



**Interim Financial Report on
Unaudited Consolidated Results for the
First Quarter Ended
31 March 2020**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 March 2020.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	CUMULATIVE QUARTER CURRENT YEAR TO DATE 31/3/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2019 RM'000 Re-presented	% + / (-)
Revenue	109,382	102,260	7.0
Cost of sales and operating expenses	(105,159)	(102,084)	
Other income	1,445	739	
Other expenses	(1,273)	(1,060)	
Results from operating activities	4,395	(145)	3,131.0
Finance income	939	715	
Finance costs	(1,192)	(1,986)	
Share of profit of associates	2,044	2,360	
Profit before tax	6,186	944	555.3
Zakat	-	(24)	
Income tax expense	(1,021)	(1,631)	
Profit/(Loss) for the period	5,165	(711)	826.4
Profit/(Loss) attributable to :			
- Owners of the parent	4,931	(69)	7,246.4
- Non-controlling interests	234	(642)	
	5,165	(711)	826.4
Earnings/(Loss) per share attributable to owners of the parent (sen) :			
Basic and diluted	0.89	(0.01)	

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 2019 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD(Company No. 6022-D)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020****CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**

	CUMULATIVE QUARTER		
	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD	
	31/3/2020	31/3/2019	
	RM'000	RM'000	%
		Re-presented	+ / (-)
Profit/(Loss) for the period	5,165	(711)	826.4
Other comprehensive (loss)/income 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)	(1,154)	217	
Total comprehensive income/(loss) for the period, net of tax	<u>4,011</u>	<u>(494)</u>	911.9
Total comprehensive income/(loss) attributable to :			
Owners of the parent	3,777	148	2,452.0
Non-controlling interests	<u>234</u>	<u>(642)</u>	
	<u>4,011</u>	<u>(494)</u>	911.9

The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/3/2020 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2019 RM'000
Assets		
Property, plant and equipment	272,528	273,935
Investment properties	11,278	11,383
Right-of-use assets	3,550	3,729
Investment in associates	47,674	47,700
Other investments	5,841	6,996
Finance Lease receivables	1,545	1,577
Total non-current assets	342,416	345,320
Inventories	7,915	4,821
Biological assets	1,082	1,274
Trade and other receivables	56,954	46,074
Contract assets	114	340
Finance lease receivables	120	115
Tax recoverable	1,080	910
Cash and bank balances	121,267	145,627
Total current assets	188,532	199,161
Non-current assets held for sale	-	1,840
Total Assets	530,948	546,321
Equity		
Share capital	228,863	228,863
Reserves	48,302	49,456
Retained earnings	61,744	56,813
Total equity attributable to owners of the parent	338,909	335,132
Non-controlling interest	(10,258)	(10,492)
Total equity	328,651	324,640
Liabilities		
Borrowings	69,644	71,033
Lease liabilities	2,315	2,480
Refundable cylinder deposits	21,064	17,778
Deferred tax liabilities	13,140	13,203
Total non-current liabilities	106,163	104,494
Trade and other payables	68,974	81,765
Contract liabilities	2,161	981
Lease liabilities	649	642
Borrowings	23,278	33,169
Provision for tax	1,072	630
Total current liabilities	96,134	117,187
Total liabilities	202,297	221,681
Total equity and liabilities	530,948	546,321
Net assets per share attributable to owners of the parent (RM)	0.61	0.60

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 2019 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 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to owners of the parent →					← Non-distributable reserves →				
	Equity, total RM'000	Equity attributable 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 2020	324,640	335,132	228,863	56,813	49,456	34,016	3,322	971	11,147	(10,492)
Profit for the period	5,165	4,931	-	4,931	-	-	-	-	-	234
Other comprehensive loss not to be reclassified to profit or loss in subsequent year, net of tax	(1,154)	(1,154)	-	-	(1,154)	-	(1,154)	-	-	-
Total comprehensive income/(loss)	4,011	3,777	-	4,931	(1,154)	-	(1,154)	-	-	234
At 31 March 2020	328,651	338,909	228,863	61,744	48,302	34,016	2,168	971	11,147	(10,258)
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 MFRS 16	(153)	(153)	-	(153)	-	-	-	-	-	-
At 1 January 2019 (re-presented)	303,859	315,327	228,863	39,458	47,006	34,016	872	971	11,147	(11,468)
Loss for the period	(711)	(69)	-	(69)	-	-	-	-	-	(642)
Other comprehensive income not to be reclassified to profit or loss in subsequent year, net of tax	217	217	-	-	217	-	217	-	-	-
Total comprehensive (loss)/income	(494)	148	-	(69)	217	-	217	-	-	(642)
At 31 March 2019	303,365	315,475	228,863	39,389	47,223	34,016	1,089	971	11,147	(12,110)

