KPS CONSORTIUM BERHAD ("KPSCB" or "the Company") AND GROUP OF COMPANIES ("The Group")

NOTES TO THE INTERIM FINANCIAL REPORT

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1. <u>Basis of preparation</u>

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 2024.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 2024.

2. <u>Annual Report of the Group's Preceding Annual Financial Statements</u>

The Auditors' report of the Group's most recent annual audited financial statements for the year ended 31 December 2024 was unqualified.

3. <u>Changes in estimates</u>

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. <u>Dividends paid</u>

There were no dividends paid during the financial year.

5. Segmental Reporting

	9-months ended 30 September 2025			
	- Revenue-			**Profit/(Loss)**
	Internal RM'000	**External RM'000**	**Total RM'000**	**Before tax RM'000**
Paper milling	-	2,859	2,859	(189)
Paper converting	-	174,102	174,102	1,039
Trading building materials	-	503,495	503,495	12,127
Investments/ Management/Contracts	1,488	31,951	33,439	13,411
Trading, contracts - Others	-	4,240	4,240	425
Unallocated Corp. expenses	-	-	-	-
Total	1,488	716.647	718,135	26,813
Elimination (inter-company item)	(1,488)	-	(1,488)	(2,683)
Consolidated	-	**716,647**	**716,647**	24,130
Financing cost				(5,054)
Interest Income				1,832
Profit before tax				**20,908**
Income tax				(3,221)
Profit after tax				**17,687**

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 2024.

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 RM119 million (2024: RM146.3 million).

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

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1. Review of performance

   The Group recorded revenue of RM716.6 million for the 9-months period to 30 September 2025 as compared with RM828.7 million recorded in the preceding year corresponding period.

   Paper milling division turnover was RM10.0 million lower than previous corresponding 9-months period of RM18.3 million, paper converting division turnover was lower by RM0.3 million compared with the previous 9-months period of RM174.4 million.

   Building materials division recorded a lower turnover of RM112.4 million compared with the preceding 9-months period of RM615.9 million. Investments and contracting division reported a higher turnover of RM33.4 million compared with the preceding last year of RM16 million and other trading divisions reported lower turnover of RM6.7 million compared with preceding 9-months period of RM6.9 million.

   For year 2025, the 3rd year quarter revenue had registered lower revenue in most segments due to lower demand and cease production of paper milling in Paragon Paper & Plywood Sdn. Bhd. and subsequent sale to outside parties.

2. Variation of results against immediate preceding quarter

   The Group recorded a profit before taxation and interest of RM10.6 million for the 3rd quarter to 30 September 2025 as compared to a profit of RM10.7 million recorded in the preceding 2nd quarter 2025.

   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	(214)	57,898	143,485	33,438	4,240
Previous quarter	1,014	54,813	206,379	16,008	5,679
Changes - Amount	(1,228)	3,085	(62,894)	17,430	(1,439)
Percentage (%)	N/A	5.6	(30.5)	108	(25.3)
Profit/(loss) before interest/tax					
Current quarter	1,091	783	(1,573)	(12,466)	518
Previous quarter	62	474	10,781	(99)	128
Changes - Amount	1,029	309	12,354	12,565	390
Percentage (%)	1,669	65	N/A	N/A	304

   The revenue for the current quarter results was generally higher than the preceding last quarter mainly due to higher gross margin. The Holding Company sold Paragon Paper & Plywood Sdn. Bhd. during the reporting period for RM16.5 million and net profit of RM11 million.

3. Trade Receivables

Trade receivables ageing analysis as at 30 September 2025	**Gross RM'000**	**Individually Impaired RM'000**	**Net RM'000**
Within credit terms	48,904	-	48,904
Past due 30-60 days	61,479	-	61,479
Past due 60-90 days	16,567	-	16,567
Past due 90-120 days	24,096	-	24,096
Past due above 120 days	29,769	(12,824)	16,945
	180,815	**(12,824)**	**167,991**

4. Profit Forecast

There were no profit forecasts for the current period.

5. Taxation

	9-months to 30 September 2025 RM '000
Income tax expense	
- current	2,725
- prior year	-
Deferred tax-benefits from previous unrecognised tax loss	390
(Over)/Under provision previous year	106
Income tax recognised in Profit and Loss	**3,221**

6. Unquoted investments and/or properties

There was a disposal of unquoted subsidiary Paragon Paper & Plywood Sdn. Bhd. 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.

9. Borrowings and debt securities

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

Short Term Borrowings

	RM'000
Secured	
Bank overdrafts/ Bankers' Acceptances	83,875
Term loan	3,085
HP Creditors	-
	86,960

Long Term Borrowings

	RM'000
Secured	
Term loan	17,474
HP Creditor	355
	17,829
Total Borrowings	**104,789**

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.

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 RM17.7 million for 9-months to 30 September 2025 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

27 November 2025