Interim Financial Report on

Unaudited Consolidated Results for the Third Quarter Ended

30 September 2019

Contents: **Pages**

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 September 2019.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 30/9/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2018 RM'000	% +/(-)	CURRENT YEAR TO DATE 30/9/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2018 RM'000	% +/(-)
CONTINUING OPERATIONS						
Revenue	86,415	148,965	(42.0)	289,891	381,515	(24.0)
Operating expenses	(88,028)	(157,985)		(303,971)	(390,619)	
Other operating income	1,416	1,865		4,637	11,949	
Results from operating activities	(197)	(7,155)	97.2	(9,443)	2,845	(431.9)
Finance income	549	565		2,353	1,480	
Finance costs	(1,737)	(2,231)		(5,674)	(6,051)	
Share of profit of associates	828	(251)		3,645	2,932	
(Loss)/Profit before tax	(557)	(9,072)	93.9	(9,119)	1,206	(856.1)
Zakat	(24)	(120)		(41)	(828)	
Income tax expense	(1,002)	(919)		(3,905)	(3,619)	
(Loss)/Profit for the period from continuing operations	(1,583)	(10,111)	84.3	(13,065)	(3,241)	(303.1)
DISCONTINUED OPERATIONS						
Loss for the period from discontinued operations	-	18,525		-	17,944	
(Loss)/Profit for the period	(1,583)	8,414	(118.8)	(13,065)	14,703	(188.9)
(Loss)/Profit attributable to :						
Owners of the parent						
- continuing operations	(1,010)	(8,307)		(10,229)	661	
- discontinued operations	-	18,525		-	17,944	
	(1,010)	10,218	(109.9)	(10,229)	18,605	(155.0)
Non-controlling interests	(573)	(1,804)		(2,836)	(3,902)	
	(1,583)	8,414	(118.8)	(13,065)	14,703	(188.9)
(Loss)/Earnings per share attributable to owners of the parent (sen) :						
Basic and diluted						
- continuing operations	(0.18)	(1.49)		(1.84)	0.12	
- discontinued operations	-	3.33		-	3.22	
	(0.18)	1.84		(1.84)	3.34	

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

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 30/9/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2018 RM'000	% +/(-)	CURRENT YEAR TO DATE 30/9/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2018 RM'000	% +/(-)
(Loss)/Profit for the period	(1,583)	8,414	(118.8)	(13,065)	14,703	(188.9)
Other comprehensive 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)	(508)	(289)		(219)	(1,589)	
Total comprehensive (loss)/income for the period, net of tax	(2,091)	8,125	(125.7)	(13,284)	13,114	(201.3)
Total comprehensive (loss)/income attributable to :						
Owners of the parent	(1,518)	9,929	(115.3)	(10,448)	17,016	(161.4)
Non-controlling interests	(573)	(1,804)		(2,836)	(3,902)	
	(2,091)	8,125	(125.7)	(13,284)	13,114	(201.3)

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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/9/2019 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2018 RM'000
Assets		
Property, plant and equipment	280,793	226,821
Investment properties	12,718	13,035
Right-of-Use Assets	3,761	-
Investment in associates	46,072	42,427
Other investments	4,311	4,563
Long term prepaid expenses	-	805
Total non-current assets	347,655	287,651
Inventories	6,444	6,953
Biological assets	825	724
Trade and other receivables	45,673	47,772
Contract assets	318	2,065
Tax recoverable	2,735	1,899
Derivative financial assets	-	23
Short-term investments	-	20,193
Cash and bank balances	85,633	123,432
Total current assets	141,628	203,061
Non-current assets held for sale	51,693	106,805
Total Assets	**540,976**	**597,517**
Equity		
Share capital	228,863	228,863
Reserves	46,787	47,006
Retained earnings	29,229	39,611
Total equity attributable to owners of the parent	**304,879**	**315,480**
Non-controlling interest	(14,304)	(11,468)
Total equity	**290,575**	**304,012**
Liabilities		
Borrowings	108,521	115,163
Lease liabilities	2,988	-
Deferred tax liabilities	12,556	12,532
Deferred income	4,874	2,513
Total non-current liabilities	128,939	130,208
Trade and other payables	96,942	106,499
Contract liabilities	1,678	238
Borrowings	20,229	55,765
Lease liabilities	141	-
Derivative financial liability	6	-
Provision for tax	2,466	795
Total current liabilities	121,462	163,297
Total liabilities	**250,401**	**293,505**
Total equity and liabilities	**540,976**	**597,517**
Net assets per share attributable to owners of the parent (RM)	**0.55**	**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.

