



**Interim Financial Report on  
Unaudited Consolidated Results for the  
Fourth Quarter Ended  
31 December 2018**

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# KUB MALAYSIA BERHAD

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

## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2017 RM'000 (Restated)	% + / (-)	CURRENT YEAR YEAR TO DATE 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2017 RM'000 (Restated)	% + / (-)
<b>CONTINUING OPERATIONS</b>						
<b>Revenue</b>	133,223	148,250	(10.1)	480,074	498,104	(3.6)
Operating expenses	(137,284)	(144,470)		(483,658)	(488,927)	
Other operating income	1,875	8,537		15,379	19,480	
<b>Results from operating activities</b>	<b>(2,186)</b>	<b>12,317</b>	<b>(117.7)</b>	<b>11,795</b>	<b>28,657</b>	<b>(58.8)</b>
Finance income	636	618		1,971	2,646	
Finance costs	(1,533)	(31)		(5,550)	(253)	
Share of profit of associates	381	2,983		3,313	7,925	
<b>(Loss)/Profit before tax</b>	<b>(2,702)</b>	<b>15,887</b>	<b>(117.0)</b>	<b>11,529</b>	<b>38,975</b>	<b>(70.4)</b>
Zakat	(643)	-		(1,375)	(639)	
Income tax expense	(2,260)	(2,215)		(5,893)	(7,576)	
<b>(Loss)/Profit for the period from continuing operations</b>	<b>(5,605)</b>	<b>13,672</b>	<b>(141.0)</b>	<b>4,261</b>	<b>30,760</b>	<b>(86.1)</b>
<b>DISCONTINUED OPERATIONS</b>						
(Loss)/Profit for the period from discontinued operations	(31,728)	1,310		(23,756)	260	
<b>(Loss)/Profit for the period</b>	<b>(37,333)</b>	<b>14,982</b>	<b>(349.2)</b>	<b>(19,495)</b>	<b>31,020</b>	<b>(162.8)</b>
<b>(Loss)/Profit attributable to :</b>						
Owners of the parent						
- continuing operations	(5,604)	13,979		4,201	30,719	
- discontinued operations	(14,958)	1,310		(3,024)	1,676	
	(20,562)	15,289	(234.5)	1,177	32,395	(96.4)
Non-controlling interests	(16,771)	(307)		(20,672)	(1,375)	
	(37,333)	14,982	(349.2)	(19,495)	31,020	(162.8)
<b>Earnings per share attributable to owners of the parent (sen) :</b>						
Basic and diluted						
- continuing operations	(1.01)	2.51		0.75	5.52	
- discontinued operations	(2.69)	0.24		(0.53)	0.29	
	(3.70)	2.75	(234.5)	0.22	5.81	(96.2)

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 FOURTH QUARTER ENDED 31 DECEMBER 2018

### CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2017 RM'000 (Restated)	% + / (-)	CURRENT YEAR QUARTER 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2017 RM'000 (Restated)	% + / (-)
<b>(Loss)/Profit for the period</b>	(37,333)	14,982	(349.2)	(19,495)	31,020	(162.8)
Other comprehensive (loss)/profit that will not be reclassified subsequently to profit or loss :						
Net fair value changes in quoted share at fair value through other comprehensive income (FVTOCI)	(650)	(434)		(2,239)	1,444	
<b>Total comprehensive (loss) / income for the period, net of tax</b>	<u>(37,983)</u>	<u>14,548</u>	(361.1)	<u>(21,734)</u>	<u>32,464</u>	(166.9)
<b>Total comprehensive (loss)/income attributable to :</b>						
Owners of the parent	(21,212)	14,855	(242.8)	(1,062)	33,839	(103.1)
Non-controlling interests	<u>(16,771)</u>	<u>(307)</u>		<u>(20,672)</u>	<u>(1,375)</u>	
	<u>(37,983)</u>	<u>14,548</u>	(361.1)	<u>(21,734)</u>	<u>32,464</u>	(166.9)

