



**Interim Financial Report on  
Unaudited Consolidated Results for the  
Second Quarter Ended  
30 June 2017**

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# KUB MALAYSIA BERHAD

(Company No. 6022-D)  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 June 2017.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 30/6/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2016 RM'000 (Re-presented)	% + / (-)	CURRENT YEAR TO DATE 30/6/2017 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 30/6/2016 RM'000 (Re-presented)	% + / (-)
<b>CONTINUING OPERATIONS</b>						
Revenue	128,659	119,629	7.5	277,249	242,355	14.4
Operating expenses	(129,869)	(118,159)		(271,596)	(236,586)	
Other operating income	8,250	2,124		9,646	4,185	
<b>Results from operating activities</b>	<b>7,040</b>	<b>3,594</b>	<b>95.9</b>	<b>15,299</b>	<b>9,954</b>	<b>53.7</b>
Finance income	788	939		1,426	1,407	
Finance costs	(185)	(232)		(383)	(435)	
Share of profit of associates	1,619	1,348		3,406	3,605	
<b>Profit before tax</b>	<b>9,262</b>	<b>5,649</b>	<b>64.0</b>	<b>19,748</b>	<b>14,531</b>	<b>35.9</b>
Zakat	(639)	(202)		(639)	(202)	
Income tax expense	(1,411)	(3,086)		(3,879)	(5,055)	
<b>Profit for the period from continuing operations</b>	<b>7,212</b>	<b>2,361</b>		<b>15,230</b>	<b>9,274</b>	
<b>DISCONTINUED OPERATIONS</b>						
Profit/(Loss) for the period from discontinued operations	-	1,215		-	(30)	
<b>Profit for the period</b>	<b>7,212</b>	<b>3,576</b>	<b>101.7</b>	<b>15,230</b>	<b>9,244</b>	<b>64.8</b>
<b>Other comprehensive income:</b>						
Net gain / (loss) on available-for-sale financial assets	2,816	(43)		4,405	(159)	
<b>Total comprehensive income for the period</b>	<b>10,028</b>	<b>3,533</b>		<b>19,635</b>	<b>9,085</b>	
<b>Profit / (Loss) attributable to :</b>						
Owners of the parent						
- from continuing operations	7,352	3,488		15,369	10,298	
- from discontinued operations	-	1,215		-	(30)	
	7,352	4,703	56.3	15,369	10,268	49.7
Non-controlling interest	(140)	(1,127)		(139)	(1,024)	
	7,212	3,576		15,230	9,244	
<b>Total comprehensive income attributable to :</b>						
Owners of the parent	10,168	4,660		19,774	10,109	
Non-controlling interest	(140)	(1,127)		(139)	(1,024)	
	10,028	3,533		19,635	9,085	
<b>Earnings / (Loss) per share attributable to owners of the parent (sen) :</b>						
Basic and diluted						
- from continuing operations	1.32	0.63		2.76	1.85	
- from discontinued operations	-	0.22		-	(0.01)	
	1.32	0.85		2.76	1.84	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2016.

# KUB MALAYSIA BERHAD

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 30/6/2017 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2016 RM'000
<b>Assets</b>		
Property, plant and equipment	178,668	160,325
Plantation development expenditure	51,389	52,543
Investment properties	12,816	15,629
Investment in associates	37,475	34,069
Other investments	8,229	3,824
Intangible assets	2,817	902
Deferred tax assets	3,224	3,224
<b>Total non-current assets</b>	<b>294,618</b>	<b>270,516</b>
Inventories	11,127	8,869
Trade and other receivables	98,045	84,835
Tax recoverable	446	365
Cash and bank balances	115,894	133,865
<b>Total current assets</b>	<b>225,512</b>	<b>227,934</b>
Non-current assets held for sale	622	3,534
<b>Total Assets</b>	<b>520,752</b>	<b>501,984</b>
<b>Equity</b>		
Share capital	222,586	222,586
Reserves	58,483	54,078
Retained earnings	29,497	19,693
<b>Total equity attributable to owners of the parent</b>	<b>310,566</b>	<b>296,357</b>
Non-controlling interest	10,235	10,374
<b>Total equity</b>	<b>320,801</b>	<b>306,731</b>
<b>Liabilities</b>		
Borrowings	49,579	51,136
Deferred Tax Liabilities	12,346	12,346
Deferred Income	2,673	2,673
<b>Total non-current liabilities</b>	<b>64,598</b>	<b>66,155</b>
Trade and other payables	121,125	113,396
Borrowings	11,533	11,951
Derivative financial liability	9	7
Provision for tax	2,686	3,744
<b>Total current liabilities</b>	<b>135,353</b>	<b>129,098</b>
<b>Total liabilities</b>	<b>199,951</b>	<b>195,253</b>
<b>Total equity and liabilities</b>	<b>520,752</b>	<b>501,984</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.56</b>	<b>0.53</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2016.

