 6% compared to corresponding quarter 2021 due to lower sales at China and Indonesia. For China, it was mainly due to several lockdown resulted from the risen of COVID-19 cases. For Indonesia, lower revenue was led by lower demand from its main customer.

CBB posted a revenue contribution of RM58.3 million, lower by RM1.4 million or 2% from lower traction from the offset division. KKMW contributed revenue of RM32.5 million, lower by RM0.1 million and KCSI recorded lower revenue by RM1.5 million during the quarter.

Meanwhile, CPI recorded revenue of RM55.5 million, higher than the corresponding quarter 2021 by RM6.7 million due to stronger order pulls as customers able to secure more circuit chips.

Despite of the lower revenue, this sector posted a higher profit before tax and zakat of RM16.9 million compared to RM12.4 million in the corresponding quarter 2021. Toyoplas posted a higher profit before tax and zakat by RM3.9 million led by a higher GP margin as a result of lower cost of sales at assembly division, in line with lower revenue from the same division.

KKMW and KCSI also posted a lower loss before tax and zakat by RM1.5 million and RM0.2 million respectively also resulted from higher GP margin during the quarter.

However, CBB recorded lower profit before tax and zakat by RM0.8 million resulted from the lower revenue. Meanwhile, CPI recorded lower profit before tax and zakat by RM0.5 million due to higher material prices and increase in minimum wage.

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B1 Performance review (continued)

a) Current quarter against previous year corresponding quarter (continued)

2. Trading

Revenue of RM40.3 million was RM10.6 million or 36% higher than the corresponding quarter's revenue of RM29.7 million from the higher sale of water chemicals arising from new contracts secured and water meter by Aqua-Flo. Revenue from water meter started in third quarter 2021.

However, this sector recorded lower profit before tax and zakat of RM2.2 million compared to RM2.3 million in the corresponding quarter 2021. The reason for the lower profit before tax and zakat is because of higher cost of sales incurred for the new contracts secured for water chemicals and water meter.

3. Licensing

This sector recorded an increase in revenue of RM9.7 million during the current quarter compared to RM8.7 million in the corresponding quarter 2021, due to excess licensing revenue from the international licensees.

There was Covid-19 relief received in corresponding quarter 2021 of approximately RM1.2 million. However, no such relief received in the current quarter. Hence, this sector recorded a lower profit before tax of RM4.3 million compared to RM5.2 million in the corresponding quarter of 2021.

3. Infrastructure

This sector includes results of subsidiaries; KPS-HCM and SPT as well as share of profits and loss from associate companies namely Sistem Penyuraian Trafik KI Barat Holdings Sdn Bhd ("SPRINT Holdings") and Perangsang Water Management Sdn Bhd.

KPS-HCM and SPT have not secured any new project since the completion of their existing project. This resulted to a lower revenue of RM0.5 million compared to RM6.6 million revenue in the corresponding quarter 2021.

Lower revenue as well as higher share of loss of associates has resulted to higher loss before tax and zakat of RM1.7 million as compared to loss before tax and zakat of RM0.4 million recorded in the corresponding quarter 2021.

4. Investment holding

This sector recorded RM10.5 million loss before tax and zakat, similar to corresponding quarter 2021.

5. Property investment

Property investment registered revenue of RM2.3 million and a profit before tax and zakat of RM0.4 million, similar to corresponding quarter of 2021, which mainly derived from rental income at Plaza Perangsang and Wisma SAP.

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B1 Performance review (continued)

a) Current quarter against previous year corresponding quarter (continued)

6. Oil and gas

NGC Energy Sdn Bhd (“NGC Energy”) registered a profit after tax of RM0.8 million similar as corresponding quarter of 2021. The Group’s share of profit was RM0.3 million during the quarter.

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

For the six months ended 30 June 2022, the Group registered revenue of RM654.7 million compared to RM632.1 million in the corresponding period 2021, representing an increase in revenue by RM22.6 million or 4%. Higher revenue was mainly due to one off upfront payment made by existing customer for renewal of long-term licensing agreement and better performance at trading sector.

The Group’s profit before tax and zakat for the current period of RM35.8 million was 25% or RM7.1 million higher than the corresponding period 2021 of RM28.7 million, mainly due to higher contributions from manufacturing sector netted off with lower contributions from other sectors. Lower finance costs recorded also led to the increase in profit before tax and zakat during the period.

