

**KPS CONSORTIUM BERHAD (“KPSCB” or “the Company”) AND GROUP OF COMPANIES
 (“The Group”)**

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards 134 - 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2020.

2. Annual Report of the Group's Preceding Annual Financial Statements

The Auditors' report of the Group's most recent annual audited financial statements for the year ended 31 December 2020 was unqualified.

3. Changes in estimates

There were no changes in the estimate of amounts reported in prior quarter in the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

4. Dividends paid

There were no dividends paid during the financial year.

KPS CONSORTIUM BERHAD (“KPCSB” or “the Company”) AND GROUP OF COMPANIES (“The Group”)

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

5. Segmental Reporting

9-months ended 30 Sept 2021

	- Revenue-			Profit/(Loss)
	Internal	External	Total	Before tax
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Paper milling	-	16,127	16,127	(1,429)
Paper converting	-	98,742	98,742	1,231
Trading building materials	-	328,633	328,633	8,886
Investments/ Management/Contracts	-	-	-	(112)
Trading – Others	-	5,901	5,901	426
Unallocated Corp. expenses	-	-	-	-
Total	-	449,403	449,403	9,002
Elimination (inter-company item)	-	-	-	-
Consolidated	<u>0</u>	<u>449,403</u>	<u>449,403</u>	<u>9,002</u>
Financing cost				(4,463)
Interest Income				<u>747</u>
Profit before tax				5,286
Income tax				(1,879)
Profit after tax				<u>3,407</u>

The activities of the Group are carried out in Malaysia and as such segmental reporting by geographical location is not presented.

6. Property, plant and equipment

The valuation of land and buildings has been brought forward, without amendment from the recent audited financial statements for the year ended 31 December 2020.

7. Material events subsequent to the balance sheet date

There are no other material events subsequent to the balance sheet date that has not been reflected in the financial statements.

8. Changes in composition of the Group

There was no change in the composition of the Group during the financial period.

9. Changes in contingent liabilities

Corporate guarantees issued to financial institutions and suppliers for banking and credit facilities respectively granted to subsidiary Companies amounted to RM308.3 million (2020: RM308.3 million).

Additional information required by the Main Market Listing Requirement (“MMLR”)

1. Review of performance

The Group recorded revenue of RM81.8 million for the 3rd quarter period to 30 September 2021 as compared with RM191.9 million recorded in the preceding year corresponding quarter period.

Paper milling division turnover was RM4.6 million lower than previous year corresponding quarter period, paper converting division turnover was lower by RM10.0 million compared with the previous year quarter, building materials division recorded a lower turnover of RM89.7 million compared with the preceding year quarter period and other operations divisions reported higher turnover compared with preceding year quarter of RM0.3 million.

For the year 2021, the 3rd quarter revenue was affected due to MCO shutdown by MKN from 1 June 2021 to 31 August 2021 due to Covid-19.

Generally, the 3rd quarter revenue were lower for all divisions were due to MCO period and subsequent slowdown by our customers operations.

2. Variation of results against immediate preceding quarter

The Group recorded a loss before taxation and interest of (RM0.04 million) for the 3rd quarter to 30 September 2021 as compared to a profit of RM2.49 million recorded in the preceding 2nd quarter 2021.

Comparison of current and immediate preceding quarter is as follows:–

Revenue	Paper Milling RM'000	Paper Converting RM'000	Building Materials Trading RM'000	Investment & Management Contract RM'000	Other Trading RM'000
Current quarter	3,206	21,648	55,727	-	1,220
Previous quarter	5,587	42,303	125,167	-	1,083
Changes - Amount	(2,381)	(20,655)	(69,440)	-	137
Percentage (%)	(42)	(48)	(55)	N/A	12.6

Profit/(loss)before interest/tax

Current quarter	(537)	63	105	24	300
Previous quarter	(405)	610	4,146	(80)	38
Changes - Amount	(132)	(547)	(4,041)	(104)	262
Percentage (%)	(32)	(89)	(97)	N/A	689

The revenue for the current quarter results were generally lower than the preceding last quarter except for building division but results before interest and taxation is lower mainly due to operations ceased from 1 June 2021 due to MCO.

Additional information required by the Main Market Listing Requirement (“MMLR”) (Cont’d)

3. Trade Receivables

Trade receivables ageing analysis as at 30 September 2021	Gross RM'000	Individually Impaired RM'000	Net RM'000
Within credit terms	26,589	-	26,589
Past due 30-60 days	23,424	-	23,424
Past due 60-90 days	6,939	-	6,939
Past due 90-120 days	1,470	-	1,470
Past due above 120 days	119,532	(18,330)	101,202
	177,954	(18,330)	159,624

4. Profit Forecast

There were no profit forecasts for the current period.

5. Taxation

9-months to 30 September 2021
RM '000

Income tax expense	
- current	2,070
- prior year	-
Deferred tax-benefits from previous unrecognised tax loss	207
(Over)/Under provision previous year	15
Income tax recognised in Profit and Loss	1,878

6. Unquoted investments and/or properties

There were no disposals of unquoted investments for the quarter under review.

7. Quoted investments

There were no investments in quoted securities as at the end of the reporting period.

8. Status of corporate proposals announced

(a) There were no major corporate proposals announced during the reporting period to date.

(b) The status of utilisation of proceeds from any corporate proposal.

This is not applicable.

Additional information required by the Main Market Listing Requirement (“MMLR”) (Cont’d)

9. Borrowings and debt securities

Group borrowings and debt securities as at the end of the reporting period:-

Short Term Borrowings

	RM'000
<u>Secured</u>	
Bank overdrafts/ Bankers' Acceptances	104,303
Term loan	10,256
HP Creditors	77
	114,636

Long Term Borrowings

	RM'000
<u>Secured</u>	
Term loan	24,866
HP Creditor	17
	24,883
Total Borrowings	139,519

10. Gains/losses arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes arising from any financial liabilities.

11. Derivative Financial Instruments

There were no derivative financial instruments at the date of issuance of this report.

12. Material litigation

There was no material litigation, which would have a material adverse effect on the financial results.

13. Dividends

The Board of Directors is not recommending any payment of an interim dividend for the current financial period under review.

Additional information required by the Main Market Listing Requirement (“MMLR”) (Cont’d)

14. Earnings per share (“EPS”)

(a) Basic EPS

The calculation of basic EPS for continuing operations the current year is based on the profit of RM3.4 million for 9-months to 30 September 2021 and the weighted average number of ordinary shares in issue during the current quarter of 147,827,158 ordinary shares.

(b) Diluted EPS

No disclosure is requires as the Company does not have any potential ordinary shares.

By Order of the Board

29 November 2021