



**Interim Financial Report on  
Unaudited Consolidated Results for the  
Fourth Quarter Ended  
31 December 2019**

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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 2019

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

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 31/12/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2018 RM'000 Re-presented	% + / (-)	CURRENT YEAR TO DATE 31/12/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2018 RM'000 Re-presented	% + / (-)
<b>CONTINUING OPERATIONS</b>						
Revenue	110,592	140,807	(21.5)	400,483	522,322	(23.3)
Cost of sales and operating expenses	(106,960)	(144,306)		(404,662)	(532,283)	
Other income	31,917	4,107		36,554	16,056	
Other expenses	(6,158)	(30,788)		(12,427)	(33,430)	
<b>Results from operating activities</b>	<b>29,391</b>	<b>(30,180)</b>	197.4	<b>19,948</b>	<b>(27,335)</b>	173.0
Finance income	846	647		3,199	2,127	
Finance costs	(1,568)	(2,223)		(7,242)	(8,274)	
Share of profit of associates	1,737	381		5,382	3,313	
<b>Profit/(Loss) before tax</b>	<b>30,406</b>	<b>(31,375)</b>	196.9	<b>21,287</b>	<b>(30,169)</b>	170.6
Zakat	(114)	(547)		(155)	(1,375)	
Income tax expense	783	(2,276)		(3,122)	(5,895)	
<b>Profit/(Loss) for the period from continuing operations</b>	<b>31,075</b>	<b>(34,198)</b>	190.9	<b>18,010</b>	<b>(37,439)</b>	148.1
<b>DISCONTINUED OPERATIONS</b>						
Profit for the period from discontinued operations	-	-		-	17,944	
<b>Profit/(Loss) for the period</b>	<b>31,075</b>	<b>(34,198)</b>	190.9	<b>18,010</b>	<b>(19,495)</b>	192.4
<b>Profit/(Loss) attributable to :</b>						
Owners of the parent						
- continuing operations	27,537	(17,428)		17,308	(16,767)	
- discontinued operations	-	-		-	17,944	
	27,537	(17,428)	258.0	17,308	1,177	1,370.5
Non-controlling interests	3,538	(16,770)		702	(20,672)	
	<b>31,075</b>	<b>(34,198)</b>	190.9	<b>18,010</b>	<b>(19,495)</b>	192.4
<b>Earnings/(Loss) per share attributable to owners of the parent (sen) :</b>						
Basic and diluted						
- continuing operations	4.95	(3.13)		3.11	(3.01)	
- discontinued operations	-	-		-	3.22	
	4.95	(3.13)		3.11	0.21	

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)  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

### CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 31/12/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2018 RM'000	% + / (-)	CURRENT TO DATE 31/12/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2018 RM'000	% + / (-)
<b>Profit/(Loss) for the period</b>	31,075	(34,198)	190.9	18,010	(19,495)	192.4
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)	2,669	(650)		2,450	(2,239)	
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<u>33,744</u>	<u>(34,848)</u>	196.8	<u>20,460</u>	<u>(21,734)</u>	194.1
<b>Total comprehensive income/(loss) attributable to :</b>						
Owners of the parent	30,206	(18,078)	267.1	19,758	(1,062)	1,960.5
Non-controlling interests	<u>3,538</u>	<u>(16,770)</u>		<u>702</u>	<u>(20,672)</u>	
	<u>33,744</u>	<u>(34,848)</u>	196.8	<u>20,460</u>	<u>(21,734)</u>	194.1