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 2019 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 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 31/3/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2019 RM'000
Profit/(Loss) before taxation	6,186	944
Adjustments for :		
Depreciation of property, plant and equipment	4,326	3,785
Depreciation - right-of-use assets	179	165
Depreciation of investment properties	106	105
Fair value gain on short term investment	-	(273)
Loss on fair value changes in biological assets	192	73
Inventories written down	-	152
Allowance for impairment on receivables and contract assets	170	17
Unrealised (gain)/loss on foreign exchange	(21)	213
Gain on disposal of property, plant and equipment	(95)	(99)
Gain on disposal of non-current assets held for sale	(902)	-
Reversal of allowance for impairment on receivables	(191)	(38)
Amortisation of deferred income	-	(34)
Finance income	(939)	(715)
Finance costs	1,192	1,986
Share of results of associates	(2,044)	(2,360)
Operating profit before working capital changes	8,159	3,921
Changes in working capital:		
Inventories	(3,094)	(2,139)
Trade and other payables	(10,408)	3,564
Trade and other receivables	(7,770)	(8,739)
Contract assets	226	(53)
Contract liabilities	1,180	-
	(11,709)	(3,446)
Finance costs - lease liabilities	(38)	(44)
Net tax paid	(872)	(1,008)
Net cash used in operating activities	(12,618)	(4,498)
Acquisition of property, plant and equipment	(2,942)	(6,669)
Redemption of short-term investment	-	20,466
Finance income received	939	715
Proceeds from disposal of property, plant and equipment	112	99
Net proceeds from disposal of non-current assets held for sale	2,741	-
Net cash generated from investing activities	850	14,611
Increase of deposits pledged with licensed banks	(1,726)	(521)
Finance costs paid	(1,154)	(1,943)
Repayment of lease liabilities	(158)	(136)
Repayment of hire purchase	(59)	(60)
Repayment of term loans	(1,221)	(1,278)
Net repayment of short term borrowings	(10,000)	(30,840)
Net cash used in financing activities	(14,318)	(34,778)
Net decrease in cash and cash equivalents	(26,086)	(24,665)
Cash and cash equivalents at beginning of year	113,609	92,834
Cash and cash equivalents at end of year	87,523	68,169
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash on hand and at banks	17,444	49,988
Deposits with licensed bank	103,823	49,300
	121,267	99,288
Deposits pledged with licensed banks	(33,744)	(31,119)
	87,523	68,169

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 2019 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 2020

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 2019.

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 2019, except for the mandatory adoption of the following amendments to MFRSs:

Amendments to MFRS 3	Business Combination - Definition of a Business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Financial Instruments - Interest Rate, Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements - Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The adoption of the above did not have any significant impact on the interim financial results upon their initial application.

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 financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current	1 January 2022
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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

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 under review.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

5. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

6. Dividends paid

No dividend was paid in the current quarter under review.

7. Subsequent events

There were no items, transactions or events of a material and unusual nature which have arisen since 30 March 2020 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 March 2020 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 under review.

9. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets of the Group during the quarter under review.

10. Capital commitments

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

	As at 31/3/2020 RM'000	As at 31/12/2019 RM'000
Capital expenditure:		
Property, plant and equipment		
Approved and contracted for	10,979	1,054
Approved but not contracted for	16,198	6,353
	<u>27,177</u>	<u>7,407</u>

11. Related Party Transactions

There were no significant related party transactions reported in the current quarter under review.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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 period ended 31 March 2020 is as follows:

	LPG	Agro	ICT	Power	Others	Eliminations	Total
RM'000							
Revenue							
External sales	89,026	12,927	5,317	1,548	564	-	109,382
Inter-segment sales	-	-	235	-	3,017	(3,252)	-
Total revenue	89,026	12,927	5,552	1,548	3,581	(3,252)	109,382
Results							
Profit/(Loss) from operating activities	2,449	3,000	122	(134)	(1,042)	-	4,395
Finance income	413	20	26	5	475	-	939
Finance costs	(192)	(998)	-	-	(2)	-	(1,192)
Share of results of associates	-	-	-	-	2,044	-	2,044
Profit/(Loss) before tax	2,670	2,022	148	(129)	1,475	-	6,186
Zakat	-	-	-	-	-	-	-
Income tax expense	(494)	(544)	(35)	-	52	-	(1,021)
Profit/(Loss) for the period	2,176	1,478	113	(129)	1,527	-	5,165