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent, total		Attributable to owners of the parent				Non-distributable reserves					Non-controlling interests	
													Non-distributable
	RM'000	RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2017</b>	<b>306,731</b>	<b>296,357</b>	<b>222,586</b>	<b>5,965</b>	<b>19,693</b>	<b>48,113</b>	<b>34,016</b>	<b>312</b>	<b>1,667</b>		<b>971</b>	<b>11,147</b>	<b>10,374</b>
Profit for the period	15,230	15,369	-	-	15,369	-	-	-	-	-	-	-	(139)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	4,405	4,405	-	-	-	4,405	-	-	4,405	-	-	-	-
<b>Total comprehensive income</b>	<b>19,635</b>	<b>19,774</b>	<b>-</b>	<b>-</b>	<b>15,369</b>	<b>4,405</b>	<b>-</b>	<b>-</b>	<b>4,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(139)</b>
Dividend paid	(5,565)	(5,565)	-	-	(5,565)	-	-	-	-	-	-	-	-
<b>At 30 June 2017</b>	<b>320,801</b>	<b>310,566</b>	<b>222,586</b>	<b>5,965</b>	<b>29,497</b>	<b>52,518</b>	<b>34,016</b>	<b>312</b>	<b>6,072</b>		<b>971</b>	<b>11,147</b>	<b>10,235</b>
<b>At 1 January 2016</b>	<b>288,613</b>	<b>277,153</b>	<b>222,586</b>	<b>5,965</b>	<b>2,649</b>	<b>45,953</b>	<b>34,016</b>	<b>312</b>	<b>2,309</b>		<b>(1,831)</b>	<b>11,147</b>	<b>11,460</b>
Profit for the period	9,244	10,268	-	-	10,268	-	-	-	-	-	-	-	(1,024)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(159)	(159)	-	-	-	(159)	-	-	(159)	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<b>9,085</b>	<b>10,109</b>	<b>-</b>	<b>-</b>	<b>10,268</b>	<b>(159)</b>	<b>-</b>	<b>-</b>	<b>(159)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,024)</b>
Dividend paid	(2,782)	(2,782)	-	-	(2,782)	-	-	-	-	-	-	-	-
<b>At 30 June 2016</b>	<b>294,916</b>	<b>284,480</b>	<b>222,586</b>	<b>5,965</b>	<b>10,135</b>	<b>45,794</b>	<b>34,016</b>	<b>312</b>	<b>2,150</b>		<b>(1,831)</b>	<b>11,147</b>	<b>10,436</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2016.