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

(Company No. 6022-D)  
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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/12/2019 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2018 RM'000
<b>Assets</b>		
Property, plant and equipment	274,207	226,821
Investment properties	11,383	13,035
Right-of-Use Assets	3,729	-
Investment in associates	47,809	42,427
Other investments	6,996	4,563
Long term prepaid expenses	-	805
Lease receivables	1,577	-
<b>Total non-current assets</b>	<b>345,701</b>	<b>287,651</b>
Inventories	4,821	6,953
Biological assets	1,274	724
Trade and other receivables	46,248	47,772
Contract assets	340	2,065
Tax recoverable	910	1,899
Derivative financial assets	-	23
Lease receivables	115	-
Short-term investments	-	20,193
Cash and bank balances	145,627	123,432
<b>Total current assets</b>	<b>199,335</b>	<b>203,061</b>
Non-current assets held for sale	1,840	106,805
<b>Total Assets</b>	<b>546,876</b>	<b>597,517</b>
<b>Equity</b>		
Share capital	228,863	228,863
Reserves	49,456	47,006
Retained earnings	56,766	39,611
<b>Total equity attributable to owners of the parent</b>	<b>335,085</b>	<b>315,480</b>
Non-controlling interest	(10,766)	(11,468)
<b>Total equity</b>	<b>324,319</b>	<b>304,012</b>
<b>Liabilities</b>		
Borrowings	71,033	115,163
Lease liabilities	2,480	-
Refundable cylinder deposits	17,778	-
Deferred tax liabilities	14,220	12,532
Deferred income	-	2,513
<b>Total non-current liabilities</b>	<b>105,511</b>	<b>130,208</b>
Trade and other payables	81,603	106,499
Contract liabilities	981	238
Borrowings	33,169	55,765
Lease liabilities	642	-
Derivative financial liability	21	-
Provision for tax	630	795
<b>Total current liabilities</b>	<b>117,046</b>	<b>163,297</b>
<b>Total liabilities</b>	<b>222,557</b>	<b>293,505</b>
<b>Total equity and liabilities</b>	<b>546,876</b>	<b>597,517</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.60</b>	<b>0.57</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 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 FOURTH QUARTER ENDED 31 DECEMBER 2019

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Distributable ← Attributable to owners of the parent →					← Non-distributable reserves →				Non-controlling interests RM'000
	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	
<b>At 1 January 2019</b>	<b>304,012</b>	<b>315,480</b>	<b>228,863</b>	<b>39,611</b>	<b>47,006</b>	<b>34,016</b>	<b>872</b>	<b>971</b>	<b>11,147</b>	<b>(11,468)</b>
Effects of adoption of new standard	(153)	(153)	-	(153)	-	-	-	-	-	-
<b>At 1 January 2019 (restated)</b>	<b>303,859</b>	<b>315,327</b>	<b>228,863</b>	<b>39,458</b>	<b>47,006</b>	<b>34,016</b>	<b>872</b>	<b>971</b>	<b>11,147</b>	<b>(11,468)</b>
Profit for the year	18,010	17,308	-	17,308	-	-	-	-	-	702
Other comprehensive income not to be reclassified to profit or loss in subsequent year, net of tax	2,450	2,450	-	-	2,450	-	2,450	-	-	-
<b>Total comprehensive profit</b>	<b>20,460</b>	<b>19,758</b>	<b>-</b>	<b>17,308</b>	<b>2,450</b>	<b>-</b>	<b>2,450</b>	<b>-</b>	<b>-</b>	<b>702</b>
<b>At 31 December 2019</b>	<b>324,319</b>	<b>335,085</b>	<b>228,863</b>	<b>56,766</b>	<b>49,456</b>	<b>34,016</b>	<b>3,322</b>	<b>971</b>	<b>11,147</b>	<b>(10,766)</b>
<b>At 1 January 2018</b>	<b>336,876</b>	<b>327,672</b>	<b>228,863</b>	<b>49,564</b>	<b>49,245</b>	<b>34,016</b>	<b>3,111</b>	<b>971</b>	<b>11,147</b>	<b>9,204</b>
(Loss)/profit for the year	(19,495)	1,177	-	1,177	-	-	-	-	-	(20,672)
Other comprehensive loss not to be reclassified to profit or loss in subsequent year, 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>1,177</b>	<b>(2,239)</b>	<b>-</b>	<b>(2,239)</b>	<b>-</b>	<b>-</b>	<b>(20,672)</b>
Dividend paid	(11,130)	(11,130)	-	(11,130)	-	-	-	-	-	-
<b>At 31 December 2018</b>	<b>304,012</b>	<b>315,480</b>	<b>228,863</b>	<b>39,611</b>	<b>47,006</b>	<b>34,016</b>	<b>872</b>	<b>971</b>	<b>11,147</b>	<b>(11,468)</b>

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 FOURTH QUARTER ENDED 31 DECEMBER 2019

