

**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 2023. 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 2023.

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 2023 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 2024

	- Revenue-			Profit/(Loss) Before tax RM'000
	Internal RM'000	External RM'000	Total RM'000	
Paper milling	-	13,170	13,170	2,245
Paper converting	-	119,008	119,008	310
Trading building materials	-	433,568	433,568	10,825
Investments/ Management/Contracts	-	-	-	(129)
Trading, contracts - Others	-	18,274	18,274	913
Unallocated Corp. expenses	-	-	-	-
Total	-	584,020	584,020	14,164
Elimination (inter-company item)	-	-	-	-
Consolidated	-	584,020	584,020	14,164
Financing cost				(4,875)
Interest Income				560
Profit before tax				9,849
Income tax				(1,443)
Profit after tax				<u>8,406</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 2023.

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 RM145.7 million (2023: RM145.7 million).

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

1. Review of performance

The Group recorded revenue of RM584.0 million for the half-year period to 30 June 2024 as compared with RM477.5 million recorded in the preceding year corresponding quarter period.

Paper milling division turnover was RM6.7 million lower than previous corresponding half-year period, paper converting division turnover was higher by RM24.0 million compared with the previous half-year period.

Building materials division recorded a higher turnover of RM81.0 million compared with the preceding half-year period and other operations divisions reported higher turnover compared with the preceding half-year period of RM8.2 million. The property development current quarter is Nil.

For year 2024, the half-year revenue had registered growth in most segments except for paper milling division due to Malaysian economy having continued to registered growth.

2. Variation of results against immediate preceding quarter

The Group recorded a profit before taxation and interest of RM7.3 million for the 2nd quarter to 30 June 2024 as compared to a profit of RM6.8 million recorded in the preceding 1st quarter 2024.

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	6,604	55,554	212,884	0	3,567
Previous quarter	6,566	63,453	220,684	0	14,706
Changes - Amount	38	(57,9)	(7,8)	0	(11,14)
Percentage (%)	0.57	(108)	(3.5)	N/A	(75.7)

Profit/(loss) before interest/tax

Current quarter	1,134	176	5,165	(88)	942
Previous quarter	1,111	134	5,660	(41)	(29)
Changes - Amount	23	42	(495)	47	971
Percentage (%)	2.7	31	N/A	N/A	N/A

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

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

3. Trade Receivables

Trade receivables ageing analysis as at 30 June 2024	Gross RM'000	Individually Impaired RM'000	Net RM'000
Within credit terms	67,643	-	67,643
Past due 30-60 days	69,308	-	69,308
Past due 60-90 days	51,339	-	51,339
Past due 90-120 days	40,278	-	40,278
Past due above 120 days	52,840	(17,644)	35,196
	281,408	(17,644)	263,764

4. Profit Forecast

There were no profit forecasts for the current period.

5. Taxation

	<u>6-months to 30 June 2024</u>
	<u>RM '000</u>
Income tax expense	
- current	1,003
- prior year	-
Deferred tax-benefits from previous unrecognised tax loss	(13)
(Over)/Under provision previous year	(363)
Income tax recognised in Profit and Loss	628

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 utilization 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	167,423
Term loan	2,929
HP Creditors	18
	170,370

Long Term Borrowings

	RM'000
<u>Secured</u>	
Term loan	20,372
HP Creditor	131
	20,503
Total Borrowings	190,873

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 RM8.4 million for 6-months to 30 June 2024 and the weighted average number of ordinary shares in issue during the current quarter of 162,609,858 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 August 2024