



Interim Financial Report on
Unaudited Consolidated Results for the
First Quarter Ended
31 March 2018

Contents:	Pages
Condensed Consolidated Statements of Profit or Loss	1
Condensed Consolidated Statements of Other Comprehensive Income	2
Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Changes in Equity	4
Condensed Consolidated Statements of Cash Flows	5 - 6
Explanatory Notes	7 - 17

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 March 2018.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	CUMULATIVE QUARTER		% + / (-)
	CURRENT YEAR QUARTER 31/3/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2017 RM'000 (Restated)	
Revenue	135,808	148,590	(8.6)
Operating expenses	(134,801)	(141,727)	
Other operating income	7,656	1,410	
Results from operating activities	<u>8,663</u>	<u>8,273</u>	4.7
Finance income	401	638	
Finance costs	(1,947)	(198)	
Share of profit of associates	1,627	1,787	
Profit before tax	<u>8,744</u>	<u>10,500</u>	(16.7)
Zakat	(24)	-	
Income tax expense	(1,620)	(2,472)	
Profit for the period	<u>7,100</u>	<u>8,028</u>	(11.6)
Profit / (Loss) attributable to :			
Owners of the parent	8,325	8,043	3.5
Non-controlling interests	(1,225)	(15)	
	<u>7,100</u>	<u>8,028</u>	(11.6)
Earnings per share attributable to owners of the parent (sen) :			
Basic and diluted	1.50	1.45	

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 March 2018.

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 31/3/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2017 RM'000	% + / (-)
Profit for the period	7,100	8,028	(11.6)
Other comprehensive loss that will not be reclassified subsequently to profit or loss :			
Net fair value loss on financial assets	(794)	1,589	
Total comprehensive income for the period, net of tax	<u>6,306</u>	<u>9,617</u>	(34.4)
Total comprehensive income/(loss) attributable to :			
Owners of the parent	7,531	9,632	(21.8)
Non-controlling interests	<u>(1,225)</u>	<u>(15)</u>	
	<u>6,306</u>	<u>9,617</u>	(34.4)

The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/3/2018 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2017 RM'000 (Restated)	AS AT BEGINNING OF THE PRECEDING FINANCIAL YEAR 1/1/2017 RM'000 (Restated)
Assets			
Property, plant and equipment	333,099	228,159	212,868
Investment properties	13,107	12,520	15,629
Investment in associates	43,621	41,994	34,069
Other investments	4,474	5,268	3,824
Intangible assets	2,694	2,756	902
Deferred tax assets	2,094	2,094	3,224
Total non-current assets	399,089	292,791	270,516
Inventories	10,781	11,754	8,869
Biological assets	550	442	714
Trade and other receivables	70,963	102,844	83,288
Contract assets	18,997	17,273	2,513
Tax recoverable	1,171	789	365
Short-term investments	20,028	-	-
Cash and bank balances	106,269	119,088	133,865
Total current assets	228,759	252,190	229,614
Non-current assets held for sale	622	3,731	3,534
Total Assets	628,470	548,712	503,664
Equity			
Share capital	228,863	228,863	222,586
Reserves	48,451	49,245	54,078
Retained earnings	54,892	46,567	20,223
Total equity attributable to owners of the parent	332,206	324,675	296,887
Non-controlling interest	7,888	9,113	10,558
Total equity	340,094	333,788	307,445
Liabilities			
Borrowings	126,074	50,549	51,136
Deferred tax liabilities	12,108	12,219	12,346
Deferred income	2,593	2,620	2,673
Total non-current liabilities	140,775	65,388	66,155
Trade and other payables	125,168	141,684	113,396
Contract liabilities	1,507	1,433	966
Borrowings	20,473	6,269	11,951
Derivative financial liability	15	23	7
Provision for tax	438	127	3,744
Total current liabilities	147,601	149,536	130,064
Total liabilities	288,376	214,924	196,219
Total equity and liabilities	628,470	548,712	503,664
Net assets per share attributable to owners of the parent (RM)	0.60	0.58	0.53

