



Interim Financial Report on
Unaudited Consolidated Results for the
First Quarter Ended
31 March 2019

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 - 16

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 March 2019.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	CUMULATIVE QUARTER		% + / (-)
	CURRENT YEAR YEAR TO DATE 31/3/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2018 RM'000 (Re-presented)	
CONTINUING OPERATIONS			
Revenue	99,234	109,981	(9.8)
Operating expenses	(99,542)	(106,856)	
Other operating income	1,179	7,231	
Results from operating activities	871	10,356	(91.6)
Finance income	712	319	
Finance costs	(1,354)	(1,257)	
Share of profit of associates	2,360	1,627	
Profit before tax	2,589	11,045	(76.6)
Zakat	(24)	(24)	
Income tax expense	(1,652)	(1,614)	
Profit for the period from continuing operations	913	9,407	(90.3)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	(860)	(2,307)	
Profit for the period	53	7,100	(99.3)
Profit attributable to :			
Owners of the parent			
- continuing operations	913	9,407	
- discontinued operations	(523)	(1,082)	
	390	8,325	(95.3)
Non-controlling interests	(337)	(1,225)	
	53	7,100	(99.3)
Earnings per share attributable to owners of the parent (sen) :			
Basic and diluted			
- continuing operations	0.16	1.69	
- discontinued operations	(0.09)	(0.19)	
	0.07	1.50	(95.3)

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 2018 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 FIRST QUARTER ENDED 31 MARCH 2019****CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**

	CUMULATIVE QUARTER		
	CURRENT	PRECEDING YEAR	
	YEAR	CORRESPONDING	
	YEAR TO DATE	PERIOD	
	31/3/2019	31/3/2018	%
	RM'000	RM'000	+ / (-)
		(Re-presented)	
Profit for the period	53	7,100	(99.3)
Other comprehensive profit/(loss) 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)	217	(794)	
Total comprehensive income/(loss) for the period, net of tax	<u>270</u>	<u>6,306</u>	(95.7)
Total comprehensive income/(loss) attributable to :			
Owners of the parent	607	7,531	(91.9)
Non-controlling interests	<u>(337)</u>	<u>(1,225)</u>	
	<u>270</u>	<u>6,306</u>	(95.7)

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 2018 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 FIRST QUARTER ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/3/2019 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2018 RM'000
Assets		
Property, plant and equipment	230,561	226,821
Investment properties	12,930	13,035
Right-of-Use Assets	4,090	-
Investment in associates	44,787	42,427
Other investments	4,780	4,563
Long term prepaid expenses	-	805
Total non-current assets	297,148	287,651
Inventories	8,993	6,953
Biological assets	651	724
Trade and other receivables	59,341	47,772
Contract assets	2,118	2,065
Tax recoverable	1,828	1,899
Derivative financial assets	-	23
Short-term investments	-	20,193
Cash and bank balances	99,288	123,432
Total current assets	172,219	203,061
Non-current assets held for sale	106,805	106,805
Total Assets	576,172	597,517
Equity		
Share capital	228,863	228,863
Reserves	47,223	47,006
Retained earnings	39,848	39,611
Total equity attributable to owners of the parent	315,934	315,480
Non-controlling interest	(11,805)	(11,468)
Total equity	304,129	304,012
Liabilities		
Borrowings	114,343	115,163
Lease liabilities	2,988	-
Deferred tax liabilities	12,514	12,532
Deferred income	4,776	2,513
Total non-current liabilities	134,621	130,208
Trade and other payables	111,078	106,499
Contract liabilities	152	238
Borrowings	24,407	55,765
Lease liabilities	419	-
Derivative financial liability	19	-
Provision for tax	1,347	795
Total current liabilities	137,422	163,297
Total liabilities	272,043	293,505
Total equity and liabilities	576,172	597,517
Net assets per share attributable to owners of the parent (RM)	0.57	0.57