KUB MALAYSIA BERHAD

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

			Attributable to owners of the parent							
				Distributable	Non-distributable reserves					
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Fair value adjustment reserve RM'000	Discount paid on acquisition of non-controlling interests RM'000	Merger reserve RM'000	Non-controlling interests 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)**
Loss for the period	(13,065)	(10,229)	-	(10,229)	-	-	-	-	-	(2,836)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax	(219)	(219)	-	-	(219)	-	(219)	-	-	-
Total comprehensive loss	**(13,284)**	**(10,448)**	**-**	**(10,229)**	**(219)**	**-**	**(219)**	**-**	**-**	**(2,836)**
At 30 September 2019	**290,575**	**304,879**	**228,863**	**29,229**	**46,787**	**34,016**	**653**	**971**	**11,147**	**(14,304)**
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	14,703	18,605	-	18,605	-	-	-	-	-	(3,902)
Other comprehensive loss 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)	**13,114**	**17,016**	**-**	**18,605**	**(1,589)**	**-**	**(1,589)**	**-**	**-**	**(3,902)**
Dividend paid	(11,129)	(11,129)	-	(11,129)	**-**	-	-	-	-	-
At 30 September 2018	**338,861**	**333,559**	**228,863**	**57,040**	**47,656**	**34,016**	**1,522**	**971**	**11,147**	**5,302**

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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 30/9/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2018 RM'000
(Loss)/Profit before taxation		
- Continuing operations	(9,119)	1,206
- Discontinued operations	-	20,073
(Loss)/Profit before taxation including discontinued operations	(9,119)	21,279
Adjustments for :		
Amortisation of intangible assets	-	211
Depreciation of property, plant and equipment	11,548	14,373
Depreciation - right-of-use assets	494	-
Depreciation of investment properties	318	319
Impairment loss on property, plant and equipment	2,612	2,900
Loss on fair value changes of derivative instruments	6	12
Fair value gain on short term investment	(274)	(287)
Gain on fair value changes in biological assets	(100)	(165)
Property, plant and equipment written off	1,002	10
Inventories written down	96	526
Allowance for impairment on receivables	17	-
Unrealised loss on foreign exchange	210	175
Gain on disposal of property, plant and equipment	(397)	(202)
Gain on disposal of non-current assets held for sale	-	(6,276)
Gain on disposal of associate company	-	(800)
Gain on disposal of subsidiary	-	(23,222)
Reversal of allowance for impairment on receivables	(369)	(86)
Reversal of over provision of project costs	-	(3,609)
Amortisation of deferred income	(138)	(81)
Finance income	(2,353)	(1,480)
Finance costs	5,548	6,051
Finance costs - lease liabilities	126	-
Dividend income	(281)	(1,540)
Share of results of associates	(3,645)	(2,932)
Operating profit before working capital changes	5,301	5,176
Changes in working capital:		
Inventories	413	(2,052)
Trade and other payables	(6,112)	(32,376)
Trade and other receivables	4,267	33,524
	3,869	4,272
Finance costs - lease liabilities	(126)	-
Tax paid	(3,070)	(4,852)
Net cash generated from/(used in) operating activities	**673**	**(580)**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	CURRENT YEAR YEAR TO DATE 30/9/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2018 RM'000
Acquisition of property, plant and equipment	(13,843)	(131,346)
Redemption/(acquisition) of short-term investment	20,467	(19,727)
Additions to intangible asset	-	(523)
Additions to investment properties	-	(845)
Deposit for acquisition of land	-	(2,500)
Dividends received	281	1,540
Finance income received	2,353	1,480
Proceeds from disposal of property, plant and equipment	403	202
Proceeds from disposal of non-current assets classified as held for sale	-	9,926
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)
Net cash generated from/(used in) investing activities	**9,661**	**(114,753)**
Deposits pledged with licensed banks	(887)	(5,947)
Finance costs paid	(5,548)	(6,051)
Dividend paid	-	(11,129)
Repayment of lease liabilities	(408)	-
Drawdown of hire purchase	-	108
Repayment of hire purchase	(171)	(146)
Drawdown of term loans	-	77,246
Repayment of term loans	(6,165)	(3,887)
Net drawdown/(repayment) of short term borrowings	(35,841)	49,299
Net cash (used in)/generated from financing activities	**(49,020)**	**99,493**
Net decrease in cash and cash equivalents	**(38,686)**	**(15,840)**
Cash and cash equivalents at beginning of year	**92,834**	**94,873**
Cash and cash equivalents at end of period	**54,148**	**79,033**