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners		← Attributable to owners of the parent →				Non-distributable reserves		Merger reserve	Non-controlling interests		
			Non-distributable	Distributable	Other reserves, total	Capital redemption reserve					Fair value adjustment reserve	Premium paid on acquisition of non-controlling interests
	Equity, total RM'000	of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Merger reserve RM'000	Non-controlling interests RM'000	
At 1 January 2018 (restated)	333,788	324,675	228,863	-	46,567	49,245	34,016	-	3,111	971	11,147	9,113
Profit for the period	7,100	8,325	-	-	8,325	-	-	-	-	-	-	(1,225)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax	(794)	(794)	-	-	-	(794)	-	-	(794)	-	-	-
Total comprehensive income / (loss)	6,306	7,531	-	-	8,325	(794)	-	-	(794)	-	-	(1,225)
At 31 March 2018	340,094	332,206	228,863	-	54,892	48,451	34,016	-	2,317	971	11,147	7,888
At 1 January 2017	306,731	296,357	222,586	5,965	19,693	48,113	34,016	312	1,667	971	11,147	10,374
Effect of transition to MFRSs	714	530	-	-	530	-	-	-	-	-	-	184
At 1 January 2017 (restated)	307,445	296,887	222,586	5,965	20,223	48,113	34,016	312	1,667	971	11,147	10,558
Profit for the period	8,028	8,043	-	-	8,043	-	-	-	-	-	-	(15)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax	1,589	1,589	-	-	-	1,589	-	-	1,589	-	-	-
Total comprehensive income / (loss)	9,617	9,632	-	-	8,043	1,589	-	-	1,589	-	-	(15)
Transfer pursuant to S618(2) of CA 2016*	-	-	6,277	(5,965)	-	(312)	-	(312)	-	-	-	-
At 31 March 2017	317,062	306,519	228,863	-	28,266	49,390	34,016	-	3,256	971	11,147	10,543

* Pursuant to Section 618(2) of the Companies Act, 2016 ("CA 2016"), any outstanding share premium and capital redemption reserve accounts shall become part of share capital.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD

(Company No. 6022-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 31/3/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2017 RM'000 (Restated)
Profit before taxation	8,744	10,500
Adjustments for :		
Amortisation of intangible assets	67	48
Depreciation of property, plant and equipment	4,823	3,284
Depreciation of investment properties	105	100
Loss on fair value changes of derivative instruments	15	18
Gain on fair value changes in short term investment	(28)	-
Gain on fair value changes in biological assets	(108)	14
Property, plant and equipment written off	10	36
Inventories written down	38	-
Unrealised gain on foreign exchange	(48)	(138)
Gain on disposal of property, plant and equipment	(169)	-
Gain on disposal of non-current assets held for sale	(4,851)	-
Gain on disposal of associate company	(800)	-
Reversal of allowance for impairment on receivables	-	(70)
Reversal of over provision of project costs	(2,000)	-
Reversal of provision for liquidated ascertained damages	-	(1,291)
Amortisation of deferred income	(27)	-
Interest income	(401)	(638)
Finance costs	1,947	198
Dividend income	-	(1,050)
Share of results of associates	(1,627)	(1,787)
Operating profit before working capital changes	5,690	9,224
Changes in working capital:		
Inventories	935	(1,895)
Trade and other payables	(13,090)	25,907
Trade and other receivables	28,716	(31,977)
	22,251	1,259
Tax paid	(1,692)	(2,165)
Net cash generated from/(used in) operating activities	20,559	(906)
Acquisition of property, plant and equipment	(109,792)	(11,880)
Acquisition of short-term investment	(20,000)	-
Additions to intangible asset	(5)	(931)
Additions to investment properties	(692)	-
Deposit for acquisition of land	-	(2,000)
Dividends received	-	1,050
Interest received	401	638
Proceeds from disposal of property, plant and equipment	168	-
Proceeds from disposal of non-current assets classified as held for sale	7,962	-
Proceeds from disposal of associate	800	-
Net cash used in investing activities	(121,158)	(13,123)
Deposit pledged with licensed banks	(5,538)	53
Interest paid	(1,947)	(198)
Net drawdown/(repayment) of short term borrowings	15,000	(112)
Repayment of hire purchase	(47)	(139)
Drawdown of term loans	75,896	-
Repayment of term loans	(758)	(837)
Net cash generated from/(used in) financing activities	82,606	(1,233)