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

12. Segmental reporting (cont'd)

Segmental information for the period ended 31 March 2019 is as follows:

<i>RM'000</i> (Re-presented)	LPG	Agro	ICT	Power	Others	Eliminations	Total
Revenue							
External sales	86,343	8,393	6,417	536	571	-	102,260
Inter-segment sales	-	-	87	-	2,010	(2,097)	-
Total revenue	86,343	8,393	6,504	536	2,581	(2,097)	102,260
Results							
Profit/(Loss) from operating activities	5,226	50	(747)	(640)	(4,034)	-	(145)
Finance income	465	6	78	-	166	-	715
Finance costs	(292)	(1,679)	-	-	(15)	-	(1,986)
Share of results of associates	-	-	-	-	2,360	-	2,360
Profit/(Loss) before tax	5,399	(1,623)	(669)	(640)	(1,523)	-	944
Zakat	-	(24)	-	-	-	-	(24)
Income tax expense	(1,151)	(307)	-	-	(173)	-	(1,631)
Profit/(Loss) for the period	4,248	(1,954)	(669)	(640)	(1,696)	-	(711)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

12. Segmental reporting (cont'd)

Segmental assets and liabilities as at 31 March 2020 as compared with the last annual financial statements:

As at 31 March 2020	LPG	Agro	ICT	Power	Others	Total
RM'000						
Assets						
Segment assets	151,191	182,848	21,811	12,644	114,780	483,274
Investment in associates	-	-	-	-	47,674	47,674
Total Assets	151,191	182,848	21,811	12,644	162,454	530,948
Liabilities						
Segment liabilities	93,571	92,210	3,792	4,930	7,794	202,297
As at 31 December 2019	LPG	Agro	ICT	Power	Others	Total
RM'000						
Assets						
Segment assets	162,627	187,333	23,841	12,350	110,630	496,781
Investment in associates	-	-	-	-	47,700	47,700
Non-current assets held for sale	-	-	-	-	1,840	1,840
Total Assets	162,627	187,333	23,841	12,350	160,170	546,321
Liabilities						
Segment liabilities	106,516	97,558	3,380	6,491	7,736	221,681

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

13. Group's Financial Performance Review and Segmental Analysis

For the period ended 31 March 2020, the Group registered revenue of RM109.4 million and a profit after zakat and tax ("PAT") of RM5.2 million as compared to a top line of RM102.3 million and a loss after zakat and tax ("LAT") of RM0.7 million in the corresponding period last year.

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

LPG Division : The division's revenue rose by 3% or RM2.7 million primarily as a result of higher average Contract Price ("CP") despite the reduction in overall sales volume resulting from the effects of the COVID-19 outbreak and subsequent Movement Control Order ("MCO") imposed by the Government in March 2020. Additionally, the intense market competition and rise in cost of production reduced the overall operating margins for the division.

As a result of this, the sector recorded substantially lower PAT by 49% to RM2.2 million.

Agro Division : The revenue grew significantly by 54% or RM4.5 million predominantly due to higher average crude palm oil ("CPO") prices and increased fresh fruit bunches ("FFB") production recognised. These factors combined with the absence of contribution from the loss-making Mill in Mukah, Sarawak which was disposed in the previous year, reversed the division's overall performance from a loss position of RM2.0 million in the corresponding period last year to a PAT of RM1.5 million.

ICT Division : The division's revenue fell by 17% or RM1.1 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. Nevertheless, with the effects of higher operating margins and lower manpower expenses, the division recorded a PAT of RM0.1 million as compared to a LAT of RM0.7 million in corresponding period last year.

Power Division : Minimal loss in the current period was attributable to higher revenue recognised from a new project which was awarded in the second half of the previous year.

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 a significant reduction in group corporate and manpower expenses and a gain on disposal of an office floor amounting to RM0.9 million.