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/6/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2016 RM'000
Profit / (loss) before taxation		
- Continuing Operations	19,748	14,531
- Discontinued Operations	-	(30)
Adjustments for :		
Amortisation of intangible assets	102	74
Amortisation of plantation development expenditure	1,425	1,287
Depreciation of property, plant and equipment	5,115	5,858
Depreciation of investment properties	199	228
Loss on fair value changes of derivative instruments	9	50
Property, plant and equipment written off	36	-
Allowance for impairment on trade receivables	576	-
Unrealised (gain)/loss on foreign exchange	(36)	1,356
Gain on disposal of property, plant and equipment	(15)	(31)
Gain on disposal of non-current assets held for sale	(5,958)	-
Reversal of allowance for impairment on receivables	(75)	(1,229)
Reversal of impairment of stock	-	(318)
Reversal of provision for liquidated ascertained damages	(1,291)	(676)
Interest income	(1,426)	(1,407)
Finance costs	383	766
Dividend income	(1,295)	-
Share of results of associates	(3,406)	(3,605)
Operating profit before working capital changes	14,091	16,854
Changes in working capital:		
Inventories	(2,258)	1,279
Trade and other payables	(12,663)	16,236
Trade and other receivables	14,773	(22,251)
	13,943	12,118
Tax paid	(4,676)	(3,270)
<b>Net cash generated from operating activities</b>	<b>9,267</b>	<b>8,848</b>
Acquisition of property, plant and equipment	(17,800)	(11,477)
Addition to intangible asset	(2,017)	(115)
Addition to plantation development expenditure	(271)	(2,911)
Deposit for acquisition of land	(10,045)	-
Dividends received	1,295	-
Interest received	1,426	1,407
Proceeds from disposal of property, plant and equipment	15	31
Proceeds from disposal of non-current assets classified as held for sale	8,082	-
<b>Net cash used in investing activities</b>	<b>(19,315)</b>	<b>(13,065)</b>
Deposit pledged with licensed banks	3,026	(4,538)
Interest paid	(383)	(766)
Dividend paid	(5,565)	(2,782)
Net (repayment)/drawdown of finance lease	(124)	62
Net (repayment)/drawdown of term loan	(1,879)	4,597
Net (repayment)/drawdown of short term borrowings	(406)	7,922
<b>Net cash (used) / generated from financing activities</b>	<b>(5,331)</b>	<b>4,495</b>

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(Company No. 6022-D)

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	CURRENT YEAR TO DATE 30/6/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2016 RM'000
Net decrease in cash and cash equivalents	(15,379)	278
Cash and cash equivalents at beginning of period	109,996	74,725
Cash and cash equivalents at end of period	<u>94,617</u>	<u>75,003</u>

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :

Cash on hand and at banks	36,530	33,243
Deposits with licensed bank	79,364	75,982
Cash and cash equivalents (as per consolidated statement of financial position)	<u>115,894</u>	<u>109,225</u>
Bank overdrafts	(859)	(3,319)
Deposits pledged with licensed banks	<u>(20,418)</u>	<u>(30,903)</u>
	<u>94,617</u>	<u>75,003</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2016.

# KUB MALAYSIA BERHAD

(Company No. 6022-D)  
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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

### EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

#### 1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2016.

The accounting policies and methods of computation adopted by the Group for the interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 December 2016, except for the mandatory adoption of the following new/revised FRSs and amendments to FRSs :

	<b>Effective for annual period beginning on or after</b>
Annual Improvements to FRS Standards 2014-2016 Cycle	1 January 2017
Amendments to FRS 107: Statement of Cash Flows (Disclosure Initiative)	1 January 2017
Amendments to FRS 112 : Income Taxes (Recognition of Deferred Tax Assets for Unrealised Losses)	1 January 2017

The application of the above amendments had no material impact on the disclosures or on the amount recognised in the Group financial results.

The standards and interpretations that are issued but not yet effective under the FRS framework :

FRS 9 Financial Instruments (International Financial Reporting Standard 9 - Financial Instruments as issued by International Accounting Standard Board in July 2014)	1 January 2018
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#### **Malaysian Financial Reporting Standards**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities should apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB.

The Malaysian Accounting Standards Board (MASB) has, on 8 September 2015, confirmed that the effective date of MFRS 15, Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018, following the press release by the International Accounting Standard Board (IASB) confirming a one-year deferral of IFRS 15, Revenue from Contract with Customers.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in its financial statements for the financial year ending 31 December 2018, being the first set of financial statements prepared in accordance with the new MFRS Framework.

The Group is currently assessing the financial impact of the new pronouncements that are yet to be adopted, including MFRS 141 and MFRS 15.

## EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 2. Audit Report of preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the year ended 31 December 2016.

### 3. Seasonal or cyclicity of operations

The Group's operations are not materially affected by seasonal or cyclical factors except for the Agro business which is influenced by both CPO prices and FFB crop production which may be affected by weather and cropping patterns. The cyclical swing in FFB crop production is generally at its lowest in the first half of the year, with gradual increase to peak production towards the second half.

The remainder of the Group's operations are not materially affected by any seasonal or cyclical events.

### 4. Items of unusual nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date.

### 5. Changes in estimates

There were no major changes in estimates that have had a material effect on the financial statements of the current quarter and financial year-to-date.