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	CURRENT YEAR YEAR TO DATE 31/3/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2017 RM'000
Net decrease in cash and cash equivalents	(17,993)	(15,262)
Cash and cash equivalents at beginning of year	94,873	109,996
Cash and cash equivalents at end of period	<u>76,880</u>	<u>94,734</u>

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

Cash on hand and at banks	69,151	40,313
Deposits with licensed bank	37,118	78,305
Cash and cash equivalents (as per consolidated statement of financial position)	<u>106,269</u>	<u>118,618</u>
Bank overdrafts	(539)	(493)
Deposits pledged with licensed banks	<u>(28,850)</u>	<u>(23,391)</u>
	<u>76,880</u>	<u>94,734</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 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 2017.

a) Transition to the MFRS Framework

The Group is a transitioning entity as defined by the Malaysian Accounting Standards Board and this is the Group's first interim financial report prepared in accordance with the MFRS, including the MFRS 1 - *First-time Adoption of MFRS* ("MFRS 1") and the Amendments to MFRS 116 and MFRS 141 *Agriculture : Bearer Plants* which is effective for annual periods beginning on or after 1 January 2016.

In the previous financial years, the financial statements of the Group were prepared in accordance with Financial reporting Standards (FRSs) in Malaysia. As required by MFRS 1, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all the financial years presented, as if these policies had always been in effect. Comparative information in this interim financial report have been restated to give effect to these changes and the financial impact on the transition from FRS to MFRS are disclosed as follows :

i. Effects of MFRS 1

MFRS 1 mandatory exceptions had no significant impact to the Group as the basis adopted are consistent with MFRS.

ii. Effects of Amendments to MFRS 116 and MFRS 141 *Agriculture : Bearer Plants*

Property, plant and equipment - Bearer plants

Prior to the adoption of the Amendments to MFRS 116 and MFRS 141 *Agriculture : Bearer Plants* ("*Amendments*"), all the new planting expenditure and replanting expenditure incurred from the land clearing to the point of harvesting were capitalised under plantation development expenditure accounts and were amortised based on estimated annual yield over 25 years upon maturity. Upon adoption of the amendments, the net carrying amount of the plantation development expenditure are now reclassified to bearer plants as part of the Group's property, plant and equipment.

Biological assets

Prior to the adoption of the Amendments, agricultural produce growing on bearer plants were not recognised. Following the adoption of the Amendments, these biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes in fair value less costs to sell of the biological assets were recognised in profit or loss.

iii. Effects of MFRS 15 *Revenue from Contracts with Customers*

The Group will be applying the full retrospective approach and will be availing the practical expedients for its completed contracts as at 31 December 2017 that have variable consideration ("VC"). The Group will be using the transaction price at the date the contract was completed rather than estimating the VC amounts in the comparative reporting periods. These are applicable on the following, the VCs arising from liquidated ascertained damages ("LAD"), variation orders and extension of contract period which are applicable to Group's ICT and Power segments.

Other than reclassification of balances due from/to customers under construction contracts which were previously categorised under trade and other receivables to contract assets and contract liabilities in the statement of financial position, the adoption of MFRS 15 has no other impact to the financial statements of the Group.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies (cont'd)

a) Transition to the MFRS Framework (cont'd)

iv. Reconciliations

Condensed Consolidated Statements of Profit or Loss

RM'000	Note	Preceding year corresponding quarter 3 months ended 31 March 2017		
		Previously reported under FRSs	Effect on adoption of MFRSs	Restated under MFRSs
Profit before taxation	1 (a) (ii)	10,486	14	10,500
Taxation	1 (a) (ii)	(2,468)	(4)	(2,472)
Non-controlling interests	1 (a) (ii)	1	(16)	(15)