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 31/12/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2018 RM'000
Profit/(Loss) before taxation		
- Continuing operations	21,287	(30,169)
- Discontinued operations	-	(3,206)
Profit/(Loss) before taxation including discontinued operations	21,287	(33,375)
Adjustments for :		
Amortisation of intangible assets	-	211
Depreciation of property, plant and equipment	15,655	19,976
Depreciation - right-of-use assets	702	-
Depreciation of investment properties	424	353
Impairment loss on property, plant and equipment	6,958	29,060
Loss/(gain) on fair value changes of derivative instruments	21	(23)
Fair value gain on short term investment	(274)	(838)
(Gain)/Loss on fair value changes in biological assets	(548)	106
Loss/(Gain) on fair value changes of unquoted investment	17	(26)
Property, plant and equipment written off	1,075	192
Inventories written down	632	2,344
Allowance for impairment on receivables and contract assets	461	1,787
Receivables written off	41	-
Unrealised (gain)/loss on foreign exchange	(53)	61
Gain on disposal of property, plant and equipment	(489)	(370)
Gain on disposal of non-current assets held for sale	(30,359)	(6,209)
Gain on disposal of associate company	-	(800)
Gain on disposal of subsidiary	(293)	-
Reversal of allowance for impairment on receivables	(494)	(94)
Provision for liquidated ascertained damages	-	59
Amortisation of deferred income	-	(107)
Finance income	(3,199)	(2,186)
Finance lease income	(40)	-
Finance costs	7,242	8,493
Finance costs - lease liabilities	167	-
Dividend income	(281)	(280)
Forfeiture of cylinder deposits payable	-	(2,067)
Share of results of associates	(5,382)	(3,313)
Operating profit before working capital changes	13,270	12,954
Changes in working capital:		
Inventories	1,500	2,457
Trade and other payables	(11,575)	(24,910)
Trade and other receivables	11,359	60,972
Contract assets	1,725	14,700
Contract liabilities	743	(1,195)
	17,022	64,978
Zakat paid	(588)	(668)
Finance costs - lease liabilities	(167)	-
Net Tax paid	(2,298)	(8,302)
<b>Net cash generated from operating activities</b>	<b>13,969</b>	<b>56,008</b>

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

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

	CURRENT YEAR YEAR TO DATE 31/12/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2018 RM'000
Acquisition of property, plant and equipment	(19,976)	(168,269)
Redemption/(acquisition) of short-term investment	20,467	(19,983)
Additions to intangible asset	-	(523)
Additions to investment properties	-	(868)
Dividends received	281	280
Finance income received	3,199	2,186
Finance lease income	40	-
Proceeds from disposal of property, plant and equipment	481	482
Net proceeds from disposal of non-current assets held for sale	78,408	9,940
Proceeds from disposal of associate	-	800
Proceeds from disposal of subsidiary	-	-
- Proceeds from disposal of subsidiary	-	30,000
- Cash from discontinued operations	-	(3,760)
<b>Net cash generated from/(used in) investing activities</b>	<b>82,900</b>	<b>(149,715)</b>
Increase of deposits pledged with licensed banks	(1,421)	(7,284)
Finance costs paid	(7,242)	(8,493)
Dividend paid	-	(11,130)
Repayment of lease liabilities	(598)	-
Repayment of hire purchase	(229)	(200)
Drawdown of term loans	-	77,245
Repayment of term loans	(47,556)	(5,310)
Net (repayment)/drawdown of short term borrowings	(18,941)	46,941
<b>Net cash (used in)/generated from financing activities</b>	<b>(75,987)</b>	<b>91,769</b>
<b>Net decrease in cash and cash equivalents</b>	<b>20,882</b>	<b>(1,938)</b>
<b>Effect of exchange rate changes on the balance of cash held in foreign currency</b>	<b>(108)</b>	<b>(101)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>92,834</b>	<b>94,873</b>
<b>Cash and cash equivalents at end of year</b>	<b>113,608</b>	<b>92,834</b>

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

Cash on hand and at banks	25,875	75,691
Deposits with licensed bank	119,752	47,741
	145,627	123,432
Deposits pledged with licensed banks	(32,019)	(30,598)
	<b>113,608</b>	<b>92,834</b>

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.