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)  
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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/12/2018 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)
<b>Assets</b>			
Property, plant and equipment	226,862	228,159	212,868
Investment properties	12,962	12,520	15,629
Investment in associates	42,427	41,994	34,069
Other investments	4,563	6,776	5,186
Intangible assets	-	2,756	902
Deferred tax assets	-	2,094	3,224
<b>Total non-current assets</b>	<b>286,814</b>	<b>294,299</b>	<b>271,878</b>
Inventories	6,997	11,754	8,869
Biological assets	724	830	994
Trade and other receivables	49,026	101,431	81,719
Contract assets	2,065	16,834	2,074
Tax recoverable	2,187	789	365
Derivative financial assets	23	-	-
Short-term investments	20,193	-	-
Cash and bank balances	123,432	119,088	133,865
<b>Total current assets</b>	<b>204,647</b>	<b>250,726</b>	<b>227,886</b>
Non-current assets held for sale	106,805	3,731	3,534
<b>Total Assets</b>	<b>598,266</b>	<b>548,756</b>	<b>503,298</b>
<b>Equity</b>			
Share capital	228,863	228,863	222,586
Reserves	47,006	49,245	54,078
Retained earnings	39,612	49,564	22,734
<b>Total equity attributable to owners of the parent</b>	<b>315,481</b>	<b>327,672</b>	<b>299,398</b>
Non-controlling interest	(11,468)	9,204	10,579
<b>Total equity</b>	<b>304,013</b>	<b>336,876</b>	<b>309,977</b>
<b>Liabilities</b>			
Borrowings	116,279	50,549	51,136
Deferred tax liabilities	12,500	12,312	12,584
Deferred income	2,513	2,620	2,673
<b>Total non-current liabilities</b>	<b>131,292</b>	<b>65,481</b>	<b>66,393</b>
Trade and other payables	107,956	138,547	110,260
Contract liabilities	238	1,433	966
Borrowings	54,647	6,269	11,951
Derivative financial liability	-	23	7
Provision for tax	120	127	3,744
<b>Total current liabilities</b>	<b>162,961</b>	<b>146,399</b>	<b>126,928</b>
<b>Total liabilities</b>	<b>294,253</b>	<b>211,880</b>	<b>193,321</b>
<b>Total equity and liabilities</b>	<b>598,266</b>	<b>548,756</b>	<b>503,298</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.57</b>	<b>0.59</b>	<b>0.54</b>

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

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the parent		Attributable to owners of the parent									
			Non-distributable		Distributable		Non-distributable reserves					
	Equity, total RM'000	Equity 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	Capital redemption 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
<b>At 1 January 2018 (restated)</b>	<b>336,876</b>	<b>327,672</b>	<b>228,863</b>	<b>-</b>	<b>49,564</b>	<b>49,245</b>	<b>34,016</b>	<b>-</b>	<b>3,111</b>	<b>971</b>	<b>11,147</b>	<b>9,204</b>
(Loss)/Profit for the period	(19,495)	1,177	-	-	1,177	-	-	-	-	-	-	(20,672)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax	(2,239)	(2,239)	-	-	-	(2,239)	-	-	(2,239)	-	-	-
<b>Total comprehensive (loss)/income</b>	<b>(21,734)</b>	<b>(1,062)</b>	<b>-</b>	<b>-</b>	<b>1,177</b>	<b>(2,239)</b>	<b>-</b>	<b>-</b>	<b>(2,239)</b>	<b>-</b>	<b>-</b>	<b>(20,672)</b>
Dividend paid	(11,129)	(11,129)	-	-	(11,129)	-	-	-	-	-	-	-
<b>At 31 December 2018</b>	<b>304,013</b>	<b>315,481</b>	<b>228,863</b>	<b>-</b>	<b>39,612</b>	<b>47,006</b>	<b>34,016</b>	<b>-</b>	<b>872</b>	<b>971</b>	<b>11,147</b>	<b>(11,468)</b>
<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>
Effect of transition to MFRSs	110	(95)	-	-	(95)	-	-	-	-	-	-	205
Deconsolidation of subsidiary	3,136	3,136	-	-	3,136	-	-	-	-	-	-	-
<b>At 1 January 2017 (restated)</b>	<b>309,977</b>	<b>299,398</b>	<b>222,586</b>	<b>5,965</b>	<b>22,734</b>	<b>48,113</b>	<b>34,016</b>	<b>312</b>	<b>1,667</b>	<b>971</b>	<b>11,147</b>	<b>10,579</b>
Profit/(Loss) for the period	31,020	32,395	-	-	32,395	-	-	-	-	-	-	(1,375)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax	1,444	1,444	-	-	-	1,444	-	-	1,444	-	-	-
<b>Total comprehensive income / (loss)</b>	<b>32,464</b>	<b>33,839</b>	<b>-</b>	<b>-</b>	<b>32,395</b>	<b>1,444</b>	<b>-</b>	<b>-</b>	<b>1,444</b>	<b>-</b>	<b>-</b>	<b>(1,375)</b>
Dividend paid	(5,565)	(5,565)	-	-	(5,565)	-	-	-	-	-	-	-
Transfer pursuant to S618(2) of CA 2016*	-	-	6,277	(5,965)	-	(312)	-	(312)	-	-	-	-
<b>At 31 December 2017</b>	<b>336,876</b>	<b>327,672</b>	<b>228,863</b>	<b>-</b>	<b>49,564</b>	<b>49,245</b>	<b>34,016</b>	<b>-</b>	<b>3,111</b>	<b>971</b>	<b>11,147</b>	<b>9,204</b>

\* 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.