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 2018 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to owners of the parent →									
	← Distributable →					← Non-distributable reserves →				
	Equity attributable to owners	Equity of the parent, total	Share capital	Retained earnings	Other reserves, total	Capital reserve	Fair value adjustment reserve	Discount paid on acquisition of non-controlling interests	Merger reserve	Non- controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	304,012	315,480	228,863	39,611	47,006	34,016	872	971	11,147	(11,468)
Effects of adoption of new standard	(153)	(153)	-	(153)	-	-	-	-	-	-
At 1 January 2019 (restated)	303,859	315,327	228,863	39,458	47,006	34,016	872	971	11,147	(11,468)
Profit/(Loss) for the period	53	390	-	390	-	-	-	-	-	(337)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax	217	217	-	-	217	-	217	-	-	-
Total comprehensive income / (loss)	270	607	-	390	217	-	217	-	-	(337)
At 31 March 2019	304,129	315,934	228,863	39,848	47,223	34,016	1,089	971	11,147	(11,805)
At 1 January 2018	336,876	327,672	228,863	49,564	49,245	34,016	3,111	971	11,147	9,204
Profit/(Loss) 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	343,182	335,203	228,863	57,889	48,451	34,016	2,317	971	11,147	7,979

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 2018 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 FIRST QUARTER ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 31/3/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2018 RM'000
Profit/(Loss) before taxation		
- Continuing operations	2,589	11,045
- Discontinued operations	(882)	(2,301)
Profit before taxation including discontinued operations	1,707	8,744
Adjustments for :		
Amortisation of intangible assets	-	67
Depreciation of property, plant and equipment	3,022	4,823
Depreciation - right-of-use assets	165	-
Depreciation of investment properties	105	105
Loss on fair value changes of derivative instruments	19	15
Fair value gain on short term investment	(273)	(28)
Loss/(Gain) on fair value changes in biological assets	73	(108)
Property, plant and equipment written off	-	10
Inventories written down/written off	152	38
Allowance for impairment on trade receivables	17	-
Unrealised loss/(gain) on foreign exchange	194	(48)
Gain on disposal of property, plant and equipment	(99)	(168)
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	(38)	-
Reversal of provision for foreseeable loss	-	(2,000)
Amortisation of deferred income	(34)	(27)
Finance income	(715)	(401)
Finance costs	1,943	1,947
Finance costs - right-of-use assets	44	-
Share of results of associates	(2,360)	(1,627)
Operating profit before working capital changes	3,922	5,691
Changes in working capital:		
Inventories	(2,192)	935
Trade and other payables	3,563	(13,091)
Trade and other receivables	(8,739)	28,716
	(3,446)	22,251
Finance costs - right-of-use assets	(44)	
Tax paid	(1,008)	(1,692)
Net cash (used in)/generated from operating activities	(4,498)	20,559

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	CURRENT YEAR YEAR TO DATE 31/3/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2018 RM'000
Acquisition of property, plant and equipment	(6,669)	(109,792)
Redemption/(Acquisition) of short-term investment	20,193	(20,000)
Additions to intangible asset	-	(5)
Additions to investment properties	-	(692)
Finance income received	715	401
Realised gain on disposal of investment	273	-
Proceeds from disposal of property, plant and equipment	99	168
Proceeds from disposal of non-current assets classified as held for sale	-	7,962
Proceeds from disposal of associate	-	800
Net cash generated from/(used in) investing activities	14,611	(121,158)
Deposits pledged with licensed banks	(521)	(5,538)
Finance costs paid	(1,943)	(1,947)
Net drawdown/(repayment) of short term borrowings	(30,840)	15,000
Repayment of right-of-use assets	(136)	-
Repayment of hire purchase	(60)	(47)
Drawdown of term loans	-	75,896
Repayment of term loans	(1,278)	(758)
Net cash (used in)/generated from financing activities	(34,778)	82,606
Net decrease in cash and cash equivalents	(24,665)	(17,993)
Cash and cash equivalents at beginning of year	92,834	94,873
Cash and cash equivalents at end of period	68,169	76,880

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

Cash on hand and at banks	49,988	69,151
Deposits with licensed bank	49,300	37,118
	99,288	106,269
Bank overdrafts	-	(539)
Deposits pledged with licensed banks	(31,119)	(28,850)
	68,169	76,880

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 2018 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("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 2018.

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 2018, except for the mandatory adoption of the following new/revised MFRSs and amendments to MFRSs:

MFRS 16	Leases
Amendments to MFRSs	Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 9	Financial Instruments - Prepayment Features With Negative Compensation
Amendments to MFRS 119	Employee Benefits - Plan Amendment, Curtailment and Settlement
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures

Other than MFRS 16, the adoption of the above did not have any significant impact on the interim financial results upon their initial application.

i. **MFRS 16 Leases**

MFRS 16 Leases supersedes MFRS 117 Leases and the related interpretations. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying assets and lease liability reflecting future lease payments for most leases. The change in definition of a lease mainly relates to the concept of control. MFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer.