### 6. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

### 7. Dividend paid

The first and final single tier dividend of 1.0 sen on 556,464,690 ordinary shares amounting to RM5,564,647 in respect of the financial year ended 31 December 2016 was paid on 30 June 2017.

### 8. Subsequent events

There are no items, transactions or events of a material and unusual nature which have arisen since 30 June 2017 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 June 2017 that have not been reflected in the condensed financial statements.

### 9. Changes in the composition of the group

There were no changes in the composition of the Group for the current quarter and financial year-to-date under review.

### 10. Contingent liabilities

There were no contingent liabilities or contingent assets as at 30 June 2017.

### 11. Capital commitments

The capital expenditures that have not been provided for in the interim financial report is as follows :

	As at 30/6/2017 RM'000	As at 31/12/2016 RM'000
Capital expenditure:		
Property, plant and equipment		
Approved and contracted for	97,564	11,718
Approved but not contracted for	60,391	37,369
	<u>157,955</u>	<u>49,087</u>



## EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 12. Segmental reporting

The Group's primary format for reporting segmental information is business segments based on the Group's management and internal reporting structure and organised into Information, Communications and Technology ("ICT"), Energy, Agricultural Business ("Agro"), Food Business ("Food"), Properties and Power. The segment head of each business unit reports directly to the President/Group Managing Director who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment's performance.

Segment information for the current financial period ended 30 June 2017 is as follows:

	<u>Continuing Operations</u>								<b>Total</b>
	<b>ICT</b>	<b>Energy</b>	<b>Agro</b>	<b>Food</b>	<b>Properties</b>	<b>Power</b>	<b>Others</b>	<b>Eliminations</b>	
<b>RM'000</b>									
<b>Revenue</b>									
External sales	17,849	201,970	20,703	28,175	1,318	5,939	1,295	-	277,249
Inter-segment sales	115	-	-	-	-	-	13,251	(13,366)	-
<b>Total revenue</b>	<b>17,964</b>	<b>201,970</b>	<b>20,703</b>	<b>28,175</b>	<b>1,318</b>	<b>5,939</b>	<b>14,546</b>	<b>(13,366)</b>	<b>277,249</b>
<b>Results</b>									
Profit / (loss) from operations	2,232	13,725	4,273	1,003	1,310	1,076	(8,320)	-	15,299
Interest income	141	796	213	3	49	3	221	-	1,426
Finance costs	(2)	-	(167)	(106)	-	(20)	(88)	-	(383)
Share of results of associates	-	-	-	-	-	-	3,406	-	3,406
<b>Profit / (loss) before tax</b>	<b>2,371</b>	<b>14,521</b>	<b>4,319</b>	<b>900</b>	<b>1,359</b>	<b>1,059</b>	<b>(4,781)</b>	<b>-</b>	<b>19,748</b>
Zakat	-	(495)	(144)	-	-	-	-	-	(639)
Income tax expense	(247)	(2,099)	(1,450)	(6)	(71)	-	(6)	-	(3,879)
<b>Profit / (loss) for the period</b>	<b>2,124</b>	<b>11,927</b>	<b>2,725</b>	<b>894</b>	<b>1,288</b>	<b>1,059</b>	<b>(4,787)</b>	<b>-</b>	<b>15,230</b>

## EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 12. Segmental reporting (cont'd)

Segmental information for the cumulative quarter corresponding period ended 30 June 2016 is as follows:

(Re-presented) RM'000	Continuing Operations								Discontinued		
	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total	Operations*	Total
<b>Revenue</b>											
External sales	42,158	155,177	15,204	21,990	1,320	6,261	245	-	242,355	9,028	251,383
Inter-segment sales	163	-	3,745	-	-	-	7,500	(11,408)	-	-	-
<b>Total revenue</b>	<b>42,321</b>	<b>155,177</b>	<b>18,949</b>	<b>21,990</b>	<b>1,320</b>	<b>6,261</b>	<b>7,745</b>	<b>(11,408)</b>	<b>242,355</b>	<b>9,028</b>	<b>251,383</b>
<b>Results</b>											
Profit / (loss) from operations	3,458	13,184	1,605	(505)	(110)	409	(8,087)	-	9,954	202	10,156
Interest income	171	646	331	8	6	41	204	-	1,407	-	1,407
Finance costs	(30)	-	(162)	(51)	-	(41)	(151)	-	(435)	(232)	(667)
Share of results of associates	-	-	-	-	-	-	3,605	-	3,605	-	3,605
<b>Profit / (loss) before tax</b>	<b>3,599</b>	<b>13,830</b>	<b>1,774</b>	<b>(548)</b>	<b>(104)</b>	<b>409</b>	<b>(4,429)</b>	<b>-</b>	<b>14,531</b>	<b>(30)</b>	<b>14,501</b>
Zakat	-	-	(202)	-	-	-	-	-	(202)	-	(202)
Income tax expense	(954)	(2,778)	(1,229)	(5)	(84)	-	(5)	-	(5,055)	-	(5,055)
<b>Profit / (loss) for the period</b>	<b>2,645</b>	<b>11,052</b>	<b>343</b>	<b>(553)</b>	<b>(188)</b>	<b>409</b>	<b>(4,434)</b>	<b>-</b>	<b>9,274</b>	<b>(30)</b>	<b>9,244</b>

\* Discontinued operations refers to Engineering and Constructions ("EC") segment ie. KUB Precast Sdn Bhd

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

12. Segmental reporting (cont'd)

Segmental assets and liabilities as at 30 June 2017 as compared with the last annual financial statements :

As at 30 June 2017	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total
<i>RM'000</i>									
<b>Assets</b>									
Segment assets	59,572	141,233	163,523	23,949	11,024	12,945	104,660	(37,475)	479,431
Investment in Associates	-	-	-	-	-	-	37,475	-	37,475
Deferred Tax Assets	-	-	-	1,405	-	-	-	1,819	3,224
Non-current assets held for sale	-	-	-	-	622	-	-	-	622
<b>Total Assets</b>	<b>59,572</b>	<b>141,233</b>	<b>163,523</b>	<b>25,354</b>	<b>11,646</b>	<b>12,945</b>	<b>142,135</b>	<b>(35,656)</b>	<b>520,752</b>

<b>Liabilities</b>									
Segment Liabilities	17,955	72,287	78,146	14,160	673	14,521	390	1,819	199,951

As at 31 December 2016	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total
<i>RM'000</i>									
<b>Assets</b>									
Segment assets	71,724	128,284	159,950	21,632	17,235	9,079	87,322	(34,069)	461,157
Investment in Associates	-	-	-	-	-	-	34,069	-	34,069
Deferred Tax Assets	-	-	-	1,405	-	-	-	1,819	3,224
Non-current assets held for sale	-	2,091	-	-	1,443	-	-	-	3,534
<b>Total Assets</b>	<b>71,724</b>	<b>130,375</b>	<b>159,950</b>	<b>23,037</b>	<b>18,678</b>	<b>9,079</b>	<b>121,391</b>	<b>(32,250)</b>	<b>501,984</b>

<b>Liabilities</b>									
Segment Liabilities	22,575	61,405	77,382	14,520	854	11,972	4,726	1,819	195,253

**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**13. Group's Financial Performance Review and Segmental Analysis**

The revenue and profit before tax for the current financial period rose 14% or RM34.9 million and 36% or RM5.2 million respectively as compared to the corresponding period in the preceding year attributable to the stronger performance by all sectors except ICT.

The segmental performance review as compared to the previous year corresponding period are as follows:

**ICT Sector** : The significant reduction in revenue and profit before tax by 58% or RM24.3 million and 34% or RM1.2 million respectively was largely due to the substantial completion of the sector's major projects in the previous financial year namely the Automatic Fare Collection ("AFC") system contract and MCMC Telecommunication Tower ("TT") project.

**Energy Sector** : The surge in the sector's revenue by 30% or RM46.8 million was primarily attributable to the higher average contract price ("CP") of liquefied petroleum gas (LPG). However, the increase in the average LPG costs, stiffer competition particularly in the commercial segment and a rise in administrative expenses reduced the overall operating margins for the sector. Notwithstanding this, the profit before tax improved by 5% or RM0.7 million supported by the gain on disposal of its property in Prai, Penang amounting to RM3.9 million.