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2017 RM'000 (Restated)
Profit/(Loss) before taxation		
- Continuing operations	11,529	38,975
- Discontinued operations	(21,625)	1,415
Profit/(Loss) before taxation including discontinued operations	(10,096)	40,390
Adjustments for :		
Amortisation of intangible assets	211	230
Depreciation of property, plant and equipment	17,530	15,821
Depreciation of investment properties	426	464
(Gain)/Loss on fair value changes of derivative instruments	(23)	23
Fair value gain on short term investment	(838)	-
Loss on fair value changes in biological assets	105	164
(Gain)/Loss on fair value changes of unquoted investment	(26)	(146)
Property, plant and equipment written off	192	258
Inventories written down/written off	2,344	8
Receivables written off	258	-
Allowance for impairment on trade receivables	1,484	1,006
Allowance for expected credit losses	74	157
Unrealised (gain)/loss on foreign exchange	60	(299)
Impairment of property, plant and equipment	29,068	638
Gain on disposal of property, plant and equipment	(370)	(6,429)
Gain on disposal of non-current assets held for sale	(6,209)	(5,956)
Gain on disposal of associate company	(800)	-
Gain on disposal of subsidiary	(23,279)	-
Reversal of allowance for impairment on receivables	(94)	(477)
Reversal of impairment on property, plant and equipment	-	(277)
Reversal of provision for liquidated ascertained damages	-	(1,291)
Reversal of provision for foreseeable loss	-	(546)
Forfeited deposits	(2,067)	-
Amortisation of deferred income	(108)	(53)
Finance income	(2,186)	(2,964)
Finance costs	8,493	1,909
Dividend income	(280)	(1,295)
Share of results of associates	(3,313)	(7,925)
Operating profit before working capital changes	10,556	33,410
Changes in working capital:		
Inventories	2,413	(2,893)
Trade and other payables	(23,240)	31,595
Trade and other receivables	75,727	(9,836)
	65,456	52,276
Zakat paid	(756)	(639)
Tax paid	(8,965)	(11,969)
<b>Net cash generated from operating activities</b>	<b>55,735</b>	<b>39,668</b>

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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

	CURRENT YEAR YEAR TO DATE 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2017 RM'000 (Restated)
Acquisition of property, plant and equipment	(169,694)	(37,943)
Acquisition of short-term investment	(20,000)	-
Additions to intangible asset	(523)	(2,084)
Additions to investment properties	(868)	(232)
Deposit for acquisition of land	-	(25,449)
Dividends received	280	1,295
Finance income received	1,747	2,964
Realised gain on disposal of investment	17	-
Proceeds from disposal of property, plant and equipment	370	14,488
Proceeds from disposal of non-current assets classified as held for sale	9,940	8,169
Proceeds from disposal of associate	800	-
Net proceeds from disposal of subsidiary	-	-
- Proceeds from disposal of subsidiary	30,000	-
- Cash from discontinued operations	(3,760)	-
<b>Net cash used in investing activities</b>	<b>(151,691)</b>	<b>(38,792)</b>
Deposits pledged with licensed banks	(7,284)	130
Finance costs paid	(6,438)	(3,086)
Dividend paid	(11,129)	(5,565)
Net drawdown/(repayment) of short term borrowings	46,941	(3,500)
Drawdown of hire purchase	228	-
Repayment of hire purchase	(233)	(466)
Drawdown of term loans	77,246	-
Repayment of term loans	(5,314)	(3,376)
<b>Net cash generated from/(used in) financing activities</b>	<b>94,017</b>	<b>(15,863)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,939)</b>	<b>(14,987)</b>
<b>Effect of exchange rate changes on the balance of cash held in foreign currency</b>	<b>(100)</b>	<b>(136)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>94,873</b>	<b>109,996</b>
<b>Cash and cash equivalents at end of period</b>	<b>92,834</b>	<b>94,873</b>

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

Cash on hand and at banks	75,690	87,151
Deposits with licensed bank	47,742	31,937
	123,432	119,088
Bank overdrafts	-	(901)
Deposits pledged with licensed banks	(30,598)	(23,314)
	92,834	94,873

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.

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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

No significant impact to the Group as the basis adopted previously 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.

##### b) Adoption of new accounting standards

##### i. 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)**

**b) Adoption of new accounting standards (cont'd)**

ii. *MFRS 9 Financial Instruments*

MFRS 9 Financial Instruments replaces MFRS 139 Financial instrument : Recognition and Measurement effectively for annual reporting periods beginning on or after 1 January 2018 with early adoption is permitted. The new standard contains substantial changes with regards to the classification, measurement, impairment and hedge accounting requirements.

The Group has concluded that the new classification requirement does not have any material impact on accounting for its financial assets except for the equity investments in non-listed companies previously measured at costs are now measured at fair value and designated as at fair value through profit or loss ("FVTPL"). This has increased the retained earnings by RM1.36 million and RM146,000 as at 1 January 2017 and 31 December 2017 respectively.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances will be measured on either 12-month ECLs or lifetime ECLs.

With the adoption of MFRS 9 by following the ECL model, the impairment loss of trade and other receivables has increased by RM1.81 million as at 1 January 2017 and decreased by RM157,000 as at 31 December 2017. The Group has elected to restate comparative figures and thus these impairment loss are adjusted to the statements of profit or loss for the year ended 31 December 2017 and the opening retained earnings as of 1 January 2017.