MFRS 16 will change how the Group accounts for leases previously classified as operating leases under MFRS 117, which were off-balance sheet.

On initial application of MFRS 16, the Group:

- Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

The impact of applying MFRS 16 to the Group's financial results are as follows :

Statements of Financial Position as at 1 January 2019			
Opening Balance	Previously reported	Effect of adoption	Restated under MFRS 16
Non-current assets			
Right-of-use assets	-	4,254	4,254
Long-term prepaid expenses	805	(805)	-
Current assets			
Long-term prepaid expenses	60	(60)	-
Non-current liabilities			
Lease liabilities	-	2,987	2,987
Current liabilities			
Lease liabilities	-	555	555
Shareholders' Funds			
Retained earnings	39,611	(153)	39,458

The Group has chosen to adopt modified retrospective application of MFRS 16 which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2019 and that comparatives will not be restated.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

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

ii. 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 17	Insurance Contracts	1 January 2021
Amendments to MFRS 3	Business Combination - Definition of a Business	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements - Definition of Material	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. 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.

3. Items of unusual nature, size or incidence

During the previous quarter, 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.

As of 31 March 2019, the sale of these assets have not been concluded.

4. 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.

5. 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.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

6. Dividends paid

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

7. Subsequent events

There were no items, transactions or events of a material and unusual nature which have arisen since 31 March 2019 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 March 2019 that have not been reflected in the condensed financial statements.

8. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period under review.

9. 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 has sought legal advice in respect of this matter and believes that it has good grounds to defend and contest against RASB's claim.

No material development on this matter as of the date of this report.

10. Capital commitments

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

	As at 31/3/2019 RM'000	As at 31/12/2018 RM'000
Capital expenditure:		
Property, plant and equipment		
Approved and contracted for	520	2,132
Approved but not contracted for	35,023	19,148
	35,543	21,280

11. Related Party Transactions

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

	Cumulative Quarter 3 months ended 31/3/2019 RM'000	31/3/2018 RM'000
Transactions with Zul Rafique & Partners, a firm which YM Tunku Alizan Raja Muhammad Alias is a partner		
- Provision of legal services.	50	94

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

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 Energy, Agricultural Business ("Agro"), Information and Communications Technology ("ICT"), Power 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 period ended 31 March 2019 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>Agro</u>	<u>Total</u>
RM'000										
Revenue										
External sales	86,343	5,367	6,417	536	571	-	-	99,234	3,026	102,260
Inter-segment sales	-	-	87	-	-	2,010	(2,097)	-	-	-
Total revenue	86,343	5,367	6,504	536	571	2,010	(2,097)	99,234	3,026	102,260
Results										
Profit/(Loss) from operating activities	5,226	1,066	(747)	(640)	82	(4,116)	-	871	(252)	619
Interest income	465	3	78	-	-	166	-	712	3	715
Finance costs	(292)	(1,047)	-	-	-	(15)	-	(1,354)	(633)	(1,987)
Share of results of associates	-	-	-	-	-	2,360	-	2,360	-	2,360
Profit/(Loss) before tax	5,399	22	(669)	(640)	82	(1,605)	-	2,589	(882)	1,707
Zakat	-	(24)	-	-	-	-	-	(24)	-	(24)
Income tax expense	(1,151)	(328)	-	-	(69)	(104)	-	(1,652)	22	(1,630)
Profit/(Loss) for the period	4,248	(330)	(669)	(640)	13	(1,709)	-	913	(860)	53

* Discontinued operations refer to KUB Sepadu Sdn Bhd and KUB Maju Mill Sdn Bhd.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

12. Segmental reporting (cont'd)

Segmental information for the period ended 31 March 2018 is as follows:

(Re-presented)

	<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>
RM'000											
Revenue											
External sales	88,395	7,921	7,643	5,297	725	-	-	109,981	15,069	10,759	135,809
Inter-segment sales	-	-	45	-	-	4,767	(4,812)	-	-	-	-
Total revenue	88,395	7,921	7,688	5,297	725	4,767	(4,812)	109,981	15,069	10,759	135,809
Results											
Profit / (Loss) from operating activities	6,861	3,366	(899)	2,524	2,114	(3,610)	-	10,356	531	(2,225)	8,662
Finance income	102	11	157	-	-	49	-	319	22	61	402
Finance costs	(160)	(1,079)	(1)	-	-	(17)	-	(1,257)	(44)	(646)	(1,947)
Share of results of associates	-	-	-	-	-	1,627	-	1,627	-	-	1,627
Profit / (Loss) before tax	6,803	2,298	(743)	2,524	2,114	(1,951)	-	11,045	509	(2,810)	8,744
Zakat	-	(24)	-	-	-	-	-	(24)	-	-	(24)
Income tax expense	(840)	(683)	-	(99)	-	8	-	(1,614)	(6)	-	(1,620)
Profit / (Loss) for the period	5,963	1,591	(743)	2,425	2,114	(1,943)	-	9,407	503	(2,810)	7,100