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

Cash on hand and at banks	19,143	55,689
Deposits with licensed bank	66,490	52,604
	85,633	108,293
Bank overdrafts	-	-
Deposits pledged with licensed banks	(31,485)	(29,260)
	54,148	**79,033**

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.

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
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

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. <u>MFRS 16 Leases</u>

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:

a) 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;
b) Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
c) 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 cyclicality 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 fourth quarter of 2018, the Group stated that it had commenced active discussions with potential buyers to dispose its group of assets consisting of an oil palm plantation and a palm oil mill ("mill") in Mukah, Sarawak. The Group accordingly recognised an impairment loss on its mill amounting to RM26.1 million after considering the potential fair value of the assets to be sold.

On 23 July 2019, the Group announced the disposal of the mill with a total sale consideration of RM43.0 million (as disclosed in Note 23 of this report). Following this, the Group subsequently recognised an additional impairment loss on the mill amounting to RM2.6 million in the previous quarter. The sale of the oil palm plantation was however aborted except for the 60 hectares of leasehold land which was to facilitate the disposal of the mill.

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.

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 30 September 2019 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2019 that have not been reflected in the condensed financial statements.

8. Changes in the composition of the Group

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) KUB Research Sdn Bhd
(ii) KUB Realty (PJ) Sdn Bhd

Save as disclosed above, there were no other 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 30/9/2019 RM'000	As at 31/12/2018 RM'000
Capital expenditure:		
Property, plant and equipment		
Approved and contracted for	2,851	2,132
Approved but not contracted for	8,548	19,148
	11,399	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 9 months ended	
	30/9/2019 RM'000	30/9/2018 RM'000
Transactions with Zul Rafique & Partners, a firm which YM Tunku Alizan Raja Muhammad Alias is a partner		
- Provision of legal services.	50	241

(Note : YM Tunku Alizan Raja Muhammad Alias has resigned from the Board of Directors on 4 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 which organised into several divisions i.e. importation, bottling, marketing and distribution of Liquified Petroleum Gas ("LPG"), oil palm plantation and mill operations ("Agro"), information and communications technology ("ICT"), construction of substations, transmission lines and interconnection facilities ("Power") and Others. The division's head of each business unit reports directly to the President/Group Managing Director who regularly reviews the divisions' results with regards to performance assessment and resource allocations.

Segment information for the current financial period ended 30 September 2019 is as follows:

	LPG	Agro	ICT	Power	Others	Eliminations	Total
RM'000							
Revenue							
External sales	242,179	27,504	16,046	2,139	2,023	-	289,891
Inter-segment sales	-	-	312	-	29,129	(29,441)	-
Total revenue	242,179	27,504	16,358	2,139	31,152	(29,441)	289,891
Results							
Profit/(Loss) from operating activities	10,275	(3,201)	(4,228)	(1,796)	(10,493)	-	(9,443)
Interest income	1,519	22	237	24	551	-	2,353
Finance costs	(680)	(4,925)	(16)	(2)	(51)	-	(5,674)
Share of results of associates	-	-	-	-	3,645	-	3,645
Profit/(Loss) before tax	**11,114**	**(8,104)**	**(4,007)**	**(1,774)**	**(6,348)**	**-**	**(9,119)**
Zakat	31	(72)	-	-	-		(41)
Income tax expense	(2,692)	(1,005)	-	-	(208)	-	(3,905)
Profit/(Loss) for the period	**8,453**	**(9,181)**	**(4,007)**	**(1,774)**	**(6,556)**	**-**	**(13,065)**