Condensed Consolidated Statements of Financial Position

RM'000	Note	As at beginning of the preceding financial year 1 January 2017		
		Previously reported under FRSs	Effect on adoption of MFRSs	Restated under MFRSs
<u>Assets</u>				
<u>Non-Current Assets</u>				
Property, plant and equipment	1 (a) (ii)	160,325	52,543	212,868
Plantation development expenditure	1 (a) (ii)	52,543	(52,543)	-
<u>Current Assets</u>				
Biological assets	1 (a) (ii)	-	714	714
Trade and other receivables	1 (a) (iii)	84,835	(1,547)	83,288
Contract assets	1 (a) (iii)	-	2,513	2,513
<u>Current liabilities</u>				
Contract liabilities	1 (a) (iii)	-	966	966
<u>Equity</u>				
Retained earnings	1 (a) (ii)	19,693	530	20,223
Non-controlling interests	1 (a) (ii)	10,374	184	10,558

RM'000	Note	As at preceding financial year end 31 December 2017		
		Previously reported under FRSs	Effect on adoption of MFRSs	Restated under MFRSs
<u>Assets</u>				
<u>Non-Current Assets</u>				
Property, plant and equipment	1 (a) (ii)	177,029	51,130	228,159
Plantation development expenditure	1 (a) (ii)	51,130	(51,130)	-
<u>Current Assets</u>				
Biological assets	1 (a) (ii)	-	442	442
Trade and other receivables	1 (a) (iii)	118,684	(15,840)	102,844
Contract assets	1 (a) (iii)	-	17,273	17,273
<u>Current liabilities</u>				
Contract liabilities	1 (a) (iii)	-	1,433	1,433
<u>Equity</u>				
Retained earnings	1 (a) (ii)	46,293	274	46,567
Non-controlling interests	1 (a) (ii)	9,051	62	9,113

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies (cont'd)

a) Transition to the MFRS Framework (cont'd)

Condensed Consolidated Statements of Cash Flows

RM'000	Note	Preceding year corresponding quarter 3 months ended 31 March 2017		
		Previously reported under FRSs	Effect on adoption of MFRSs	Restated under MFRSs
Profit before taxation		10,486	14	10,500
Adjustments for :				
Amortisation of plantation on development expenditure	} 1 (a) (ii)	748	(748)	-
Depreciation of property, plant and equipment		2,536	748	3,284
Gain on fair value changes in biological assets		-	14	14

b) New MFRSs that have been issued but not yet effective

The standards and amendments that are issued but not yet effective up to the date of this interim report are disclosed below :

		Effective for annual period beginning on or after
MFRS 16	Leases	1 January 2019
Amendments to MFRSs	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 9	Financial Instruments - Prepayment Features With Negative Compensation	1 January 2019
Amendments to MFRS 119	Employee Benefits	1 January 2019
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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 2017.

3. Seasonal or cyclical nature 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 Crude Palm Oil ("CPO") prices and Fresh Fruit Bunches ("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

No dividend was paid in the current quarter under review and financial period to-date.

8. Subsequent events

On 2 April 2018, KUB Agro Holdings Sdn Bhd ("KUBAH"), a wholly owned subsidiary of the Company via KUB Ekuiti Sdn Bhd had entered into a Share Sale Agreement with Sutracom Sdn Bhd for the acquisition of 1,994,281 ordinary shares representing 31.6% of the equity interest held in KUB Maju Mill Sdn Bhd ("KUBMA") for a total purchase consideration of RM1.00.

Upon the completion of the acquisition, KUBAH will own 94% shares in KUBMA with remaining equity owned by another subsidiary within the Group, KUB Sepadu Sdn Bhd.

9. Changes in the composition of the group

The Company had on 26 February 2018 entered into a Share Sale Agreement with Star Career Sdn Bhd for the disposal of 400,000 units of ordinary shares representing 20% of the issued and paid up capital in Rimba Raya Sdn Bhd ('RIMBA') for a total cash consideration of RM800,000.

The transaction was completed on the same date and following this, RIMBA ceased to be an associate company of KUB. The gain on disposal of RIMBA is RM800,000 as the cost of investment had been fully impaired in the previous years.

10. Contingent liabilities

There were no contingent liabilities or contingent assets as at 31 March 2018.