**c) Reconciliations**

Condensed Consolidated Statements of Profit or Loss

<i>RM'000</i>	Preceding year 12 months ended 31 December 2017			
	Previously reported under FRSs	Effects of transition to MFRSs	Effects of MFRS 9	Restated under MFRSs
Profit before taxation (continuing operations)	38,721	6	248	38,975
Taxation	(7,616)	39	-	(7,576)
Non-controlling interests	(1,323)	(52)	-	(1,375)
Profit for the year from Discontinued Operations	375	(170)	55	260

Condensed Consolidated Statements of Financial Position

<i>RM'000</i>	As at beginning of the preceding financial year 1 January 2017				
	Previously reported under FRSs	Effects of transition to MFRSs	Effects of MFRS 15	Effects of MFRS 9	Restated under MFRSs
<u>Assets</u>					
<u>Non-Current Assets</u>					
Property, plant and equipment	160,325	52,543	-	-	212,868
Plantation development expenditure	52,543	(52,543)	-	-	-
Other investment	3,824	-	-	1,362	5,186
<u>Current Assets</u>					
Biological assets	-	994	-	-	994
Trade and other receivables	84,835	-	(1,547)	(1,569)	81,719
Contract assets	-	-	2,513	(439)	2,074
<u>Non-Current Liabilities</u>					
Deferred tax liabilities	12,346	238	-	-	12,584
<u>Current Liabilities</u>					
Contract liabilities	-	-	966	-	966
<u>Equity</u>					
Retained earnings	22,829	551	-	(646)	22,734
Non-controlling interests	10,374	205	-	-	10,579

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

**EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

**c) Reconciliations (cont'd)**

Condensed Consolidated Statements of Financial Position

<i>RM'000</i>	As at preceding financial year end 31 December 2017				Restated under MFRSs
	Previously reported under FRSs	Effects of transition to MFRSs	Effects of MFRS 15	Effects of MFRS 9	
<u>Assets</u>					
<u>Non-Current Assets</u>					
Property, plant and equipment	177,029	51,130	-	-	228,159
Plantation development expenditure	51,130	(51,130)	-	-	-
Other investment	5,268	-	-	1,508	6,776
<u>Current Assets</u>					
Biological assets	-	830	-	-	830
Trade and other receivables	118,684	-	(15,840)	(1,413)	101,431
Contract assets	-	-	17,273	(439)	16,834
<u>Non-Current Liabilities</u>					
Deferred tax liabilities	12,113	199	-	-	12,312
<u>Current Liabilities</u>					
Contract liabilities	-	-	1,433	-	1,433
<u>Equity</u>					
Retained earnings	49,429	477	-	(342)	49,564
Non-controlling interests	9,051	153	-	-	9,204

Condensed Consolidated Statements of Cash Flows

<i>RM'000</i>	Preceding year corresponding quarter 12 months ended 31 December 2017				Restated under MFRSs
	Previously reported under FRSs	Effect on adoption of MFRSs	Effects of MFRS 9	Effects of MFRS 15	
Profit before taxation					
- Continuing operations		38,721	6	248	38,975
- Discontinued operations		1,529	(170)	56	1,415
Adjustments for :					
Amortisation of plantation development expenditure		3,208	(3,208)	-	-
Depreciation of property, plant and equipment		12,613	3,208	-	15,821
Loss on fair value changes in biological assets		-	164	-	164
Gain on fair value changes in unquoted investment		-	-	(146)	(146)
Allowance on expected credit losses		-	-	157	157

**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 :

		<b>Effective for annual period beginning on or after</b>
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 - Plan Amendment, Curtailment and Settlement	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

## **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 cyclicity of operations**

The Group's Agro business 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**

During the current period under review, the Group commenced active discussions with potential buyers to dispose its group of assets consisting of an oil palm plantation and a palm oil mill in Mukah, Sarawak. Following this, the Group has classified the financial results of KUB Sepadu Sdn Bhd and KUB Maju Mill Sdn Bhd as part of discontinued operations. The Group has recognised an impairment loss on its palm oil mill amounting to RM26.1 million in the fourth quarter of 2018 after considering the potential fair value of the assets to be sold.

### **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. Dividends paid**

An interim single tier dividend of 1.0 sen per share in respect of the financial year ending 31 December 2018 amounting to RM5,564,647 was paid on 13 April 2018.

The first and final single tier dividend of 1.0 sen per share amounting to RM5,564,647 in respect of the financial year ended 31 December 2017 was approved by the shareholders at the Annual General Meeting on 28 June 2018 and was paid on 31 July 2018.

### **8. Subsequent events**

There are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2018 to the date of this announcement which would substantially affect the financial results of the Group for the year ended 31 December 2018 that have not been reflected in the condensed financial statements.