# 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 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
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. 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 :

<b>Statements of Financial Position as at 1 January 2019</b>			
	Previously reported	Effect of adoption	Restated under MFRS 16
<b>Opening Balance (in RM'000)</b>			
<b>Non-current assets</b>			
Right-of-use assets	-	4,254	4,254
Long-term prepaid expenses	805	(805)	-
<b>Current assets</b>			
Long-term prepaid expenses	60	(60)	-
<b>Non-current liabilities</b>			
Lease liabilities	-	2,987	2,987
<b>Current liabilities</b>			
Lease liabilities	-	555	555
<b>Shareholders' Funds</b>			
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:

		<b>Effective for annual period beginning on or after</b>
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 3	Business Combination - Definition of a Business	1 January 2020
Amendments to MFRS 7 and MFRS 9	Financial Instruments : Interest Rate - Benchmark Reform	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 cyclical nature 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 current quarter, the Group completed the disposal of its leasehold land in Petaling Jaya (as disclosed in Note 23 of this report). Following this, the Group recognised a gain on disposal of RM25.3 million.

**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.

**6. Dividends paid**

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

**7. Subsequent events**

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

**EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134**

**8. Changes in the composition of the Group**

Disposal of a subsidiary

On 20 December 2018, the wholly owned subsidiary of the Company, KUB Ekuiti Sdn Bhd, entered into a Share Sale Agreement with Kasmuncak Holdings Sdn Bhd 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 disposal was completed on 8 November 2019 with a gain on disposal of RM293,000.

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) KUB Research Sdn Bhd
- (ii) KUB Realty (PJ) Sdn Bhd
- (iii) Utama Steel Works 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 RM3,595,303. 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.

On 29th August 2019, RASB has revised their claims to RM2,883,207. KUB Tel has denied all the disputed claims by RASB and similarly seeks to set-off and/or counterclaim RM3,306,005 being the costs incurred by the Company to complete the works which RASB had failed to complete and other related charges.

Based on legal advice in respect of this matter, KUBTel believes that it has good grounds to defend and contest against RASB's claim.

**10. Capital commitments**

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

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Capital expenditure:		
Property, plant and equipment		
Approved and contracted for	1,054	2,132
Approved but not contracted for	6,353	19,148
	7,407	21,280

**11. 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	
	31/12/2019 RM'000	31/12/2018 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.	50	245

*(Note : YM Tunku Alizan Raja Muhammad Alias has resigned from the Board of Directors on 4 March 2019)*

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 Liquefied Petroleum Gas ("LPG"), oil palm plantation ("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 Group Chief Executive Officer who regularly reviews the divisions' results with regards to performance assessment and resource allocations.

Segment information for the current financial year ended 31 December 2019 is as follows:

	<b>LPG</b>	<b>Agro</b>	<b>ICT</b>	<b>Power</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
<b>RM'000</b>							
<b>Revenue</b>							
External sales	325,844	42,338	21,812	7,896	2,593	-	400,483
Inter-segment sales	-	-	310	-	30,106	(30,416)	-
<b>Total revenue</b>	<b>325,844</b>	<b>42,338</b>	<b>22,122</b>	<b>7,896</b>	<b>32,699</b>	<b>(30,416)</b>	<b>400,483</b>
<b>Results</b>							
Profit/(Loss) from operating activities	16,593	5,623	(5,029)	(1,157)	3,918	-	19,948
Interest income	1,914	71	325	36	853	-	3,199
Finance costs	(842)	(6,198)	(18)	-	(184)	-	(7,242)
Share of results of associates	-	-	-	-	5,382	-	5,382
<b>Profit/(Loss) before tax</b>	<b>17,665</b>	<b>(504)</b>	<b>(4,722)</b>	<b>(1,121)</b>	<b>9,969</b>	<b>-</b>	<b>21,287</b>
Zakat	(155)	-	-	-	-	-	(155)
Income tax expense	(3,043)	(785)	24	961	(279)	-	(3,122)
<b>Profit/(Loss) for the year</b>	<b>14,467</b>	<b>(1,289)</b>	<b>(4,698)</b>	<b>(160)</b>	<b>9,690</b>	<b>-</b>	<b>18,010</b>

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

Segmental information for the year ended 31 December 2018 is as follows:

	<u>Continuing Operations</u>						<u>Discontinued Operations*</u>		
	LPG	Agro	ICT	Power	Others	Eliminations	Total	Food	Total
<i>RM'000</i>									
<b>Revenue</b>									
External sales	404,645	67,536	24,170	23,162	2,809	-	522,322	47,136	569,458
Inter-segment sales	-	-	261	-	29,893	(30,154)	-	-	-
<b>Total revenue</b>	<b>404,645</b>	<b>67,536</b>	<b>24,431</b>	<b>23,162</b>	<b>32,702</b>	<b>(30,154)</b>	<b>522,322</b>	<b>47,136</b>	<b>569,458</b>
<b>Results</b>									
Profit/(Loss) from operating activities	20,893	(34,409)	(4,450)	5,714	(15,083)	-	(27,335)	(3,046)	(30,381)
Finance income	1,095	232	392	7	401	-	2,127	59	2,186
Finance costs	(1,157)	(6,974)	(16)	(5)	(122)	-	(8,274)	(219)	(8,493)
Share of results of associates	-	-	-	-	3,313	-	3,313	-	3,313
<b>Profit/(Loss) before tax</b>	<b>20,831</b>	<b>(41,151)</b>	<b>(4,074)</b>	<b>5,716</b>	<b>(11,491)</b>	<b>-</b>	<b>(30,169)</b>	<b>(3,206)</b>	<b>(33,375)</b>
Zakat	(1,210)	(165)	-	-	-	-	(1,375)	-	(1,375)
Income tax expense	(3,858)	(477)	(342)	(993)	(225)	-	(5,895)	(2,129)	(8,024)
Gain on sale of discontinued operation	-	-	-	-	-	-	-	23,279	23,279
<b>Profit/(Loss) for the period</b>	<b>15,763</b>	<b>(41,793)</b>	<b>(4,416)</b>	<b>4,723</b>	<b>(11,716)</b>	<b>-</b>	<b>(37,439)</b>	<b>17,944</b>	<b>(19,495)</b>

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

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

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

<b>As at 31 December 2019</b>	<b>LPG</b>	<b>Agro</b>	<b>ICT</b>	<b>Power</b>	<b>Others</b>	<b>Total</b>
<b>RM'000</b>						
<b>Assets</b>						
Segment assets	162,627	187,333	23,558	12,350	111,359	497,227
Investment in associates	-	-	-	-	47,809	47,809
Non-current assets held for sale	-	-	-	-	1,840	1,840
<b>Total Assets</b>	<b>162,627</b>	<b>187,333</b>	<b>23,558</b>	<b>12,350</b>	<b>161,008</b>	<b>546,876</b>
<b>Liabilities</b>						
Segment liabilities	106,516	97,558	3,380	6,491	8,612	222,557

<b>As at 31 December 2018</b>	<b>LPG</b>	<b>Agro</b>	<b>ICT</b>	<b>Power</b>	<b>Others</b>	<b>Total</b>
<b>RM'000</b>						
<b>Assets</b>						
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
<b>Total Assets</b>	<b>187,517</b>	<b>233,433</b>	<b>41,887</b>	<b>13,512</b>	<b>121,168</b>	<b>597,517</b>
<b>Liabilities</b>						
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.

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

For the year ended 31 December 2019, the Group registered revenue of RM400.5 million and a profit after zakat and tax ("PAT") of RM18.0 million as compared to a top line of RM522.3 million and a loss after zakat and tax ("LAT") of RM37.4 million in the previous year.

The overall improvement in results in the current year were largely attributable to a combination of several exceptional items ie. a gain on disposal of a leasehold land in Petaling Jaya, Selangor of RM25.3 million offset by an impairment loss/write-off of several assets of RM7.9 million and a staff voluntary separation scheme ("VSS") of RM5.2 million.

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

**LPG Division** : The division's revenue decreased by 19% or RM78.8 million primarily as a result of the reduction in overall sales volume by 7% coupled with a lower average Contract Price.

Included in the previous year's results was a gain on disposal of property in Georgetown, Penang amounting to RM2.7 million and forfeiture of cylinder deposits of RM2.1 million. Excluding the impact of this, the PAT for the current year would have been higher by 32% on the back of improved gross profit margins arising mainly from lower LPG purchase costs.