11. Capital commitments

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

	As at 31/3/2018 RM'000	As at 31/12/2017 RM'000
Capital expenditure:		
Property, plant and equipment		
Approved and contracted for	1,071	77,144
Approved but not contracted for	100,029	52,838
	<u>101,100</u>	<u>129,982</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"), Property 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 31 March 2018 is as follows:

	ICT	Energy	Agro	Food	Property	Power	Others	Eliminations	Total
RM'000									
Revenue									
External sales	7,643	88,395	18,680	15,069	724	5,297	-	-	135,808
Inter-segment sales	45	-	-	-	-	-	4,767	(4,812)	-
Total revenue	7,688	88,395	18,680	15,069	724	5,297	4,767	(4,812)	135,808
Results									
Profit / (Loss) from operations	(899)	6,861	1,143	531	2,114	2,524	(3,611)	-	8,663
Interest income	157	102	72	22	-	-	48	-	401
Finance costs	(1)	(160)	(1,724)	(44)	-	(1)	(17)	-	(1,947)
Share of results of associates	-	-	-	-	-	-	1,627	-	1,627
Profit/(Loss) before tax	(743)	6,803	(509)	509	2,114	2,523	(1,953)	-	8,744
Zakat	-	-	(24)	-	-	-	-	-	(24)
Income tax expense	-	(840)	(683)	(6)	-	(99)	8	-	(1,620)
Profit/(Loss) for the period	(743)	5,963	(1,216)	503	2,114	2,424	(1,945)	-	7,100

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

12. Segmental reporting (cont'd)

Segmental information for the cumulative quarter corresponding period ended 31 March 2017 is as follows:

(Restated)

	ICT	Energy	Agro	Food	Property	Power	Others	Eliminations	Total
<i>RM'000</i>									
Revenue									
External sales	8,152	110,597	12,512	12,969	659	2,651	1,050	-	148,590
Inter-segment sales	50	-	-	-	-	-	11,265	(11,315)	-
Total revenue	8,202	110,597	12,512	12,969	659	2,651	12,315	(11,315)	148,590
Results									
Profit / (Loss) from operations	1,573	6,384	2,966	307	(10)	750	(3,697)	-	8,273
Finance income	79	363	50	3	21	3	119	-	638
Finance costs	(1)	-	(84)	(57)	-	(8)	(48)	-	(198)
Share of results of associates	-	-	-	-	-	-	1,787	-	1,787
Profit / (Loss) before tax	1,651	6,747	2,932	253	11	745	(1,839)	-	10,500
Income tax expense	-	(1,462)	(965)	(6)	(36)	-	(3)	-	(2,472)
Profit / (Loss) for the period	1,651	5,285	1,967	247	(25)	745	(1,842)	-	8,028

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

12. Segmental reporting (cont'd)

Segmental assets and liabilities as at 31 March 2018 as compared with the last annual financial statements :

As at 31 March 2018	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total
RM'000									
Assets									
Segment assets	47,484	138,922	273,644	25,606	14,845	29,835	60,797	(9,000)	582,133
Investment in Associates	-	-	-	-	-	-	43,621	-	43,621
Deferred Tax Assets	-	-	-	2,094	-	-	-	-	2,094
Non-current assets held for sale	-	-	-	-	622	-	-	-	622
Total Assets	47,484	138,922	273,644	27,700	15,467	29,835	104,418	(9,000)	628,470
Liabilities									
Segment Liabilities	5,688	86,234	157,550	14,282	1,095	24,547	(1,020)	-	288,376
As at 31 December 2017	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total
(Restated)									
RM'000									
Assets									
Segment assets	53,505	126,107	201,704	27,350	11,671	28,526	61,030	(9,000)	500,893
Investment in Associates	-	-	-	-	-	-	41,994	-	41,994
Deferred Tax Assets	1	-	-	2,093	-	-	-	-	2,094
Non-current assets held for sale	-	2,976	-	-	755	-	-	-	3,731
Total Assets	53,506	129,083	201,704	29,443	12,426	28,526	103,024	(9,000)	548,712
Liabilities									
Segment Liabilities	7,979	82,183	84,254	15,695	754	25,751	(1,692)	-	214,924

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

For the period ended 31 March 2018, the Group registered revenue of RM135.8 million and profit before zakat and tax ("PBT") of RM8.7 million, representing a decrease of 9% and 17% respectively as compared to the corresponding period last year.