### **9. Changes in the composition of the Group**

#### Establishment of new companies

- a) On 8 August 2018, KIEV Energy Sdn Bhd ("KESB") was incorporated with its entire share capital of RM2 held by KUB Power Sdn Bhd (RM1) and Invest Energy Sdn Bhd (RM1). The principal activities of KESB are investment holding and to erect, build, operate and maintain all types of energy systems, renewable and non-renewable in nature, implement renewable energy and energy efficient project.
- b) On 20 August 2018, KIEV CRG Sdn Bhd ("KCSB") was incorporated with its entire share capital of RM1 held by KIEV Energy Sdn Bhd. The principal activities of KCSB are to erect, build, operate and maintain all types of energy systems, renewable and non-renewable in nature, implement renewable energy and energy efficient project.
- c) On 12 July 2018, KUB Gas Terminal Sdn Bhd ("KGTSB") was incorporated with its entire share capital of RM2 held by KUB Gaz Sdn Bhd. The principal activities of KGTSB are operating liquefied petroleum gas ("LPG") storage facilities, trading of LPG products including import and export and operating of an LPG terminal.

**EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**9. Changes in the composition of the Group (cont'd)**

Disposal of a subsidiary (Discontinued Operations)

On 6 July 2018, Restoran Kualiti Sdn Bhd, a wholly owned subsidiary of the Company, entered into a Sale and Purchase Agreement ("Agreement") with Inter Mark Resources Sdn Bhd ("IMRB") and KUB as the Guarantor for the sale and transfer of the entire interest in A&W (Malaysia) Sdn Bhd ("AWM") for a total consideration of RM34 million comprising :

- (a) RM30 million for AWM's entire equity interest ("Equity Portion"); and
- (b) RM4 million for reimbursement of intercompany balances.

Under this Agreement, RKSB agreed to dispose its 61,406,092 issued shares representing a 100% equity interest in AWM to IMRB.

The disposal was completed on 19 September 2018 with a gain on disposal of RM23.2 million. Following this, AWM ceased to be a subsidiary of RKSB.

Disposal of an associate

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.

Strike off of dormant subsidiaries

During the current period under review, the following dormant subsidiaries, have been struck-off from the register pursuant to Section 550 of the Companies Act 2016 and are accordingly dissolved.

- (i) Pelita Espipi Sdn Bhd
- (ii) ITTAR-ILP (Prai) Sdn Bhd
- (iii) Affluent Vision Sdn Bhd
- (iv) KUB Expertise A&I Sdn Bhd

**10. Contingent liabilities**

On 19th November 2018, KUB Telekomunikasi Sdn Bhd ("KUBTel") received a letter of demand from Rhino Alliance Sdn Bhd's ("RASB") solicitor claiming additional costs incurred, payment on outstanding invoices, and a retention sum amounting to RM3,595,302.61. This demand was subsequent to an early termination of RASB's services as sub-contractor to complete Keretapi Tanah Melayu Berhad's ("KTMB") automatic fare collection ("AFC") system.

KUBTel is currently seeking legal advice in respect of this matter. The Group believes that it has good grounds to defend and contest against RASB's claim.

The Company will make the necessary announcement on any material development of this matter in due course.

**11. Capital commitments**

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

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Capital expenditure:		
Property, plant and equipment		
Approved and contracted for	1,626	77,144
Approved but not contracted for	23,800	52,838
	25,426	129,982

**12. Related Party Transactions**

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

	Cumulative Quarter 12 months ended 31/12/2018 RM'000	31/12/2017 RM'000
<b>Transactions with Zul Rafique &amp; Partners, a firm which YM Tunku Alizan Raja Muhammad Alias is a partner</b>		
- Provision of legal services.	245	160

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**EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**13. 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 Energy, Agricultural Business ("Agro"), Information, Communications and Technology ("ICT"), Power, Food Business ("Food") and Property. The segment head of each business unit reports directly to the President/Group Managing Director who regularly reviews the segment results with regards to resource allocations and segment's performance assessment.

Segment information for the current financial year ended 31 December 2018 is as follows:

	<u>Continuing Operations</u>							<u>Discontinued Operations*</u>			
	<u>Energy</u>	<u>Agro</u>	<u>ICT</u>	<u>Power</u>	<u>Property</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>	<u>Food</u>	<u>Agro</u>	<u>Total</u>
<b>RM'000</b>											
<b>Revenue</b>											
External sales	404,645	25,288	24,170	23,162	2,529	280	-	480,074	47,136	42,248	569,458
Inter-segment sales	-	-	261	-	-	29,893	(30,154)	-	-	-	-
<b>Total revenue</b>	<b>404,645</b>	<b>25,288</b>	<b>24,431</b>	<b>23,162</b>	<b>2,529</b>	<b>30,173</b>	<b>(30,154)</b>	<b>480,074</b>	<b>47,136</b>	<b>42,248</b>	<b>569,458</b>
<b>Results</b>											
Profit / (Loss) from operating activities	20,893	4,721	(4,450)	5,714	3,930	(19,013)	-	11,795	20,233	(39,131)	(7,103)
Interest income	1,095	76	392	7	4	397	-	1,971	59	157	2,187
Finance costs	(1,157)	(4,250)	(16)	(5)	-	(122)	-	(5,550)	(219)	(2,724)	(8,493)
Share of results of associates	-	-	-	-	-	3,313	-	3,313	-	-	3,313
<b>Profit/(Loss) before tax</b>	<b>20,831</b>	<b>547</b>	<b>(4,074)</b>	<b>5,716</b>	<b>3,934</b>	<b>(15,425)</b>	<b>-</b>	<b>11,529</b>	<b>20,073</b>	<b>(41,698)</b>	<b>(10,096)</b>
Zakat	(1,210)	(165)	-	-	-	-	-	(1,375)	-	-	(1,375)
Income tax expense	(3,858)	(475)	(342)	(993)	(138)	(87)	-	(5,893)	(2,129)	(2)	(8,024)
<b>Profit/(Loss) for the period</b>	<b>15,763</b>	<b>(93)</b>	<b>(4,416)</b>	<b>4,723</b>	<b>3,796</b>	<b>(15,512)</b>	<b>-</b>	<b>4,261</b>	<b>17,944</b>	<b>(41,700)</b>	<b>(19,495)</b>