12. Segmental reporting (cont'd)

Segmental information for the period ended 30 September 2018 is as follows:

	Continuing Operations							Discontinued Operations*	
	LPG	**Agro**	**ICT**	**Power**	**Others**	**Eliminations**	**Total**	**Food**	**Total**
RM'000									
Revenue									
External sales	289,106	53,972	19,236	16,950	2,251		381,515	47,136	428,651
Inter-segment sales	-	-	156	-	26,410	(26,566)	-	-	-
Total revenue	289,106	53,972	19,392	16,950	28,661	(26,566)	381,515	47,136	428,651
Results									
Profit/(Loss) from operating activities	15,239	(4,166)	(1,487)	3,587	(10,328)	-	2,845	20,240	23,085
Finance income	738	199	337	7	199	-	1,480	59	1,539
Finance costs	(708)	(5,225)	(22)	(4)	(92)	-	(6,051)	(219)	(6,270)
Share of results of associates	-	-	-	-	2,932	-	2,932	-	2,932
Profit/(Loss) before tax	**15,269**	**(9,192)**	**(1,172)**	**3,590**	**(7,289)**	**-**	**1,206**	**20,080**	**21,286**
Zakat	(591)	(237)	-	-	-	-	(828)	-	(828)
Income tax expense	(2,641)	(546)	(412)	-	(20)	-	(3,619)	(2,136)	(5,755)
Profit/(Loss) for the period	**12,037**	**(9,975)**	**(1,584)**	**3,590**	**(7,309)**	**-**	**(3,241)**	**17,944**	**14,703**

* *Discontinued operations refer to Food division (A&W Malaysia Sdn Bhd) which was disposed in September 2018.*

12. Segmental reporting (cont'd)

Segmental assets and liabilities as at 30 September 2019 as compared with the last annual financial statements:

As at 30 September 2019	**LPG**	**Agro**	**ICT**	**Power**	**Others**	**Total**
RM'000						
Assets						
Segment assets	158,614	184,491	25,032	13,665	61,409	443,211
Investment in associates	-	-	-	-	46,072	46,072
Non-current assets held for sale	-	43,100	-	-	8,593	51,693
Total Assets	**158,614**	**227,591**	**25,032**	**13,665**	**116,074**	**540,976**
Liabilities						
Segment liabilities	85,030	141,446	5,991	9,427	8,507	250,401

As at 31 December 2018	**LPG**	**Agro**	**ICT**	**Power**	**Others**	**Total**
RM'000						
Assets						
Segment assets	187,517	135,221	41,887	13,512	70,148	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**	**121,168**	**597,517**
Liabilities						
Segment liabilities	112,838	155,161	6,759	7,426	11,321	293,505

** No segment assets and liabilities for the Food division 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

For the period ended 30 September 2019, the Group registered revenue of RM289.9 million and a loss after zakat and tax ("LAT") of RM13.1 million as compared to a top line of RM381.5 million and a profit after zakat and tax ("PAT") of RM14.7 million in the previous corresponding period.

The overall adverse results in the current period were largely attributable to several exceptional items ie. a staff voluntary separation scheme ("VSS") of RM5.1 million and impairment/write-off of assets amounting to RM3.6 million.

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

LPG Division : The division's revenue decreased by 16% or RM46.9 million primarily as a result of the reduction in overall sales volume by 4% coupled with lower average Contract Price.

Included in the previous corresponding period was a gain on disposal of property in Georgetown, Penang amounting to RM2.9 million and reversal of provisions of RM0.7 million. Excluding the impact of this, the PAT for the current period was more or less similar year-on-year.