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

ICT Sector : The decline in revenue by 6% or RM0.5 million was mainly due to the reduction in the value of contracts recognised in the current period. As a result of this and combined with the effect of lower operating margins, the sector recorded a loss before tax of RM0.7 million in the current quarter.

Energy Sector : The sector's revenue fell by 20% or RM22.2 million primarily as a result of the drop in average contract price ("CP") and weaker sales volume recorded in all product segments. The intense market competition also caused further margin compression which negatively impacted the sector's core operating performance. Nevertheless, the overall PBT was lifted by the gain on disposal of its property in Georgetown, Penang amounting to RM2.9 million.

Agro Sector : The revenue grew 49% or RM6.2 million contributed mainly from the palm oil mill in Mukah, Sarawak which began operations in July 2017 and the newly acquired plantation land in Sabah since January 2018. Despite the higher turnover, the sector registered losses in the current period predominantly due to lower average crude palm oil ("CPO") prices and operating losses incurred by the mill due to lower fresh fruit bunch ("FFB") processed and lower average oil extraction rates ("OER") recorded.

Food Sector : The increase in revenue in the current period was to a large extent supported by the opening of an additional five (5) restaurant outlets since the previous corresponding period. However, the uplift in profits was only marginal at RM0.3 million owing to the lower than expected operational performance of these new outlets.

Property Sector : The sector's profit in the current period was enhanced by the gain on disposal of a building in Gombak, Selangor amounting to RM1.9 million offset by higher administrative expenses.

Power Sector : The increase number of projects undertaken during the current period resulted in a twofold rise in revenue to RM5.3 million compared to the previous year. The PBT was also further boosted by a reversal of over provision of costs of RM2.0 million relating to projects performed in previous years.

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

	Individual Quarter		%
	3 months 31/3/2018 RM'000	3 months 31/12/2017 RM'000	
Revenue	135,808	183,979	(26.2)
Results			
Profit from operations	8,663	14,017	(38.2)
Finance income	401	784	
Finance costs	(1,947)	(756)	
Share of profit of associates	1,627	2,983	
Profit before tax	8,744	17,028	(48.6)
Zakat	(24)	-	
Income tax expense	(1,620)	(2,324)	
Profit for the period	7,100	14,704	(51.7)

In comparison with the preceding quarter, the revenue and PBT in the current period were impacted by the unfavourable financial performances of the Energy, Agro and Food sectors. The PBT in the previous quarter also included a relatively higher gain on disposal of properties (RM6.3 million) and a reversal of overprovision of costs (RM2.6 million) by the Power sector.

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

15. Prospects

The Group expects to face similar challenges and setbacks as it did in FY2017 in the coming year ahead particularly with the heightened competition in many of our business sectors. Notwithstanding, we expect our overall performance to remain stable as we leverage on the progress we have made in building our core businesses namely the Energy and Agro sectors and in the orderly execution of our strategic plans.

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

Energy Sector : The sector will remain as the leading revenue and earnings contributor to the Group in FY2018. Demand for LPG is expected to remain robust but nonetheless, intense competition and escalating input costs will continue to exert some pressure on the operating margins. With the determined effort to counter these factors through aggressive marketing strategies, improvement in supply chain management specifically in the areas of inventory and dealer management, and our plans to boost distribution capacity by establishing a satellite bottling plant, the Group anticipates the current year performance for the sector to be better.

Agro Sector : We expect our performance to be neutral owing to subdued outlook of CPO prices due to the higher palm oil production supply in the market which is predicted to outpace consumption.

On the other hand, and barring adverse weather conditions, we expect FFB production prospects to be potentially encouraging. While our replanting activities are projected to reduce the contribution of our Johor estates, an overall uptrend in FY2018 is anticipated from our newly acquired plantation land in Sabah which has a much robust yield and age profile.

Meanwhile for our Mill in Mukah, we will place greater emphasis and attention to ensure it overcomes all its operational challenges and is able to meet its planned production capacity targets and ideal oil extraction rates.

ICT and Power Sectors : These sectors will continue to aggressively bid for further sizeable contracts whenever the opportunity arises to enhance our order book and at the same time focus on the execution of existing projects. Both sectors will also actively explore new sources of revenue growth to create more recurring and sustainable income in the future.

