

**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 2021. 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 2021.

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 2021 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 (“KPSCB” or “the Company”) AND GROUP OF COMPANIES (“The Group”)
NOTES TO THE INTERIM FINANCIAL REPORT (CONT’D)

5. Segmental Reporting

	6-months ended 30 June 2022			Profit/(Loss) Before tax RM’000
	- Revenue- Internal RM’000	External RM’000	Total RM’000	
Paper milling	-	15,318	15,318	788
Paper converting	-	91,760	91,760	1,794
Trading building materials	-	333,232	333,232	14,698
Investments/ Management/Contracts	-	-	-	(34)
Trading – Others	-	8,979	8,979	13
Unallocated Corp. expenses	-	-	-	-
Total	-	449,289	449,289	17,259
Elimination (inter-company item)	-	-	-	(817)
Consolidated	0	449,289	449,289	16,442
Financing cost				(3,142)
Interest Income				383
Profit before tax				13,683
Income tax				(3,176)
Profit after tax				<u>10,507</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 2021.

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 RM148.5 million (2021: RM148.5 million).

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

1. Review of performance

The Group recorded revenue of RM253.5 million for the 2nd quarter period to 30 June 2022 as compared with RM174.1 million recorded in the preceding year corresponding quarter period.

Paper milling division turnover was RM2.5 million higher than previous year corresponding quarter period, paper converting division turnover was higher by RM6.1 million compared with the previous year quarter, building materials division recorded a higher turnover of RM64.8 million compared with the preceding year quarter period and other operations divisions reported higher turnover compared with preceding year quarter of RM6.0.

For year 2022, the 2nd quarter revenue had recovered for stronger demand from customers compared with Covid-19 pandemic in year 2021.

2. Variation of results against immediate preceding quarter

The Group recorded a profit before taxation and interest of RM8.2 million for the 2nd quarter to 30 June 2022 as compared to a profit of RM7.2 million recorded in the preceding 1st quarter 2022.

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	8,074	48,387	490,020	0	7,1
Previous quarter	7,244	43,373	143,211	0	1,9
Changes - Amount	830	6,014	346,809	0	5,2
Percentage (%)	11	11	242	N/A	274

Profit/(loss)before interest/tax

Current quarter	384	1,017	8,172	(43)	(248)
Previous quarter	361	469	6,189	99	1,498
Changes - Amount	23	548	1,983	(142)	(1,764)
Percentage (%)	6	117	32	N/A	N/A

The revenue for the current quarter results were generally higher than the preceding last quarter due to better profit margins obtained.

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

3. Trade Receivables

Trade receivables ageing analysis as at 30 June 2022	Gross RM'000	Individually Impaired RM'000	Net RM'000
Within credit terms	81,849	-	81,849
Past due 30-60 days	59,921	-	59,921
Past due 60-90 days	23,633	-	23,633
Past due 90-120 days	13,487	-	13,487
Past due above 120 days	45,116	(19,818)	15,602
	224,006	(19,818)	204,188

4. Profit Forecast

There were no profit forecasts for the current period.

5. Taxation

6-months to 30 June 2022
RM '000

Income tax expense	
- current	3,456
- prior year	-
Deferred tax-benefits from previous unrecognised tax loss	(339)
(Over)/Under provision previous year	58
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Income tax recognised in Profit and Loss	3,176
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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	127,742
Term loan	10,581
HP Creditors	37
	138,360

Long Term Borrowings

	RM'000
<u>Secured</u>	
Term loan	20,841
HP Creditor	815
	21,656
Total Borrowings	160,016

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 RM10.5 million for 6-months to 30 June 2022 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

26 August 2022