Agro Division : The significant decrease in revenue by 49% or RM26.5 million was mainly due to the temporary suspension of the palm oil mill operations to facilitate a due diligence exercise in connection with a potential disposal . Additionally, the plantation estates delivered lower revenue resulting from lower average crude palm oil ("CPO") prices. The results were further adversely impacted by a recognition of impairment loss on the mill's assets of RM2.6 million and a provision for VSS payments.

ICT Division : The division's revenue fell by 17% or RM3.2 million primarily due to the reduction in the value of contracts recognised in the current period attributable to the 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 manpower expenses arising from the VSS exercise, the division recorded substantial losses of RM4.0 million.

Power Division : The adverse results by the Power division were predominantly due to the declining order book as most projects are nearing completion whilst new projects are still in their preliminary stage. Due to this, the division recorded a loss after tax of RM1.8 million as compared to the profit of RM3.6 million in the corresponding period last year.

The division's profit in the previous corresponding period was lifted by the reversal of over provision of costs amounting to RM3.6 million relating to projects performed in previous years.

Others : This segment includes the property management businesses for several properties owned by the Group, corporate expenses and share of profit from associates. The losses for the segment decreased by 10% in the current period as lesser corporate expenses were incurred combined with higher share of profits from the associate company.

Included in the previous corresponding period was the gain on disposal of shop offices in Gombak, Selangor and, Pekan Razaki and Batu Gajah, Ipoh amounting to RM3.4 million.

Discontinued Operations

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

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

14. Loss for the period for the current quarter compared to the immediate preceding quarter

	Individual Quarter		
	3 months 30/9/2019 RM'000	3 months 30/6/2019 RM'000	% +/(-)
Revenue	86,415	101,216	(14.6)
Results			
Profit from operations	(197)	(9,865)	(98.0)
Finance income	549	1,089	
Finance costs	(1,737)	(1,951)	
Share of profit of associates	828	457	
Loss before tax	**(557)**	**(10,270)**	(94.6)
Zakat	(24)	7	
Income tax expense	(1,002)	(1,272)	
Loss for the period	**(1,583)**	**(11,535)**	(86.3)

The Group's losses in the current quarter reduced substantially by 86.3% or RM9.9 million despite a shortfall in revenue by 14.6% as compared to the preceding quarter. A significant drop in average contract price has dragged down the LPG's division revenue by 20.3% in the current quarter. The effect was however mitigated by the increase in revenue from other divisions.

In the previous quarter, the Group's significant loss of RM11.5 million were largely contributed by exceptional expenses ie. a staff voluntary separation scheme (VSS) of RM4.3 million and impairment/write-off of assets amounting to RM3.6 million as well as lower share of profit recognised from the associate company.

15. Prospects

The Group continues to foresee economic uncertainty, market volatility and weak consumer sentiment towards the end of the year.

The LPG division, being the primary revenue and earnings driver of the Group, will continue to intensify its efforts to preserve and build market share through its rebranding exercise, increasing its supply and distribution capacity and implementing operational improvement initiatives to continuously enhance efficiencies and overall margins. The satellite bottling plant in Beranang, Selangor which is expected to commence operations in first quarter 2020 is part of the Group's initiatives toward achieving this.

For the Agro division, we will focus on various productivity improvement strategies that have been laid out for our estates, yield enhancement initiatives and optimise our production costs in order to preserve our bottom line and cushion the effects of any CPO price volatility. With the reduced drag on earnings following the potential disposal of the mill, we anticipate an overall improvement in performance going forward.

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

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. 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.