\* Discontinued operations refers to Food segment ie. A&W Malaysia Sdn Bhd and Agro segment ie. KUB Sepadu Sdn Bhd and KUB Maju Mill Sdn Bhd

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**EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**13. Segmental reporting (cont'd)**

Segmental information for the year ended 31 December 2017 is as follows:

(Restated)

	<u>Continuing Operations</u>							<u>Discontinued Operations*</u>			
	Energy	Agro	ICT	Power	Property	Others	Eliminations	Total	Food	Agro	Total
<i>RM'000</i>											
<b>Revenue</b>											
External sales	409,399	22,832	31,976	29,974	2,628	1,295	-	498,104	62,917	38,256	599,277
Inter-segment sales	-	-	209	-	-	16,676	(16,885)	-	-	-	-
<b>Total revenue</b>	<b>409,399</b>	<b>22,832</b>	<b>32,185</b>	<b>29,974</b>	<b>2,628</b>	<b>17,971</b>	<b>(16,885)</b>	<b>498,104</b>	<b>62,917</b>	<b>38,256</b>	<b>599,277</b>
<b>Results</b>											
Profit / (Loss) from operating activities	22,245	10,934	7,156	5,539	1,414	(18,631)	-	28,657	3,565	(811)	31,411
Finance income	1,662	173	350	29	64	368	-	2,646	16	301	2,963
Finance costs	-	(100)	(4)	(3)	-	(146)	-	(253)	(230)	(1,426)	(1,909)
Share of results of associates	-	-	-	-	-	7,925	-	7,925	-	-	7,925
<b>Profit / (Loss) before tax</b>	<b>23,907</b>	<b>11,007</b>	<b>7,502</b>	<b>5,565</b>	<b>1,478</b>	<b>(10,484)</b>	<b>-</b>	<b>38,975</b>	<b>3,351</b>	<b>(1,936)</b>	<b>40,390</b>
Zakat	(495)	(144)	-	-	-	-	-	(639)	-	-	(639)
Income tax expense	(3,890)	(2,650)	(823)	-	(138)	(75)	-	(7,576)	683	(1,838)	(8,731)
<b>Profit / (Loss) for the period</b>	<b>19,522</b>	<b>8,213</b>	<b>6,679</b>	<b>5,565</b>	<b>1,340</b>	<b>(10,559)</b>	<b>-</b>	<b>30,760</b>	<b>4,034</b>	<b>(3,774)</b>	<b>31,020</b>

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**EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**13. Segmental reporting (cont'd)**

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

<b>As at 31 December 2018</b>	<b>Energy</b>	<b>Agro</b>	<b>ICT</b>	<b>Power</b>	<b>Property</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
<b>RM'000</b>								
<b>Assets</b>								
Segment assets	187,517	135,254	43,096	13,020	13,883	65,264	(9,000)	449,034
Investment in Associates	-	-	-	-	-	42,427	-	42,427
Non-current assets held for sale	-	98,212	-	-	-	8,593	-	106,805
<b>Total Assets</b>	<b>187,517</b>	<b>233,466</b>	<b>43,096</b>	<b>13,020</b>	<b>13,883</b>	<b>116,284</b>	<b>(9,000)</b>	<b>598,266</b>
<b>Liabilities</b>								
Segment Liabilities	112,838	155,195	7,967	6,934	954	10,365	-	294,253

<b>As at 31 December 2017</b> (Restated)	<b>Energy</b>	<b>Agro</b>	<b>ICT</b>	<b>Power</b>	<b>Properties</b>	<b>Food*</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
<b>RM'000</b>									
<b>Assets</b>									
Segment assets	126,107	203,181	53,505	27,093	11,671	27,350	61,030	(9,000)	500,937
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
<b>Total Assets</b>	<b>129,083</b>	<b>203,181</b>	<b>53,506</b>	<b>27,093</b>	<b>12,426</b>	<b>29,443</b>	<b>103,024</b>	<b>(9,000)</b>	<b>548,756</b>
<b>Liabilities</b>									
Segment Liabilities	82,183	82,749	7,979	24,212	754	15,695	(1,692)	-	211,880

\*The Food segment was ceased in FY2018 following the disposal of A&W Malaysia Sdn Bhd

**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**

Continuing Operations

For the year ended 31 December 2018, the Group registered revenue of RM480.1 million and a profit after zakat and tax ("PAT") of RM4.3 million, representing a decrease of 4% and 86% respectively as compared to the previous year.