Performance of the respective operating business segments for the six months ended 30 June 2022 as compared to the preceding year corresponding period is analysed as follows:

1. Manufacturing

The manufacturing sector contributed revenue of RM543.7 million and profit before tax and zakat of RM28.8 million compared to corresponding period 2021 revenue of RM543.6 million and profit before tax and zakat of RM30.8 million.

The increase in revenue of RM0.1 million was mainly from KKMW by RM13.5 million, CPI by RM9.8 million, KKSI by RM3.7 million offset by lower sales by RM25.7 million at Toyoplas and RM1.2 million at CBB.

However, this sector shows lower profits in the current period resulting from a decrease in profit before tax and zakat from CBB and Toyoplas by RM1.9 million and CPI by RM1.7 million. KKMW and KKSI recorded increase in profit before tax and zakat by RM3.2 million and RM0.3 million respectively.

2. Trading

The trading sector posted revenue of RM75.0 million, higher by 33% or RM18.7 million due to higher revenue from the sale of water chemicals and water meter.

In line with higher revenue, this sector recorded an increase in profit before tax and zakat by RM0.1 million, 2% higher than the corresponding period 2021.

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B1 Performance review (continued)

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

3. Licensing

The licensing sector recorded revenue of RM31.0 million as compared to the corresponding period 2021 of RM18.0 million, representing an increase in revenue by 72% or RM13.0 million primarily attributed to one off revenue in the first quarter on the upfront payment made by existing customer for renewal of long-term licensing agreement.

The one-off revenue has also resulted higher profit before tax and zakat by RM10.8 million in the current period as compared to corresponding period 2021.

4. Infrastructure

Lower revenue of RM0.5 million compared to RM9.8 million in the corresponding period 2021 was mainly due to lower revenue at KPS-HCM due to project completion.

However, this sector recorded loss before tax and zakat for the current period of RM7.0 million, more than 100% lower than the corresponding period profit before tax and zakat of RM0.5 million. This was mainly due to the share of loss from SPRINT of RM7.2 million compared to the share of loss of RM2.3 million recorded in the corresponding period 2021.

5. Investment holding

This sector recorded a lower loss before tax and zakat of RM13.7 million as compared to a loss before tax and zakat of RM17.9 million in the corresponding period 2021 due to lower administrative expenses and finance charges incurred during the period under review.

6. Property Investment

The property investment sector recorded slightly higher revenue of RM4.5 million than RM4.4 million in the corresponding period in 2021, mainly due to higher rental income at KPS.

This sector recorded a higher profit before tax and zakat of RM1.1 million compared to profit before tax and zakat of RM0.7 million.

7. Oil and gas

For the current period, NGC Energy registered profit after tax of RM3.0 million, which translated into the Group's share of profit of RM1.2 million, similar to corresponding period 2021.

B2 Comparison with the preceding quarter's results

The current quarter Group revenue is lower by RM3.7 million or 1% to RM325.5 million compared to RM329.2 million recorded in the first quarter of 2022. This was due to lower revenue from the licensing sector arising from one-off revenue in the first quarter on the upfront payment made by existing customer for renewal of long-term licensing agreement but netted off with higher revenue at trading and manufacturing sectors.

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B2 Comparison with the preceding quarter's results (continued)

The current quarter profit before tax and zakat of RM11.9 million is lower compared to RM23.9 million in the preceding quarter, arising from lower at licensing sector by RM12.3 million. However, manufacturing sector recorded higher profit before tax and zakat of RM16.9 million compared to RM11.9 million in the preceding quarter.

B3 Commentary on prospects

1. Manufacturing

CBB started the year of 2022 on a positive note riding on the improving economic condition since fourth quarter 2021. However, CBB remains cautious of the challenges ahead especially with the prolonged disruption in supply chains (mainly shortage of paper rolls and electronic components) and business uncertainties that is expected to continue throughout 2022. This is further compounded by the Russia's invasion of Ukraine that is creating further instability and unpredictability in the business. CBB is continuously building its resilience and agility in managing our supply chain issue (availability of raw material and price instability) to ensure a better performance for the year. This is further guided by our diversified business segments, disciplined business operations and continued adherence to relevant SOP's and regulations whilst maintaining the safety and wellbeing of our employees.