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

18. Notes to the profit/(loss) before tax

		Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30/9/2019	30/9/2018	30/9/2019	30/9/2018
		RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived after crediting/(charging) - continuing operations:					
Finance income		549	565	2,353	1,480
Other income including investment income		956	(41)	1,750	1,959
Finance costs		(1,737)	(2,231)	(5,674)	(6,051)
Depreciation and amortisation		(4,224)	(4,025)	(12,360)	(12,565)
Inventories written down		-	(142)	(96)	(268)
(Write-off)/(Impairment)/reversal on receivables (net)		390	-	369	86
Write-off of property, plant and equipment		-	-	(1,002)	(10)
Impairment on property, plant and equipment		-	-	(2,612)	-
Gain on disposal of property, plant and equipment		237	-	397	203
Gain on disposal of assets held for sale		-	760	-	6,276
Gain on disposal of short-term investments		-	287	275	560
Gain on disposal of associate company		-	-	-	800
Foreign exchange gain/(loss)	- realised	381	1,078	1,954	2,241
	- unrealised	(74)	(226)	(210)	(175)
Gain/(Loss) on derivatives on forward foreign exchange contracts		(6)	(5)	(6)	(12)

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.

19. Derivatives

The Group uses forward foreign exchange contracts to primarily manage its exposure to foreign exchange risk.
The details of the foreign currency forward contracts as at 30 September 2019 are as follows :

	Notional amount RM'000	Fair Value Liabilities RM'000
- less than 1 year	16,974	(6)

There have been no changes to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 31 December 2018.

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

There were no gains and losses arising from changes on the fair values of financial liabilities for the current quarter and financial year-to-date.

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

21. Tax

	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,044	726	3,929	3,363
Under / (Over) provision in prior year	(48)	217	(48)	217
	996	943	3,881	3,580
Deferred tax:				
Current	6	(24)	24	39
	6	(24)	24	39
	1,002	919	3,905	3,619

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.

22. Group borrowings and debt securities

	As at 30 September 2019		
RM'000	**Long Term**	**Short Term**	**Total Borrowings**
Secured			
Term loans	108,089	8,901	116,990
Revolving Credit	-	11,100	11,100
Hire purchase payables	432	228	660
	108,521	**20,229**	**128,750**

	As at 30 September 2018		
RM'000	**Long Term**	**Short Term**	**Total Borrowings**
Secured			
Term loans	120,624	3,956	124,580
Trust Receipts		1,071	1,071
Revolving Credit	-	7,228	7,228
Bankers Acceptances	-	41,000	41,000
Hire purchase payables	591	206	797
	121,215	**53,461**	**174,676**

23. 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.

On the same above date, its wholly-owned subsidiary, KUB Ekuiti Sdn Bhd ("KUBE") 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")

The Proposed Disposals were completed on 8 November 2019 and KUBT accordingly ceased to be a subsidiary of KUBE.

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

23. Status of corporate proposals (cont'd)

(ii) On 22 July 2019, KUB Maju Mill Sdn Bhd ("KUBMA") and KUB Sepadu Sdn Bhd ("KUBS") had respectively entered into the sale and purchase agreements with Sinong Pelita Oil Mill Sdn Bhd ("SPOM") for the disposal of a factory, ancilliary equipment and machineries ("the Factory") for RM43 million and the disposal of a plot of leasehold land measuring approximately sixty (60) hectares for RM1.8 million ("Proposed Disposals").

The Group has a 66% and 60% effective interest in KUBMA and KUBS via its wholly owned subsidiary namely KUB Agro Holdings Sdn Bhd which in turn a wholly owned subsidiary of KUB Ekuiti Sdn Bhd.

The Proposed Disposals were completed on 22 November 2019.

24. Dividend Declared

No dividend has been declared for the quarter under review.

25. 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.

26. 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		9 months ended	
		30/9/2019	30/9/2018	30/9/2019	30/9/2018
		RM'000	RM'000	RM'000	RM'000
Earnings for the period attributable to owners of the parent					
- From continuing operations		(1,010)	(8,307)	(10,229)	661
- From discontinued operations		-	18,525	-	17,944
		(1,010)	10,218	(10,229)	18,605
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)	(0.18)	(1.49)	(1.84)	0.12
- From discontinued operations	(sen)	-	3.33	-	3.22
		(0.18)	1.84	(1.84)	3.34

(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
Mohamat Yusof Abu Bakar

Company Secretaries
28 November 2019