* Discontinued operations refer to Food segment (A&W Malaysia Sdn Bhd)("AWM") and Agro segment (KUB Sepadu Sdn Bhd and KUB Maju Mill Sdn Bhd). AWM was disposed in September 2018.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

12. Segmental reporting (cont'd)

Segmental assets and liabilities as at 31 March 2019 as compared with the last annual financial statements:

As at 31 March 2019	Energy	Agro	ICT	Power	Property	Others	Total
RM'000							
Assets							
Segment assets	170,945	134,644	43,336	12,283	13,904	49,468	424,580
Investment in associates	-	-	-	-	-	44,787	44,787
Non-current assets held for sale	-	98,212	-	-	-	8,593	106,805
Total Assets	170,945	232,856	43,336	12,283	13,904	102,848	576,172
Liabilities							
Segment liabilities	92,774	152,408	8,786	6,921	1,021	10,133	272,043
As at 31 December 2018	Energy	Agro	ICT	Power	Property	Others	Total
RM'000							
Assets							
Segment assets	187,517	135,221	41,887	13,512	13,883	56,265	448,285
Investment in associates	-	-	-	-	-	42,427	42,427
Non-current assets held for sale	-	98,212	-	-	-	8,593	106,805
Total Assets	187,517	233,433	41,887	13,512	13,883	107,285	597,517
Liabilities							
Segment liabilities	112,838	155,161	6,759	7,426	954	10,367	293,505

* No segment assets and liabilities for the Food segment following the disposal of A&W Malaysia Sdn Bhd in the previous year.

**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 period ended 31 March 2019, the Group registered revenue of RM99.2 million and a profit after zakat and tax ("PAT") of RM53,000 as compared to RM109.98 million and RM7.1 million respectively in the previous corresponding period.

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

Energy Sector : The sector's revenue fell by 2% or RM2.1 million primarily as a result of the lower average Contract Price despite an increase in overall sales volume by 5%.

Included in the previous corresponding period was a gain on disposal of property in Georgetown, Penang amounting to RM2.9 million. Excluding the impact of this, the current period's PAT was 38% higher year-on-year largely supported by the improved gross profit margin arising from lower liquefied petroleum gas ("LPG") supply costs.

Agro Sector : The decrease in revenue was mainly contributed by significantly lower average crude palm oil ("CPO") prices and lower than expected fresh fruit bunch ("FFB") production from the Sabah estate due to unfavourable weather conditions. The results were further adversely impacted by the estate's high cost of production and acquisition related finance costs.

ICT Sector : The sector's revenue fell by 16% or RM1.2 million primarily due to the reduction in the value of contracts recognised in the current period attributable to delay in contract fulfillment and commencement for certain projects. As a result of these factors and combined with the effects of lower operating margins and higher administrative expenses, the sector recorded losses of RM0.7 million.

Power Sector : The adverse results by the Power sector was predominantly due to the declining order book as most projects are nearing completion. Due to this, the sector recorded a loss after tax of RM0.6 million as compared to the profit of RM2.4 million in corresponding period last year.

The sector's profit in the previous corresponding period was lifted by the reversal of over provision of costs amounting to RM2.0 million relating to projects performed in previous years.

Property Sector : The sector recorded marginal profit for the current period. The results in the previous corresponding period was enhanced by the gain on disposal of shop offices in Gombak, Selangor amounting to RM1.9 million.

Discontinued Operations

The disposal group continued experiencing losses which was mainly attributable to the palm oil mill in Mukah.

