

**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 2022. 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 2022.

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 2022 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

| | <u>9-months ended 30 September 2023</u> | | | Profit/(Loss) Before tax RM'000 |
|-----------------------------------|---|----------------------------|-------------------------|--|
| | - Revenue- Internal RM'000 | External RM'000 | Total RM'000 | |
| Paper milling | - | 29,822 | 29,822 | 3,633 |
| Paper converting | - | 146,634 | 146,634 | 231 |
| Trading building materials | - | 562,208 | 562,208 | 18,405 |
| Investments/ Management/Contracts | - | - | - | (309) |
| Trading, contracts - Others | - | 18,604 | 18,604 | 1,182 |
| Unallocated Corp. expenses | - | - | - | - |
| Total | - | 757,268 | 757,268 | 23,142 |
| Elimination (inter-company item) | - | - | - | - |
| Consolidated | <u>0</u> | <u>757,268</u> | <u>757,268</u> | 23,142 |
| Financing cost | | | | (6,011) |
| Interest Income | | | | 1,009 |
| Profit before tax | | | | 18,140 |
| Income tax | | | | (3,624) |
| Profit after tax | | | | <u>14,517</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 2022.

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 RM162.3 million (2022: RM165.5 million).

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

1. Review of performance

The Group recorded revenue of RM757.3 million for the 3rd quarter period to 30 September 2023 as compared with RM698.6 million recorded in the preceding year corresponding quarter period.

Paper milling division turnover was RM3.9 million higher than previous year corresponding quarter period, paper converting division turnover was higher by RM13.6 million compared with the previous year quarter, building materials division recorded a higher turnover of RM39.3 million compared with the preceding year quarter period and other operations divisions reported higher turnover compared with the preceding year quarter of RM0.9 million and property development current quarter Nil turnover.

For year 2023, the 3rd quarter revenue had registered growth in all segments due to Malaysian economy having continue to registered growth.

2. Variation of results against immediate preceding quarter

The Group recorded a profit before taxation and interest of RM10.2 million for the 3rd quarter to 30 September 2023 as compared to a profit of RM3.5 million recorded in the preceding 2nd quarter 2023.

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 | 9,945 | 51,618 | 209,669 | 0 | 8,52 |
| Previous quarter | 10,080 | 44,354 | 175,056 | 0 | 5,11 |
| Changes - Amount | (135) | 7,264 | 34,613 | 0 | 341 |
| Percentage (%) | (1.3) | 16.4 | 19.7 | N/A | 66 |

Profit/(loss) before interest/tax

| | | | | | |
|------------------|-------|-------|-------|-------|-----|
| Current quarter | 2,687 | 477 | 6,603 | (25) | 428 |
| Previous quarter | 596 | (193) | 4,185 | (230) | 438 |
| Changes - Amount | 2,091 | 670 | 2,418 | 205 | 10 |
| Percentage (%) | 350 | N/A | 57 | N/A | 2 |

The revenue and profits for the current quarter results were generally higher for all operating divisions except for paper milling division than the preceding last quarter mainly due to better market demand.

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

3. Trade Receivables

| Trade receivables ageing analysis as at 30 September 2023 | Gross RM'000 | Individually Impaired RM'000 | Net RM'000 |
|--|---------------------|-------------------------------------|-------------------|
| Within credit terms | 62,489 | - | 62,489 |
| Past due 30-60 days | 41,813 | - | 41,813 |
| Past due 60-90 days | 21,300 | - | 21,300 |
| Past due 90-120 days | 14,117 | - | 14,117 |
| Past due above 120 days | 38,274 | (16,526) | 21,748 |
| | 177,993 | (16,526) | 161,467 |

4. Profit Forecast

There were no profit forecasts for the current period.

5. Taxation

9-months to 30 September 2023
RM '000

| | |
|---|--------------|
| Income tax expense | |
| - current | 3,928 |
| - prior year | - |
| Deferred tax-benefits from previous unrecognised tax loss | (413) |
| (Over)/Under provision previous year | 109 |
| | <hr/> |
| Income tax recognised in Profit and Loss | 3,624 |
| | <hr/> |

6. Unquoted investments and/or properties

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

7. Quoted investments

There were investments in quoted securities as at the end of the reporting period.

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

8. 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 | 115,891 |
| Term loan | 3,362 |
| HP Creditors | 44 |
| | 119,297 |

Long Term Borrowings

| | RM'000 |
|-------------------------|----------------|
| <u>Secured</u> | |
| Term loan | 22,443 |
| HP Creditor | 7 |
| | 22,450 |
| Total Borrowings | 141,747 |

9. 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.

10. Derivative Financial Instruments

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

11. Material litigation

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

12. 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)

13. Earnings per share (“EPS”)

(a) Basic EPS

The calculation of basic EPS for continuing operations the current year is based on the profit of RM13.9 million for 9-months to 30 September 2023 and the weighted average number of ordinary shares in issue during the current quarter of 155,684,264 ordinary shares.

(b) Diluted EPS

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

By Order of the Board

30 November 2023