**Agro Division** : The significant decrease in revenue by 37% or RM25.2 million was attributable to the cessation of the palm oil mill operations to facilitate its disposal in the year (as disclosed in Note 23). Additionally, the plantation estates delivered lower revenue resulting from lower average crude palm oil ("CPO") prices and overall reduction in fresh fruit bunches ("FFB") production by 4%. The results were further impacted by the VSS payments of RM1.1 million.

In the previous year, the financial performance of the Agro division was substantially affected by an impairment loss of the mill amounting to RM26.1 million as well as the mill's substantial operational losses.

**ICT Division** : The division's revenue fell by 10% or RM2.4 million primarily due to the reduction in the value of contracts recognised in the current year 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 higher losses of RM4.7 million.

**Power Division** : The adverse results by the Power division were predominantly due to the declining order book as most projects are already completed or nearing completion whereas the new projects are progressing slower than expected. Due to this, the division recorded a loss after tax of RM0.2 million as compared to the profit of RM4.7 million in the previous year.

The division's profit in the previous year was lifted by the reversal of over provision of costs amounting to RM4.4 million relating to projects performed in prior 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 favourable results achieved for the division were mainly contributed by the gain on disposal of a leasehold land in Petaling Jaya amounting to RM25.3 million reduced by an impairment loss recognised on the Group's land in Klang, Selangor of RM6.9 million and related capitalised assets of RM1.0 million as well as group corporate expenses and the VSS payments.

Included in the previous year was the gain on disposal of shop offices in Gombak, Selangor, Pekan Razaki and Batu Gajah, Ipoh amounting to RM3.5 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 operational losses of RM5.3 million. The disposal was completed on 19 September 2018.

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

	Individual Quarter		%
	3 months 31/12/2019 RM'000	3 months 30/9/2019 RM'000	
Revenue	110,592	86,415	28.0
<b>Results</b>			
Profit/(loss) from operations	29,391	(197)	15,019.3
Finance income	846	549	
Finance costs	(1,568)	(1,737)	
Share of profit of associates	1,737	828	
<b>Profit/(Loss) before tax</b>	<b>30,406</b>	<b>(557)</b>	5,558.9
Zakat	(114)	(24)	
Income tax expense	783	(1,002)	
<b>Profit/(Loss) for the period</b>	<b>31,075</b>	<b>(1,583)</b>	2,063.0

The Group's substantial profit in the current quarter of RM31.1 million as compared to a loss in the preceding quarter, was largely attributable to the gain on disposal of the land in Petaling Jaya, Selangor amounting to RM25.3 million and higher revenue achieved by the LPG and Agro divisions by 21% and 41% respectively. A sharp increase in the LPG average contract price and CPO prices have improved the revenue and the operating margins of these divisions. These effects were however reduced by the recognition of impairment loss on the leasehold land in Klang, Selangor of RM6.9 million.

In the previous quarter, the Group experienced a loss after tax of RM1.6 million primarily due to a significant drop in average contract price which has dragged down the LPG's division revenue, additional VSS payments of RM0.9 million and lower share of profit of associate.

**15. Prospects**

The Group foresees economic uncertainty, market volatility and weak consumer sentiment to remain as issues going into FY 2020.

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 has commenced operations at the end of the year as well as Group's investment in additional cylinders and the reconditioning (RC) or requalification (RQ) exercise undertaken are part of the Group's initiatives toward achieving this.

For the Agro division, with the recent uptrend in CPO prices, operational and cost optimisation initiatives that have been carried out combined with the reduced drag on earnings following the 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 strategic cost management 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.

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

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived after crediting/(charging) - continuing operations:				
Finance income	846	647	3,199	2,127
Other income including investment income	672	4,293	2,422	6,252
Finance costs	(1,568)	(2,223)	(7,242)	(8,274)
Depreciation and amortisation	(4,421)	(5,727)	(16,781)	(18,292)
Inventories written down	(536)	(1,818)	(632)	(2,086)
(Write-off)/(Impairment)/reversal on receivables (net)	(377)	(1,778)	(8)	(1,692)
Write-off of property, plant and equipment	(73)	(182)	(1,075)	(192)
Impairment on property, plant and equipment	(6,958)	(26,095)	(6,958)	(26,095)
Gain on disposal of property, plant and equipment	92	169	489	372
Gain on disposal of assets held for sale	32,971	(67)	30,359	6,209
Gain on disposal of short-term investments	-	295	274	855
Gain on disposal of subsidiary	293	-	293	-
Gain on disposal of associate company	-	-	-	800
Foreign exchange gain/(loss)				
- realised	724	1,081	2,678	3,322
- unrealised	155	114	(55)	(61)
Gain/(Loss) on derivatives on forward foreign exchange contracts	15	35	(21)	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.

