

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

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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 (“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 September 2022**

	<b>- Revenue-</b>			
	<b>Internal</b>	<b>External</b>	<b>Total</b>	<b>Profit/(Loss)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Before tax</b>
				<b>RM'000</b>
Paper milling	-	25,895	25,895	1,172
Paper converting	-	132,189	132,189	1,466
Trading building materials	-	522,875	522,875	19,491
Investments/ Management/Contracts	-	-	-	(68)
Trading - Others	-	17,678	17,678	508
Unallocated Corp. expenses	-	-	-	-
<b>Total</b>	<b>-</b>	<b>698,637</b>	<b>698,637</b>	<b>22,569</b>
Elimination (inter-company item)	-	-	-	-
Consolidated	<u>0</u>	<u><b>698,637</b></u>	<u><b>698,637</b></u>	<u>22,569</u>
Financing cost				(4,960)
Interest Income				416
Profit before tax				<u><b>18,025</b></u>
Income tax				(4,119)
Profit after tax				<u><b>13,906</b></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 RM249.3 million for the 3rd quarter period to 30 September 2022 as compared with RM81.8 million recorded in the preceding year corresponding quarter period.

Paper milling division turnover was RM7.37 million higher than previous year corresponding quarter period, paper converting division turnover was higher by RM18.78 million compared with the previous year quarter, building materials division recorded a higher turnover of RM133.9 million compared with the preceding year quarter period and other operations divisions reported higher turnover compared with preceding year quarter of RM7.4 million.

For year 2022, the 3rd quarter revenue has recovered from stronger and normal demand from customers compared with covid-19 pandemic in the year 2021.

### 2. Variation of results against immediate preceding quarter

The Group recorded a profit before taxation and interest of RM6.2 million for the 3rd quarter to 30 September 2022 as compared to a profit of RM8.2 million recorded in the preceding 2<sup>nd</sup> quarter 2022.

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

<b>Revenue</b>	<b>Paper Milling RM'000</b>	<b>Paper Converting RM'000</b>	<b>Building Materials Trading RM'000</b>	<b>Investment &amp; Management Contract RM'000</b>	<b>Other Trading RM'000</b>
Current quarter	10,577	40,429	189,643	0	8.7
Previous quarter	8,074	48,387	190,020	0	7.1
Changes - Amount	2.5	(7,958)	(377)	0	1.6
Percentage (%)	31	(16)	0	N/A	0.02

#### **Profit/(loss)before interest/tax**

Current quarter	427	(19)	5,130	(17)	706
Previous quarter	384	1,017	8,172	(43)	(248)
Changes - Amount	43	(1,036)	(3,042)	26	954
Percentage (%)	11	N/A	(45.8)	N/A	N/A

The revenue for the current quarter results were generally lower than the preceding last quarter due to previous quarter post covid-19 period having better profit margins.

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

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3. Trade Receivables

<b>Trade receivables ageing analysis as at 30 September 2022</b>	<b>Gross RM'000</b>	<b>Individually Impaired RM'000</b>	<b>Net RM'000</b>
Within credit terms	82,883	-	82,883
Past due 30-60 days	40,498	-	40,498
Past due 60-90 days	46,584	-	46,584
Past due 90-120 days	30,935	-	30,935
Past due above 120 days	43,306	(19,947)	23,359
	<b>244,206</b>	<b>(19,947)</b>	<b>224,259</b>

4. Profit Forecast

There were no profit forecasts for the current period.

5. Taxation

**9-months to 30 September 2022**  
**RM '000**

Income tax expense	
- current	4,568
- prior year	-
Deferred tax-benefits from previous unrecognised tax loss	(580)
(Over)/Under provision previous year	131
Income tax recognised in Profit and Loss	<u>4,119</u>

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)**

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9. Borrowings and debt securities

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

**Short Term Borrowings**

	<b>RM'000</b>
<u>Secured</u>	
Bank overdrafts/ Bankers' Acceptances	156,426
Term loan	4,572
HP Creditors	21
	<b>161,019</b>

**Long Term Borrowings**

	<b>RM'000</b>
<u>Secured</u>	
Term loan	25,713
HP Creditor	-
	<b>25,713</b>
<b>Total Borrowings</b>	<b>186,732</b>

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)**

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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 RM13.9million for 9-months to 30 September 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**

29 November 2022