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

**Energy Sector** : The sector's revenue and PAT fell by 1% or RM4.8 million and 19% or RM3.8 million respectively resulting from the weaker sales volume recorded (offset by a higher average Contract Price) in most product segments due to adverse market conditions and stiff competition. These led to further margin compression and negatively impacted the sector's core operating performance. The lower PAT was also attributable to the higher finance costs incurred during the year.

**Agro Sector** : The increase in revenue by 11% or RM2.5 million was largely contributed by the newly acquired plantation land in Sabah since January 2018. This was however offset by the reduction in Johor estates' revenue recognition due to the replanting exercise of 227 hectares. Despite the higher overall turnover, the sector marginal registered losses in the current period primarily due to weaker average crude palm oil ("CPO") prices, lower than expected fresh fruit bunch ("FFB") production from the Sabah estate and finance costs relating to the acquisition.

**ICT Sector** : The sector's revenue fell significantly by 24% or RM7.8 million primarily due to the reduction in the value of contracts recognised in the current period and the delay in contract fulfillment for certain other projects. As a result of these factors and combined with the effects of lower operating margins and higher administrative expenses, the sector recorded a loss of RM4.4 million in the current period as opposed to a PAT of RM6.7 million previously. Included in the previous year's profit was a gain on disposal of building of RM5.9 million.

**Power Sector** : The PAT of RM4.7 million was substantially contributed by the reversal of over provision of costs amounting to RM4.4 million relating to projects performed in previous years.

**Property Sector** : The sector's profit in the current period was enhanced by the gain on disposal of shop offices in Gombak, Selangor, Pekan Razaki and Batu Gajah, Ipoh amounting to RM3.5 million.

Discontinued Operations

Included in the Food segment is a gain on disposal of A&W Malaysia Sdn Bhd of RM23.2 million netted off with its loss in operations up to the disposal date of RM5.3 million. The disposal was completed on 19 September 2018.

The Agro sector however, reported significant losses attributable to the recognition of impairment losses on the palm oil mill in Mukah, Sarawak of RM26.1 million as well as operational losses incurred at both the Sarawak estates and mill.

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

	Individual Quarter		%
	3 months 31/12/2018 RM'000	3 months 30/9/2018 RM'000 <i>Re-presented*</i>	
Revenue	133,223	135,887	(2.0)
<b>Results</b>			
Profit from operations	(2,186)	(3,505)	37.6
Finance income	636	549	
Finance costs	(1,533)	(1,506)	
Share of profit of associates	381	(251)	
<b>Loss before tax</b>	<b>(2,702)</b>	<b>(4,713)</b>	42.7
Zakat	(643)	(24)	
Income tax expense	(2,260)	(928)	
<b>Loss for the period from continuing operations</b>	<b>(5,605)</b>	<b>(5,665)</b>	(1.1)
(Loss)/Profit from discontinued operations	(31,728)	14,079	
<b>(Loss)/Profit for the period</b>	<b>(37,333)</b>	<b>8,414</b>	(543.7)

\* the previous quarter results were re-presented to reflect discontinued operations from Agro segment

The Group's revenue declined marginally against the immediate preceding quarter attributable to lower average Contract Price despite higher sales volume by the Energy sector. This however was partly mitigated by higher FFB production by the Agro sector despite weaker average CPO prices.

The loss before tax in the current quarter narrowed as a result of improved operating margins in the Power and Agro sectors. The loss after tax however, increased substantially due to the recognition of impairment losses at the palm oil mill in Sarawak amounting to RM26.1 million coupled with the loss in operations from the Sarawak plantation estates and the mill. In the previous quarter, the profit after tax was primarily contributed by the gain on disposal of a subsidiary of RM23.2 million.



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

**15. Prospects**

The Group foresees economic uncertainty, market volatility and weak consumer sentiment to remain as issues going into FY 2019.

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

**Energy Sector** : The sector will continue to be the leading revenue and earnings driver of the Group in FY2019. However, the Group foresees the performance of the sector to be challenging due to intense competition and escalating input costs which will continue to exert pressure on the operating margins. The Group has laid out plans to mitigate these factors including aggressive marketing strategies, renegotiation of our LPG supply contract, improvement in supply chain management and increase distribution capacity by the establishment of a satellite bottling plant (which is expected to commence operations in Q2 2019).

**Agro Sector** : We anticipate an improvement in overall performance going forward particularly with the expected uptrend in crop production in our Sabah estates and the absence of losses contributed by the plantation and mill in Mukah, Sarawak which are currently classified as assets held for sale / discontinued operations. The Group is currently in active discussions with potential buyers for these assets.

For our existing estates, we will continue to accelerate our efforts in productivity improvement strategies, yield enhancement initiatives and optimise our production costs in order to preserve our bottom line and cushion the effects of any CPO price volatility.