The theme of the challenges faced by CPI has generally been similar with other businesses since the onset of the pandemic, namely supply disruptions (materials availability and price fluctuations), disruptions to operations (shut down or operating restrictions of own, customers' & suppliers' plants) as well as business sustainability (disrupted business development activities) – on a positive note, some had shown signs of improvements starting 2021 especially pursuant to the gradual easing of Covid-19 containment measures globally. However, there has yet to be any absolute clarity on whether the global supply chain issue will be resolved in the near future (mainly shortages of electronic components which are affecting different customers at different severity and time), which will require CPI and other businesses to maintain vigilance amidst these uncertainties.

The performance of Toyoplas took a turn in first half 2022 from the recovery path it was on since the second half of 2020. Demand in the industrial tools segment trended down to normalise to pre-pandemic levels while other sectors were heavily impacted by the global shortage of electronic components. In addition to that, Toyoplas operations in China had to observe operational shutdown imposed by the local governments during a local spike in COVID-19 cases, most severely in Shanghai. However, the negative impact of these factors was partly cushioned by the diverse operations Toyoplas has across multiple countries and its diverse clientele. Outlook in the coming quarter is favourable compared to the last two (2) quarters as the lockdowns in China have eased, particularly with the full upliftment of the lockdown in Shanghai in June 2022. Nonetheless, the current supply chain challenges remain and shall be key determinants of future results.

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B3 Commentary on prospects (continued)

1. Manufacturing (continued)

Consecutive quarters of strong demand for the US furnishing industry came to a halt in March 2022 as consumer sentiment was driven down by inflation concerns, as well as lack of confidence in government economic policies and uncertainties on the outcome and ultimate impact of the Russian invasion of Ukraine. Full year inflation is expected to reach the highest in the US since the 1980s, hitting directly on consumers' day-to-day spending needs with food, electricity and gasoline prices increasing by 10.4%, 13.7% and 59.9% just in the past year (source: US Bureau of Labour Statistics). Paired with rising interest rates and housing rent, this understandably has immediate negative impact on consumers' spending on discretionary items, house furnishing included. KKMW is working closely with its customers on aggressive marketing efforts to attract foot traffic in stores over the Summer promotional calendar starting from Memorial Day at the end of May to Labour Day in September and focusing on high margin sales to maintain profitability in a challenging demand environment.

2. Trading

Aqua-Flo recorded higher sales of water chemicals attributed mainly due to the rainy season during the beginning of the year, supported by revenue from new contracts awarded in March and June for the new line of chemicals to customers. Through the water meter contract obtained from Pengurusan Air Selangor Sdn Bhd ("Air Selangor") in April 2022, revenue from the water meter segment has started to materialize at RM5.4 million and is expected to increase until end of the year. In order to ensure the competitiveness in tender participation, Aqua-Flo continues to exert a concerted effort to monitor the current trends of pricing from suppliers as a result of the market uncertainties surrounding raw material costs. Aqua-Flo is committed to expansion and will persistently look for new prospects for all business segments.

3. Licensing

As the world continues to open up from the worst of the COVID-19 pandemic, KKLC seeks more proactive ways and closer engagement to support its network of international licensees to navigate the paths to recovery in their respective markets.

4. Infrastructure

KPS-HCM is targeting to obtain the Certificate of Making Good Defects by third quarter 2022. Concurrently, KPS-HCM is working toward finalising the Project Account with Central Spectrum Sdn Bhd ("CSSB") which is targeted by third quarter 2022. Both parties have agreed on settlement terms and move towards the closure of the project.

SPT has successfully completed Package-12 project for the balance final work of pipe connection in Jalan Cheras-Kajang on 11 May 2022 as per the schedule according to the permit granted by Air Selangor. Certificate of Practical Completion ("CPC") application was submitted thereafter, having approval granted by Air Selangor after inspection was conducted. With the completion of Package-12 project along with the CPC, SPT is undergoing a Defect Liability Period for 18 months towards handing over the project to Air Selangor.