**Agro Sector** : The sector's revenue and profit before tax rose by 36% or RM5.5 million and 143% or RM2.5 million respectively predominantly as a result of the increase in average crude palm oil ("CPO") prices, the higher crop production resulting from the increased estate harvesting area as well as the reduction in the losses incurred by the palm oil mill in Mukah.

For the period under review, the mill was still undergoing its final testing and commissioning phase. However, it has commenced operations from 1st July 2017.

**Food Sector** : The revenue grew 28% or RM6.2 million mainly due to the opening of six (6) additional restaurant outlets since the previous period. The higher revenue combined with the various cost management and supply chain improvement initiatives resulted in a significant uplift in profits by RM1.4 million.

**Properties Sector** : The sector's profit in the current period was boosted by the gain on disposal of a parcel of land in Perak amounting to RM2.1 million.

**Power Sector** : Despite a 5% or RM0.3 million reduction in revenue in the current period, the sector recorded higher profit arising from the increased contribution from its joint venture projects and the absence of exceptional losses as compared to the previous period.

**14. Profit before tax for the current quarter compared to the immediate preceding quarter**

	Individual Quarter		%
	3 months 30/6/2017 RM'000	3 months 31/3/2017 RM'000	
Revenue	128,659	148,590	(13.4)
<b>Results</b>			
Profit from operations	7,040	8,259	(14.8)
Interest income	788	638	
Finance costs	(185)	(198)	
Share of profit of associates	1,619	1,787	
<b>Profit before tax</b>	<b>9,262</b>	<b>10,486</b>	(11.7)
Zakat	(639)	-	
Income tax expense	(1,411)	(2,468)	
<b>Profit for the period</b>	<b>7,212</b>	<b>8,018</b>	(10.1)

The profit before tax for the current quarter decreased by 11.7% or RM1.2 million as compared to the preceding quarter mainly due to the reduced operating margins arising from higher average LPG costs (Energy sector) combined with the lower average CPO prices (Agro sector). This was however mitigated by the gain on disposal of properties in Prai, Penang and land in Perak as highlighted above.

**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15. Prospects**

The Group foresees a challenging economic and operating environment for the second half of the year. Notwithstanding this, we are optimistic that with the appropriate strategies in place we will remain resilient in facing the challenges ahead.

The prospects of the Group's business sectors are as follows :

**Energy Sector** : Being the largest contributor to both the Group's revenue and earnings, the sector will continue to intensify its efforts to build its market share while preserving its operational margins which have been impacted by stiff competition. Supply chain management initiatives specifically in the areas of inventory and dealer management will be enhanced and aggressive marketing strategies are to be undertaken to ensure that the 2017 financial performance remains at a satisfactory level.

The Liquid Bulk Terminal ("LBT") pipeline extension project embarked by the Group meanwhile has been completed in July 2017 and will ensure the stability of the LPG supply capacity going forward.

**Agro Sector** : Barring any significant adverse fluctuations in palm oil prices, the sector is expected to deliver improved earnings for the remaining period of the year on the back of the seasonal uptrend in crop production particularly towards the final quarter combined with the various productivity and cost optimisation strategies currently being implemented to improve yields.

The overall performance is also projected to be further enhanced by the narrowing of losses at our mill in Mukah following the commencement of operations in July 2017.

**ICT Sector** : The completion of two major contracts in the previous year ie. the AFC and the TT project, had reduced the sector's performance for first half of 2017. Nevertheless, the sector managed to secure six (6) additional contracts with a total contract value of approximately RM73.4 million since the previous period, relating to supply and delivery of telecommunication equipment and maintenance services for the next three to five years which will contribute favourably to the sector's results going forward.

We will continue to aggressively bid for further sizeable contracts whenever the opportunity arises to enhance our order book.

**Other sector** performances namely Power, Food and Property are forecasted to be satisfactory with further one-off gains expected from our Property sector arising from our asset monetisation strategy.

In addition, the Group will further strengthen the various operational improvement and cost management initiatives that have been carried out since last year.

**16. Profit forecast / profit guarantee**

The Group has neither made any profit forecast nor issued any profit guarantee during the current quarter and financial year to-date.