Other sector performances namely Food and Property are forecasted to be satisfactory particularly with the increasing number of restaurant outlets, enhancement of product offerings as well as remodelling efforts for the old outlets (Food) and additional 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 previous years.

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

	Cumulative Quarter 3 months ended	
	31/3/2018	31/3/2017
	RM'000	RM'000
Profit before tax is arrived after crediting/(charging):		
Interest income	401	638
Other income including investment income	883	557
Interest expense	(1,947)	(198)
Depreciation and amortisation	(4,995)	(3,432)
Write-off of property, plant and equipment	(10)	(36)
Inventories written down	(38)	-
Gain on disposal of property, plant and equipment	169	-
Gain on disposal of assets held for sale	4,851	-
Gain on disposal of associate company	800	-
Reversals of allowance for impairment on receivables	-	70
Foreign exchange gain	920	663
- realised	48	138
- unrealised		
Loss on derivatives	(15)	(18)

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	
	31/3/2018	31/3/2017
	RM'000	RM'000
Malaysian income tax:		
Current tax	1,620	2,472
	<u>1,620</u>	<u>2,472</u>

The effective tax rate for the current period under review is lower than the statutory tax rate as certain gain or income are not taxable and 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 31 March 2018		
	Long Term	Short Term	Total Borrowings
Secured			
Term loans	125,470	4,751	130,221
Hire purchase payables	604	183	787
Bank overdrafts	-	539	539
Bankers Acceptances	-	15,000	15,000
	126,074	20,473	146,547

RM'000	As at 31 March 2017		
	Long Term	Short Term	Total Borrowings
Secured			
Term loans	50,014	7,406	57,420
Hire purchase payables	420	145	565
Bank overdrafts	-	493	493
Revolving Credit / Letter of Credit	-	3,320	3,320
	50,434	11,364	61,798

20. Status of corporate proposals

As at the date of this report, there were no corporate proposals announced by the Group but have not been completed.

21. Material litigation

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

On 21st 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 3rd November 2005 ("Letter of Award") between the parties. The High Court had on 28th May 2015 granted a stay of proceedings for the matter to be referred to arbitration.

On 15th February 2016, TGV issued Notice of Arbitration to KUBP. On 20th April 2016, KUBP gave confirmation to Kuala Lumpur Regional Centre for Arbitration ("KLRCA") to adopt KLRCA Arbitration Rules as the procedural rules in the proceedings. On 17th June 2016, Dato' Mohd Hishamudin Bin Md Yunus has been appointed as the Arbitrator for this matter. Parties had filed all the cause papers in accordance to Arbitrator's instruction and the hearing had commenced on 4th October 2017, 9th October 2017, 8th January 2018 and 9th January 2018. The Arbitrator had then fixed new dates for a continued hearing on 15th August 2018, 19th September 2018 and 20th September 2018.

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

The Board of Directors has recommended a first and final dividend tier dividend in respect of the financial year ended 31 December 2017 of 1.0 sen on 556,464,690 ordinary shares for approval by the shareholders at the forthcoming Annual General Meeting to be held on 28 June 2018.

On 27 February 2018, the Board of Directors approved and declared an interim dividend of 1.0 sen on 556,464,690 in respect of the financial year ending 31 December 2018. The dividend was paid on 13 April 2018.

23. Earnings per share

(a) Basic earnings per share

The basic earnings 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	
	31/3/2018	31/3/2017
Earnings for the period attributable to owners of the parent	RM'000 8,325	RM'000 8,043
Weighted average number of ordinary shares in issue ('000)	556,465	556,465
Basic earnings per share (Sen)	1.50	1.45

(b) Diluted earnings per share

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

24. Related Party Transactions

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

	3 months ended 31/3/2018 RM'000	3 months ended 31/3/2017 RM'000
a. Transactions with Zul Rafique & Partners, a firm which YM Tunku Alizan Raja Muhammad Alias is a partner		
- Provision of legal services.	94	-

By Order of the Board

Sharina Saidon
Mohd Afendy Md Yazim
Nani Suryani Ahmad Tajudin

Company Secretaries

30 May 2018