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5. Oil and gas

In second quarter 2022, the market movement and recovery were slower than anticipated. More businesses opened for operations in some areas which helped boost volumes in some segments. However, the recovery in the tourism sector and rate of tourists coming into the country is lower. There is also an impact coming from lower number of foreign workers, as opposed to what it was anticipated based on economy and market recovery. NGC Energy will continue to target higher growth and higher Industrial and Commercial customers which is in line with NGC Energy's long-term strategy. NGC Energy will also continue its effort to gain more market access for Domestic segment. NGC Energy remain cautious about the uncertainty of a challenging 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		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Profit rate/Interest income from the deposit with licensed bank	1,269	285	2,730	662
Interest income from profit guarantee deferment	-	-	1,663	-
Gain on the fair value of short-term funds	40	981	80	1,965
Gain on foreign exchange	12,570	5,537	17,599	10,747
Writeback of impairment	58	22	5,151	37
Finance costs	(5,218)	(6,005)	(10,454)	(12,294)
Loss on foreign exchange	(10,832)	(5,026)	(15,020)	(9,699)
Depreciation of property, plant and equipment	(11,040)	(10,610)	(21,671)	(21,175)
Depreciation of investment properties	(600)	(574)	(1,217)	(1,149)
Amortisation of intangible assets	(1,306)	(1,266)	(2,603)	(2,507)
Impairment of receivables	(207)	(117)	(541)	(152)
Impairment on inventories	(506)	(9)	(1,323)	(861)

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

B6 Income tax expense

	3 months ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Income tax expense	5,787	4,566	13,701	11,707
Deferred tax recognised in income statement	(480)	(204)	(888)	(570)
Income tax expense	5,307	4,362	12,813	11,137
Zakat expense	1,862	2,500	1,862	2,500
Income tax and zakat expense	7,169	6,862	14,675	13,637

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B7 Status of corporate proposals

There were no other corporate proposals during the period ended and subsequent to the reporting period except for the proposed disposal of all the securities of Sistem Penyuraian Trafik KL Barat Sdn Bhd (“SPRINT”) held By Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (“SPRINT Holdings”) to Amanat Lebuhraya Rakyat Berhad (“ALR”) (“Proposed Disposal”).

On 2 April 2022, SPRINT Holdings received a conditional Letter of Offer (“CLOO”) from ALR in respect of ALR’s proposed purchase of 100% equity interest held by SPRINT Holdings in SPRINT (“SPRINT Offer”) at an enterprise value of RM1,808 million, subject to adjustment or modification in the manner to be set out in the definitive agreement to be executed between the parties.

On 18 April 2022, SPRINT Holdings has accepted the SPRINT Offer and the written acceptance has been delivered by SPRINT Holdings to ALR on the even date. SPRINT Holdings expects to commence negotiations with ALR to finalise the terms and conditions of the definitive agreement for the Proposed Disposal and to execute the definitive agreement subject to the following:

- (a) the completion of due diligence exercise on SPRINT, to the satisfaction of ALR;
- (b) approval by the relevant regulatory authority (including the Government of Malaysia (“GoM”)) for the Offer to the satisfaction of ALR;
- (c) execution by SPRINT and the GoM of a supplemental concession agreement based on terms and conditions to be approved by ALR;
- (d) approval of an income tax exemption and stamp duty exemption from GoM for ALR and SPRINT upon completion of the Offer, to the satisfaction of ALR; and
- (e) the requisite shareholders’ approval(s) of the respective shareholders of SPRINT Holdings for the disposal of SPRINT by SPRINT Holdings in accordance with the terms of the agreed format of the definitive agreement.

On 8 June 2022, SPRINT Holdings and ALR have agreed and finalised the terms and conditions of the draft share sale and purchase agreement.

On 5 August 2022, all the conditions as set out in CLOO have been fulfilled. Accordingly, on even date, SPRINT Holdings had entered into the finalised share sale and purchase agreement with ALR for the Proposed Disposal.

The Board of KPS will make the appropriate detailed announcements in relation to the Offer in due course.

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The Group borrowings as of 30 June 2022 are as follows:

As at 2nd Quarter 2022			
Foreign Denomination RM'000 (USD)	RM Denomination RM'000	Total Borrowings RM'000	
Short term borrowings - secured			
Revolving credits	2,965	27,105	30,070
Term loan	803	69,299	70,102
Banker's acceptance	-	29,825	29,825
Trust receipt	1,006	25,238	26,244
Overdraft	-	478	478
Subtotal	4,774	151,945	156,719
Long term borrowings - secured			
Term loan	1,738	363,797	365,535
Subtotal	1,738	363,797	365,535
Total borrowings - secured			
Revolving credits	2,965	27,105	30,070
Term loan	2,541	433,096	435,637
Banker's acceptance	-	29,825	29,825
Trust receipt	1,006	25,238	26,244
Overdraft	-	478	478
Total	6,512	515,742	522,254
As at 2nd Quarter 2021			
Foreign Denomination RM'000 (USD)	RM Denomination RM'000	Total Borrowings RM'000	
Short term borrowings - secured			
Revolving credits	8,309	26,890	35,199
Term loan	1,364	91,069	92,433
Banker's acceptance	-	5,060	5,060
Trust receipt	8,316	15,174	23,490
Overdraft	-	704	704
Subtotal	17,989	138,897	156,886
Long term borrowings - secured			
Term loan	5,226	415,624	420,850
Subtotal	5,226	415,624	420,850
Total borrowings - secured			
Revolving credits	8,309	26,890	35,199
Term loan	6,590	506,693	513,283
Banker's acceptance	-	5,060	5,060
Trust receipt	8,316	15,174	23,490
Overdraft	-	704	704
Total	23,215	554,521	577,736

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B9 Material litigations

Save as disclosed below, 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.

(i) Notice of Adjudication issued under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against Central Spectrum (M) Sdn Bhd ("CSSB") by KPS-HCM Sdn Bhd ("KPS-HCM")

KPS-HCM has on 9 February 2022, received a notification from its appointed solicitors that a Notice of Adjudication against CSSB had been issued under CIPAA for the total sum of RM10,609,181.90 ("Adjudicated Sum"). Breakdown of which are as follows:

- (a) RM4,360,000.00 for the payment of first moiety of retention sum;
- (b) RM818,188.18 for the payment of wrongful deduction claims for work done of flood detention pond;
- (c) RM1,135,849.25 for the payment of idling claims due to the stop-work order instruction by CSSB;
- (d) RM4,295,144.45 for the payment of loss and expenses claims for five (5) extensions of time; and
- (e) Interest for total Adjudicated Sum from the payment claim date until full and final settlement and all costs incurred in the proceedings under CIPAA.

The claim by KPS-HCM is for works done and/or services rendered for the Adjudicated Sum from 5 July 2017 until 31 December 2020 pursuant to a Letter of Acceptance bearing reference no. CSSB/LA/3C-INFRA/KPS/17/016 dated 19 June 2017 whereby KPS-HCM was appointed by CSSB as the contractor for the proposed infrastructure work for the development of phase 3C, lot 74079, Pulau Indah Industrial Park, Mukim Klang, Daerah Klang, Selangor Darul Ehsan ("Contract").

A dispute has arisen between KPS-HCM and CSSB under the Contract arising from the claims made by KPS-HCM. The Payment Claim dated 2 December 2021 was served by KPS-HCM by hand vide a letter ref: RC/LIT/64262/21 and was received on the same date by CSSB. However, no Payment Response was received by KPS-HCM until the due date.

Hence, pursuant to Section 6(4) of CIPAA, if CSSB fails to serve any Payment Response in a manner provided under this section, it is deemed that CSSB has disputed the entire Payment Claim. As such, KPS-HCM proceeded with the filing Notice of Adjudication against CSSB.

On 29 March 2022, KPS-HCM served the adjudication claim on CSSB (Form 7). Subsequently, CSSB submitted the adjudication response on KPS-HCM on 21 April 2022. The adjudicator has instructed KPS-HCM to submit its reply on CSSB by 10 May 2022.

On 7 July 2022, KPS-HCM has received a Notice of Arbitration pursuant to Article 2.2 of the Pertubuhan Akitek Malaysia ("PAM") Arbitration Rules dated 7 July 2022 from CSSB initiating arbitration against KPS-HCM ("Arbitration Proceeding").

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B9 Material litigations (continued)

(i) **Notice of Adjudication issued under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against Central Spectrum (M) Sdn Bhd ("CSSB") by KPS-HCM Sdn Bhd ("KPS-HCM") (continued)**

Breakdown of the claim by CSSB are as follows:

- a. A ruling and/or declaration that KPS-HCM is not entitled to the idling claims of RM1,135,849.25 and the loss and expenses claims amounting to RM4,295,144.45;
- b. Losses of RM763,000.00 for the appointment of Grand Capital Builder Sdn Bhd as third-party contractor in respect of Flood Detention Pond ("FDP") works; and
- c. All cost arising from the arbitration proceedings, which include legal costs and arbitrator's fees.