**17. Notes to the profit before tax**

	Current Quarter		Cumulative Quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
	(Re-presented)		(Re-presented)	
Profit before tax is arrived after crediting/(charging):				
Interest income	788	939	1,426	1,407
Other income including investment income	1,670	794	2,210	1,800
Interest expense	(185)	(232)	(383)	(435)
Depreciation and amortisation	(3,409)	(3,375)	(6,841)	(6,697)
(Impairment)/Reversal of impairment on receivables	(571)	1,179	(501)	1,229
Write-off of assets	-	-	(36)	-
Foreign exchange gain/(loss)				
	- realised	709	630	1,375
	- unrealised	(102)	(2,066)	36
Gain/(Loss) on derivatives	9	13	(9)	(50)

Save as disclosed above, other items as required to be disclosed under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD**

**18. Tax**

	3 months ended		6 months ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,411	3,086	3,879	5,589
Over provision in prior year	-	-	-	(534)
	<u>1,411</u>	<u>3,086</u>	<u>3,879</u>	<u>5,055</u>

The effective tax rate for the current period under review is lower than the statutory tax rate mainly due to the gain on disposal of assets as disclosed in Note 13 are not subjected to income tax.

The profits of certain subsidiaries cannot be offset against losses of other subsidiaries for income tax purposes.

**19. Group borrowings and debt securities**

RM'000	As at 30 June 2017		
	Long Term	Short Term	Total Borrowings
<b>Secured</b>			
Term loans	49,132	7,447	56,579
Hire purchase payables	447	133	580
Bank overdrafts	-	859	859
Revolving Credit / Trust receipts	-	3,094	3,094
	<b>49,579</b>	<b>11,533</b>	<b>61,112</b>

RM'000	As at 30 June 2016		
	Long Term	Short Term	Total Borrowings
<b>Secured</b>			
Term loans	52,283	2,978	55,261
Hire purchase payables	1,019	219	1,238
Bank overdrafts	-	3,319	3,319
Revolving Credit / Trust receipts	-	8,928	8,928
	<b>53,302</b>	<b>15,444</b>	<b>68,746</b>

**20. Status of corporate proposals**

The status of corporate proposals announced are as follows :

- (a) The Company had on 6 April 2017 proposed the establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of the Company at any point in time over the duration of the scheme for eligible directors and employees of KUB and its subsidiary companies (excluding subsidiaries which are dormant). The proposal was approved by the shareholders during the Extraordinary General Meeting held on 23 May 2017.

On 25 July 2017 the Company announced that it had obtained all required approvals and complied with the requirements pertaining to the ESOS. Following this, the effective date for the implementation of the ESOS has been fixed on 25 July 2017.

- (b) On 19 April 2017, KUB Malua Plantation Sdn Bhd (formerly known as KUB Oil & Gas Sdn Bhd) a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with Kwantas Plantation Sdn Bhd to acquire a parcel of oil palm plantation land in the District of Kinabatangan, Sabah measuring approximately 1,534 hectares for a cash consideration of RM100,448,621.

A circular to the shareholders had been issued on 10 July 2017 and the proposal was approved by the shareholders during the Extraordinary General Meeting held on 2 August 2017.

**20. Status of corporate proposals (cont'd)**

The status of corporate proposals announced are as follows :

- (c) On 5 June 2017, the Company announced that the Board had received a notice of unconditional mandatory take-over offer from Kenanga Investment Bank Berhad on behalf of Anchorscape Sdn Bhd ("Offeror" or "ASB"), to acquire all the remaining ordinary shares in KUB (excluding treasury shares) that are not already held by ASB, Temasek Padu Sdn Bhd and its persons acting in concert ("Offer Shares") for a cash offer price of RM0.35 per Offer Share ("Offer"). On 8 June 2017, the Board appointed Affin Hwang IB ("Affin") as the Independent Adviser for the Offer to advise the Non-Interested Directors and the shareholders on the fairness and reasonableness of the Offer. The Offer Document, which sets out the details of the Offer as well as the procedures for acceptance and method of settlement of the Offer, was issued to the shareholders on 28 June 2017. The Independent Advice Circular by Affin, meanwhile, was despatched to the shareholders on 10 July 2017.

On 19 July 2017, the Offer was closed with acceptances of the Offer amounting 0.01% or 59,279 Offer Shares being received by the Offeror.