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

	Individual Quarter		%
	3 months 31/3/2020 RM'000	3 months 31/12/2019 RM'000	
Revenue	109,382	110,592	(1.1)
Results			
Profit from operations	4,395	28,803	(84.7)
Finance income	939	846	
Finance costs	(1,192)	(1,568)	
Share of profit of associates	2,044	1,628	
Profit before tax	6,186	29,709	(79.2)
Zakat	-	(114)	
Income tax expense	(1,021)	1,801	
Profit for the period	5,165	31,396	(83.5)

The Group's substantial profit in the previous quarter of RM31.4 million was largely attributable to the gain on disposal of the Company's land in Petaling Jaya, Selangor amounting to RM25.3 million and higher gross profit margins mainly from the LPG division.

In the current quarter, the sales of LPG and the Group's oil palm business in Sabah were impacted by the Government's imposition of a Movement Control Order (MCO) which came into force in March. As a result, coupled with the low season for oil palm, the LPG sales volume and FFB harvested were relatively lower than the preceding quarter. These led to lower overall revenue and gross profit margins in these divisions.

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

15. Prospects

The Group foresees economic uncertainty, market turbulence and weak consumer sentiment to remain as issues throughout FY 2020 mainly due to COVID-19 pandemic and extreme volatility in global crude oil prices.

Against this backdrop, the LPG division, being the primary revenue and earnings driver of the Group, will potentially experience continued demand disruptions and adverse effects from CP instability in the medium term. Notwithstanding, the Group will implement mitigation measures to cushion the impact including enhancing the robustness of our customer and product mix model, improving supply and inventory management capabilities and initiate cost containment efforts across the division.

For the Agro division, 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 initiatives across all business divisions.

Pre-emptive balance sheet and effective cash flow management will also be the Group's priority in the coming quarters in order to provide us with the resilience to weather the current storm. As such, we will proactively re-assess our capital expenditure plans, tighten up operating expenditure, review investment decisions and re-optimize our capital structure where necessary.

16. Profit forecast / profit guarantee

The Group has neither made any profit forecast nor issued any profit guarantee during the current quarter under review.

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 2019.

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

		Cumulative Quarter 3 months ended	
		31/3/2020	31/3/2019
		RM'000	RM'000

Profit before tax is arrived after crediting/(charging) - continuing operations:

Finance income		939	715
Other income including investment income		461	332
Finance costs		(1,192)	(1,986)
Depreciation and amortisation		(4,611)	(4,055)
Inventories written down		-	(152)
(Write-off)/(Impairment)/reversal on receivables (net)		21	21
Gain on disposal of property, plant and equipment		95	99
Gain on disposal of assets held for sale		902	-
Gain on disposal of short-term investments		-	273
Foreign exchange gain/(loss)	- realised	(34)	15
	- unrealised	21	(213)

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.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

19. 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 under review.

20. Tax

	3 months ended	
	31/3/2020	31/3/2019
	RM'000	RM'000
Malaysian income tax:		
Current tax	1,021	1,649
	<u>1,021</u>	<u>1,649</u>
Deferred tax:		
Current	-	(18)
	<u>-</u>	<u>(18)</u>
	<u>1,021</u>	<u>1,631</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.

21. Group borrowings and debt securities

<i>RM'000</i>	As at 31 March 2020		
	Long Term	Short Term	Total Borrowings
Secured			
Term loans	69,339	5,040	74,379
Revolving Credit	-	8,000	8,000
Bankers acceptances	-	10,000	10,000
Hire purchase payables	305	238	543
	69,644	23,278	92,922
<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

22. Status of corporate proposals

As at the date of this report, there were no corporate proposals announced by the Group but have yet to be completed.

23. Dividend Declared

No dividend has been declared for the quarter under review.

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

24. Material litigation

Save as disclosed below, there were no other 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 was filed in the High Court at Shah Alam against a subsidiary, 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, the immediate holding company of KUB Sepadu 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 court hearing which was fixed on 4 March 2020 was adjourned to 18 May 2020. On 10 May 2020, the court had vacated the hearing date and have fixed 15 June 2020 for case management.

The Group sought legal advice in respect of this matter and believes that it has good grounds to defend and contest against the case.

25. 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	
	31/3/2020	31/3/2019
	RM'000	RM'000
Earnings for the period attributable to owners of the parent	4,931	(69)
Weighted average number of ordinary shares in issue	556,465	556,465
Basic earnings/(loss) per share (Sen)	0.89	(0.01)

(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

21 May 2020