The adjudicator had delivered his decision on 14 July 2022. The adjudication decision is as follows:

- (a) KPS-HCM's claim for the 1st moiety of retention sum of RM4,360,000.00 is allowed;
- (b) The payment certificate for the 1st moiety of retention sum is varied to the extent that the date of its issuance is 30 April 2021 and the amount payable thereunder is RM4,360,000.00;
- (c) KPS-HCM is entitled to be paid interest on the said sum of RM4,360,000.00 at the simple rate of 10% per annum from 16 April 2021 to 15 April 2022 amounting to RM436,000;
- (d) KPS-HCM is entitled to be paid interest on the said sum of RM4.36 million at the simple rate of 6.4% per annum (5.4% + 1.0%) from 16 April 2022 to 14 July 2022 amounting to RM68,804.38 and thereafter until full settlement; and
- (e) All other principal claims of KPS-HCM are disallowed.

CSSB has made the full payment based on the adjudication decision above amounting to RM4,930,330.34 on 20 July 2022. KPS-HCM has on the same date issued a letter to CSSB on settlement terms and CSSB agreed to the settlement terms and on 2 August 2022 has informed the President of PAM of CSSB's withdrawal of the Arbitration Proceeding.

(ii) **Writ of Summons and Statement of Claim from 39 former employees of Quality Hotel City Centre ("QHCC") being the hotel owned by Perangsang Hotel and Properties Sdn Bhd ("PHP") against PHP, Kumpulan Perangsang Selangor Berhad ("KPS") and Leo Hospitality Sdn Bhd (In liquidation) ("Leo")**

On 25 May 2022, KPS together with PHP has received a letter dated 24 May 2022 from the solicitors representing 39 former employees of QHCC ("Plaintiffs") accompanied by a Writ of Summons and Statement of Claim both dated 13 May 2022 ("Claim") issued by the Kuala Lumpur High Court ("High Court") demanding inter-alia the following Claim:

- a. Loss of retrenchment benefits totalling RM2,777,952.21 ("Amount");
- b. Interest at the rate of 5% per annum on the Amount from 19 March 2018 or from such other date as determined by the High Court; and
- c. Other relief as the High Court deems fit.

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B9 Material litigations (continued)

- (ii) **Writ of Summons and Statement of Claim from 39 former employees of Quality Hotel City Centre (“QHCC”) being the hotel owned by Perangsang Hotel and Properties Sdn Bhd (“PHP”) against PHP, Kumpulan Perangsang Selangor Berhad (“KPS”) and Leo Hospitality Sdn Bhd (In liquidation) (“Leo”) (continued)**

Pursuant to a change of business direction whereby it was decided by the Board of KPS and PHP that, PHP exited the hospitality sector and accordingly, ceased operations of QHCC in 2017. All employees of QHCC including the Plaintiffs were offered employment and/or absorbed by Leo, the company that took over the hotel operations of QHCC, since 2017 on similar terms and conditions.

The Plaintiffs are alleging among others that KPS and/or PHP have misrepresented the Plaintiffs into believing that Leo was credible to fulfil its obligation as the new employer and therefore caused the Plaintiffs to have suffered losses under retrenchment benefits totalling RM2,777,952.21.

On 8 June 2022, KPS has filed its Memorandum of Appearance in the High Court through its solicitors namely, Messrs Justin Wee.

PHP and KPS have filed their respective statement of defence to High Court on 4 July 2022 and subsequently received the Plaintiffs’ Reply to Statement of Defence on 27 July 2022.

KPS and PHP have on 4 August 2022 filed a striking-out application against the Plaintiffs’ action on the grounds that the Plaintiffs’ action against KPS and PHP is an abuse of the process of the court and ought to be struck out.

The High Court has fixed the matter for Case Management on 19 September 2022.

The Claim is not expected to have any material financial impact on KPS Group for the financial year ending 31 December 2022.

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 2021 was declared on 29 March 2022 which subsequently approved by the shareholders at the Annual General Meeting on 7 June 2022 and was paid on 6 July 2022.

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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		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
Net profit attributable to owners of the parent (RM'000)	2,641	1,643	12,973	12,646
Weighted average number of shares in issue ('000)	537,385	537,385	537,385	537,385
Basic EPS	0.5	0.3	2.4	2.4

(a) 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**SELFIA BINTI MUHAMMAD EFFENDI****Company Secretary**

Date: 26 August 2022