**21. Material litigation**

Transmission Grid Ventures Sdn Bhd v. KUB Power Sdn Bhd  
Shah Alam High Court Summons No. 22NCVC-543-11/2014

On 21 November 2014, Transmission Grid Ventures Sdn Bhd ("TGV") filed a Writ of Summons and Statement of Claim in the Shah Alam High Court against KUB Power Sdn Bhd ("KUBP") for outstanding due for works carried out and completed amounting to RM1,025,844.13. KUBP filed an application for stay of proceedings pursuant to an arbitration clause in the Letter of Award dated 3 November 2005 ("Letter of Award") between the parties. The High Court had on 28 May 2015 granted a stay of proceedings for the matter to be referred to arbitration.

On 15 February 2016, TGV issued a Notice of Arbitration to KUBP. On 20 April 2016, KUBP gave confirmation to Kuala Lumpur Regional Centre for Arbitration ("KLRC") to adopt KLRC Arbitration Rules as the procedural rules in the proceedings. On 17 June 2016, Dato' Mohd Hishamudin Bin Md Yunus was appointed as the Arbitrator for this matter. During the preliminary meeting, directions were given for the parties to file in cause papers. The Court has fixed 25 July 2017 for the hearing of the Claimant's case and 26 July 2017, 27 July 2017 and 28 July 2017 for the hearing of the Respondent's case. However, the Arbitrator by consent of both Parties had vacated the above hearing and has fixed 4 October 2017, 5 October 2017 and 9 October 2017 as the new hearing date.

The relevant provision relating to the above has been reflected in the financial statements.

**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**

**22. Dividends**

No dividend has been declared for the quarter under review

**23. Realised and Unrealised Profit / (Losses)**

The breakdown of the Group's retained earnings / (loss) as at reporting dates, into realised and unrealised is as follows:

	As at 30/6/2017 RM'000	As at 31/12/2016 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(508,122)	(517,159)
- Unrealised	(9,298)	(10,411)
	<u>(517,420)</u>	<u>(527,570)</u>
Total share of retained earnings / (loss) from associated companies		
- Realised	36,178	32,772
- Unrealised	(7,702)	(7,702)
	<u>28,476</u>	<u>25,070</u>
Group consolidation adjustments	518,441	522,193
Total Group retained earnings as per consolidated financial statements	<u><u>29,497</u></u>	<u><u>19,693</u></u>

**24. Earnings / (loss) per share**

**(a) Basic earnings / (loss) per share**

The basic earnings / (loss) per share is calculated by dividing the profit for the period attributable to ordinary owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

	3 months ended		6 months ended	
	30/6/2017 RM'000	30/6/2016 RM'000 (Re-presented)	30/6/2017 RM'000	30/6/2016 RM'000 (Re-presented)
Earnings / (Loss) for the period attributable to owners of the parent				
- From continuing operations	7,352	3,488	15,369	10,298
- From discontinued operations	-	1,215	-	(30)
	<u>7,352</u>	<u>4,703</u>	<u>15,369</u>	<u>10,268</u>
Weighted average number of ordinary shares in issue	('000) 556,465	556,465	556,465	556,465
Basic earnings / (loss) per share				
- From continuing operations	(sen) 1.32	0.63	2.76	1.85
- From discontinued operations	(sen) -	0.22	-	(0.01)
	<u>1.32</u>	<u>0.85</u>	<u>2.76</u>	<u>1.84</u>

**(b) Diluted earnings / (loss) per share**

The Group has no dilution in its earnings or loss per ordinary share in the quarter under review and financial year to-date.



## 25. Related Party Transactions

As at the end of the current period under review, the Group has entered into related party transactions :

	6 months ended 30/6/2017 RM'000	6 months ended 30/6/2016 RM'000
<b>a. Transactions with Zul Rafique &amp; Partners, a firm which YM Tunku Alizan Raja Muhammad Alias is a partner</b> - Provision of legal services.	117	67
<b>b. Transactions with Putrade Property Management Sdn. Bhd., a company which Datuk Wira Mohd Hafarizam Harun is a common Director</b> - Rental of venue and provision of food and beverages.	-	97

By Order of the Board

**Sharina Saidon**  
**Mohd Afendy Md Yazim**  
**Nani Suryani Ahmad Tajudin**

Company Secretaries

29 August 2017