**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 31 December 2019 are as follows :

	Notional amount RM'000	Fair Value Liabilities RM'000
- less than 1 year	22,309	(21)

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 material gains or losses arising from changes on the fair values of financial liabilities for the current quarter and financial year-to-date.



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**21. Tax**

	3 months ended		12 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	(466)	1,358	3,464	4,721
Under / (Over) provision in prior year	(1,980)	621	(2,028)	838
	<u>(2,446)</u>	<u>1,979</u>	<u>1,436</u>	<u>5,559</u>
Deferred tax:				
Current	1,781	645	1,804	684
Over provision in prior year	(118)	(348)	(118)	(348)
	<u>1,663</u>	<u>297</u>	<u>1,686</u>	<u>336</u>
	<u>(783)</u>	<u>2,276</u>	<u>3,122</u>	<u>5,895</u>

The effective tax rate for the current period under review is lower than the statutory tax rate as certain gain or income are capital gain in nature and the profits of certain subsidiaries cannot be offset against losses of other subsidiaries for income tax purposes.

**22. Group borrowings and debt securities**

RM'000	As at 31 December 2019		
	Long Term	Short Term	Total Borrowings
<b>Secured</b>			
Term loans	70,667	4,932	75,599
Revolving Credit	-	8,000	8,000
Bankers acceptances	-	20,000	20,000
Hire purchase payables	366	237	603
	<b>71,033</b>	<b>33,169</b>	<b>104,202</b>

RM'000	As at 31 December 2018		
	Long Term	Short Term	Total Borrowings
<b>Secured</b>			
Term loans	114,554	8,602	123,156
Revolving Credit	-	16,941	16,941
Bankers Acceptances	-	30,000	30,000
Hire purchase payables	609	222	831
	<b>115,163</b>	<b>55,765</b>	<b>170,928</b>

**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.

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**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**

Save as disclosed below, there were no material litigation matters involving the Company and/or its subsidiaries as at the latest practicable date of this quarterly report.

On 28 November 2019, a winding up petition ("Winding Up Petition") was filed in the High Court at Shah Alam against KUB Sepadu Sdn Bhd ("KUB Sepadu") by its minority shareholders, Medan Sepadu Sdn Bhd and Lembaga Amanah Kebajikan Kaum Melanau Sarawak ("Minority Shareholders").

On 2 December 2019, the Minority Shareholders filed an application for the appointment of interim liquidators for KUB Sepadu. The High Court granted the order for the appointment of interim liquidators on 9 December 2019 ("Order for IL").

The Winding Up Petition together with the Order for IL was served on KUB Sepadu on 16 December 2019.

On 18 December 2019, KUB Agro Holdings Sdn Bhd, as the Opposing Contributory filed an application to set aside the Order for IL ("Setting Aside Application"). On 20 December 2019, the High Court granted a stay on the Order for IL pending the disposal of the Winding Up Petition and/ or Setting Aside Application.

The hearing of the Winding Up Petition and the Setting Aside Application will be on 4 March 2020.

**26. Earnings per share**

**(a) Basic earnings per share**

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

	3 months ended		12 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Earnings for the period attributable to owners of the parent				
- From continuing operations	27,537	(17,428)	17,308	(16,767)
- From discontinued operations	-	-	-	17,944
	27,537	(17,428)	17,308	1,177
Weighted average number of ordinary shares in issue	( '000) 556,465	556,465	556,465	556,465
Basic earnings/(loss) per share (Sen)				
- From continuing operations	(sen) 4.95	(3.13)	3.11	(3.01)
- From discontinued operations	(sen) -	-	-	3.22
	4.95	(3.13)	3.11	0.21

**(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  
27 February 2020