14. Profit/(Loss) for the period for the current quarter compared to the immediate preceding quarter

	Individual Quarter		%
	3 months 31/3/2018	3 months 31/12/2018	
	RM'000	RM'000	+ / (-)
Revenue	99,234	133,223	(25.5)
Results			
Profit from operations	871	(2,186)	139.8
Finance income	712	636	
Finance costs	(1,354)	(1,533)	
Share of profit of associates	2,360	381	
Profit/(Loss) before tax	2,589	(2,702)	195.8
Zakat	(24)	(643)	
Income tax expense	(1,652)	(2,260)	
Profit/(Loss) for the period from continuing operations	913	(5,605)	(116.3)
Loss from discontinued operations	(860)	(31,728)	
Profit/(Loss) for the period	53	(37,333)	(100.1)

The Group's revenue declined significantly against the immediate preceding quarter attributable to lower revenue from the Energy (by RM29.2 million) and Power sectors (by RM5.7 million). The lower average Contract Price and 15% drop in sales volume from the Energy sector as well as the declining orderbook in the Power sector were the main causes of the shortfall.

The Group recorded a profit from continuing operations in the current quarter resulting from substantially lower administrative expenses and increase in share of profit from the associate company.

In the previous quarter, the loss after tax was largely contributed by a recognition of impairment losses at the palm oil mill in Sarawak amounting to RM26.1 million coupled with the operational losses from the Sarawak plantation estates and the mill.

**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 in FY'2019.

The Energy sector, being the primary revenue and earnings driver of the Group, will continue to intensify its efforts to preserve and build market share through increasing its supply and distribution capacity, rationalising and expanding its market base and implement operational improvement initiatives to enhance efficiencies and overall margins.

For the Agro sector, we will focus on various productivity improvement strategies that have been laid out, yield enhancement initiatives and optimise our production costs in order to preserve our bottom line and cushion the effects of any CPO price volatility.

The Group will also constantly seek for further sizeable contracts whenever the opportunity arises to enhance our order book for both ICT and Power sectors and concurrently accelerate the various operational improvement and cost optimisation initiatives across all business sectors.

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	
	31/3/2019	31/3/2018
	RM'000	RM'000
Profit before tax is arrived after crediting/(charging) - continuing operations:		
Finance income	712	319
Other income including investment income	293	438
Finance costs	(1,354)	(1,257)
Depreciation and amortisation	(3,181)	(2,775)
Write-off of property, plant and equipment	-	(10)
Gain on disposal of property, plant and equipment	99	169
Gain on disposal of assets held for sale	-	4,851
Gain on disposal of short-term investments	273	28
Gain on disposal of associate company	-	800
Net reversal of impairment on receivables	10	-
Foreign exchange gain/(loss) - realised	698	912
- unrealised	(175)	48
Loss on derivatives on forward foreign exchange contracts	(19)	(15)

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.

18. Gains or losses arising from fair value changes of financial liabilities

There were no material gains and losses arising from changes on the fair values of financial liabilities.

19. 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 2018.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

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

20. Tax

	3 months ended	
	31/3/2019	31/3/2018
	RM'000	RM'000
Malaysian income tax:		
Current tax	1,634	1,612
	<u>1,634</u>	<u>1,612</u>
Deferred tax:		
Current	18	2
	<u>18</u>	<u>2</u>
	<u>1,652</u>	<u>1,614</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.

21. Group borrowings and debt securities

<i>RM'000</i>	As at 31 March 2019		
	Long Term	Short Term	Total Borrowings
Secured			
Term loans	113,792	8,083	121,875
Revolving Credit	-	16,100	16,100
Hire purchase payables	551	224	775
	114,343	24,407	138,750

<i>RM'000</i>	As at 31 March 2018		
	Long Term	Short Term	Total Borrowings
Secured			
Term loans	125,470	4,751	130,221
Bankers acceptances	-	15,000	15,000
Bank overdrafts	-	539	539
Hire purchase payables	604	183	787
	126,074	20,473	146,547

22. 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 Disposals are expected to be completed in the third quarter of financial year 2019.

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

23. Dividend Declared

No dividend has been declared for the quarter under review.

24. Material litigation

There were no material litigation matters involving the Company and/or its subsidiaries as at the latest practicable date of this quarterly report.

25. 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	
		31/3/2019	31/3/2018
		RM'000	RM'000
Earnings for the period attributable to owners of the parent			
- From continuing operations		913	9,407
- From discontinued operations		(523)	(1,082)
		390	8,325
Weighted average number of ordinary shares in issue	('000)	556,465	556,465
Basic earnings per share (Sen)			
- From continuing operations	(sen)	0.16	1.69
- From discontinued operations	(sen)	(0.09)	(0.19)
		0.07	1.50

(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
Company Secretaries
30 May 2019