**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.

In addition, the Group will continue to 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**

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived after crediting/(charging) - continuing operations:				
Finance income	634	617	1,971	2,646
Other income including investment income	1,058	1,205	5,909	3,505
Finance costs	(1,533)	(31)	(5,550)	(253)
Depreciation and amortisation	(4,996)	(2,870)	(12,565)	(8,967)
Write-off of property, plant and equipment	(182)	(163)	(192)	(452)
Inventories written down	(46)	-	(96)	-
Gain on disposal of property, plant and equipment	135	6,429	337	6,429
Gain on disposal of assets held for sale	94	445	6,207	5,949
Gain on disposal lease computers	-	671	-	671
Gain on disposal of associate company	-	-	800	-
Net impairment of receivables	(1,220)	(535)	(1,134)	(385)
Foreign exchange gain/(loss)				
- realised	1,081	1,128	3,322	3,148
- unrealised	91	268	(84)	186
Gain/(Loss) on derivatives	35	(11)	23	(23)

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.

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**18. Tax**

	3 months ended		12 months ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,870	2,236	5,310	7,628
Under / (Over) provision in prior year	262	(40)	479	(40)
	<u>2,132</u>	<u>2,196</u>	<u>5,789</u>	<u>7,588</u>
Deferred tax:				
Current	128	33	104	2
Over provision in prior year	-	(14)	-	(14)
	<u>128</u>	<u>19</u>	<u>104</u>	<u>(12)</u>
	<u>2,260</u>	<u>2,215</u>	<u>5,893</u>	<u>7,576</u>

The effective tax rate for the current period under review is higher than the statutory tax rate as 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 December 2018		
	Long Term	Short Term	Total Borrowings
<b>Secured</b>			
Term loans	115,665	7,489	123,154
Revolving Credit	-	1,941	1,941
Bankers Acceptances	-	45,000	45,000
Hire purchase payables	614	217	831
	<b>116,279</b>	<b>54,647</b>	<b>170,926</b>

  

RM'000	As at 31 December 2017		
	Long Term	Short Term	Total Borrowings
<b>Secured</b>			
Term loans	49,904	5,178	55,082
Bank overdrafts	-	901	901
Hire purchase payables	645	190	835
	<b>50,549</b>	<b>6,269</b>	<b>56,818</b>

**20. Status of corporate proposals**

Save as below, there were no other corporate proposals announced by the Group but have yet to be completed.

- (i) On 20 December 2018, the Company and its indirect wholly-owned subsidiary, KUB Tower Sdn Bhd ("KUBT") had entered into a Supplemental Agreement to vary the terms of the principal Sale and Purchase Agreement in relation to the disposal of a piece of leasehold land measuring approximately 4,238 square metres held under H.S.(D) 316917, PT 9 Seksyen 26, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor ("Land") at a total consideration of RM35,535,000.
- (ii) On 20 December 2018, its wholly-owned subsidiary, KUB Ekuiti Sdn Bhd ("KUBE") has entered into a Share Sale Agreement with Kasmuncak Holdings Sdn Bhd ("KHSB") for the disposal of its 100% equity interest comprising 500,000 units of Ordinary Shares representing RM500,000 of issued shares of KUB Tower Sdn Bhd at a total consideration of RM1,465,000.

(the above is collectively referred to as the "Proposed Disposals")

Upon the completion of the Proposed Disposals, KUBT shall cease to be a subsidiary of KUBE and KHSB will own the Land via the acquisition of KUBE's 100% equity interest in KUBT.

The Proposed Disposal is expected to be completed in the second quarter of financial year 2019.

**21. Dividend Declared**

No dividend has been declared for the quarter under review.

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

**22. 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 (“KLRC”) 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, 9th January 2018, 30th April 2018, 7th May 2018, 8th May 2018, 9th May 2018 and on 15th August 2018 both parties agreed to negotiate for a settlement. The Arbitrator has given parties time to negotiate and fixed 28th August 2018 as the next hearing date for continued hearing if both parties fail to reach a settlement.

On 17th October 2018, both Parties have reached a full and final settlement and entered into a Consent Award. KUBP is to pay to TGV the amount of RM710,000 in two (2) instalments. The first instalment amounting to RM355,000 was paid on 18th October 2018. The second instalment amounting to RM355,000 was paid on 30th November 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		12 months ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Earnings for the period attributable to owners of the parent				
- From continuing operations	(5,604)	13,979	4,201	30,719
- From discontinued operations	(14,958)	1,310	(3,024)	1,676
	(20,562)	15,289	1,177	32,395
Weighted average number of ordinary shares in issue	(’000) 556,465	556,465	556,465	556,465
Basic earnings per share (Sen)				
- From continuing operations	(sen) (1.01)	2.51	0.75	5.52
- From discontinued operations	(sen) (2.69)	0.24	(0.53)	0.29
	(3.70)	2.75	0.22	5.81

**(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.

By Order of the Board

**Sharina Saidon**  
**Mohd Afendy Md Yazim**  
**Nani Suryani Ahmad Tajudin**  
Company Secretaries  
27 February 2019