

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

5. Segmental Reporting

	12-months ended 31 December 2023			Profit/(Loss) Before tax RM’000
	- Revenue- Internal RM’000	External RM’000	Total RM’000	
Paper milling	-	36,909	36,909	4,018
Paper converting	-	200,059	200,059	(90)
Trading building materials	-	811,817	811,817	23,964
Investments/ Management/Contracts	-	-	-	(237)
Trading, contracts - Others	-	31,007	31,007	1,569
Unallocated Corp. expenses	-	-	-	-
Total	-	1,079,792	1,079,792	29,224
Elimination (inter-company item)	-	-	-	-
Consolidated	-	1,079,792	1,079,792	29,224
Financing cost				(7,566)
Interest Income				1,378
Profit before tax				23,036
Income tax				(4,954)
Profit after tax				18,082

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 RM168.5 million (2022: RM168.5 million).

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

1. Review of performance

The Group recorded revenue of RM322.5 million for the 4th quarter period to 31 December 2023 as compared with RM244.6 million recorded in the preceding year corresponding quarter period. The turnover for the 12-months in 2023 was RM1.08 billion compared with RM943.0 million in 2022.

Paper milling division turnover was RM1.0 million lower than previous year corresponding quarter period, the 12-months turnover in 2023 was higher by RM2.9 million compared with previous year 2022.

Paper converting division turnover was higher by RM16.5 million compared with the previous year quarter. The 12-months turnover in 2023 was higher by RM30.9 million compared with previous year 2022.

Building materials division recorded a higher turnover of RM58.6 million compared with the preceding year quarter period. The 12-months turnover in 2023 was RM97.9 million higher compared with 2022 and other operations divisions reported higher turnover compared with the preceding year quarter of RM3.8 million. The turnover for 12-months in 2023 was RM5.0 million higher compared with 2022.

For year 2023, the 4th 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 RM5.07 million for the 4th quarter to 31 December 2023 as compared to a profit of RM10.2 million recorded in the preceding 3rd 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, Contracts RM'000
Current quarter	7,087	53,424	249,609	0	12
Previous quarter	9,945	51,618	209,669	0	8
Changes - Amount	(2,858)	1,806	39,940	0	4
Percentage (%)	(28.7)	3.5	19.0	N/A	50

Profit/(loss) before interest/tax

Current quarter	384	(321)	5,559	72	388
Previous quarter	2,687	477	6,603	(25)	428
Changes - Amount	(2,303)	(798)	(1,044)	97	(40)
Percentage (%)	(86)	N/A	(16)	N/A	(9.3)

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

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

3. Trade Receivables

Trade receivables ageing analysis as at 31 December 2023	Gross RM’000	Individually Impaired RM’000	Net RM’000
Within credit terms	88,797	-	88,797
Past due 30-60 days	24,989	-	24,989
Past due 60-90 days	18,990	-	18,990
Past due 90-120 days	14,409	-	14,409
Past due above 120 days	35,996	(16,703)	19,293
	183,181	(16,703)	166,478

4. Profit Forecast

There were no profit forecasts for the current period.

5. Taxation

12-months to 31 December 2023
RM ‘000

Income tax expense	
- current	5,515
- prior year	-
Deferred tax-benefits from previous unrecognised tax loss	(689)
(Over)/Under provision previous year	128
Income tax recognised in Profit and Loss	4,954

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	121,935
Term loan	3,095
HP Creditors	41
	125,071

Long Term Borrowings

	RM'000
<u>Secured</u>	
Term loan	21,798
HP Creditor	-
	21,798
Total Borrowings	146,869

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 RM18.7 million for 12-months to 31 December 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

29 February 2024