



**Interim Financial Report on
Unaudited Consolidated Results for the
Third Quarter Ended
30 September 2020**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 September 2020.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 30/9/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2019 RM'000	% +/(-)	CURRENT YEAR TO DATE 30/9/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2019 RM'000	% +/(-)
Revenue	96,683	86,415	11.9	268,371	289,891	(7.4)
Cost of sales and operating expenses	(90,065)	(87,226)		(261,182)	(295,880)	
Other income	8,940	1,025		42,514	2,815	
Other expenses	(812)	(411)		(3,111)	(6,269)	
Results from operating activities	14,746	(197)	7,585.3	46,592	(9,443)	593.4
Finance income	908	549		2,632	2,353	
Finance costs	(810)	(1,737)		(3,137)	(5,674)	
Share of profit of associates	-	828		2,973	3,645	
Profit/(loss) before tax	14,844	(557)	2,765.0	49,060	(9,119)	638.0
Zakat	-	(24)		-	(41)	
Income tax expense	(1,789)	(1,002)		(2,353)	(3,905)	
Profit/(Loss) for the period	13,055	(1,583)	924.7	46,707	(13,065)	457.5
Profit/(Loss) attributable to :						
- Owners of the parent	12,708	(1,010)	1,358.2	46,087	(10,229)	550.6
- Non-controlling interests	347	(573)		620	(2,836)	
	13,055	(1,583)	924.7	46,707	(13,065)	457.5
Earnings/(Loss) per share attributable to owners of the parent (sen) :						
Basic and diluted	2.28	(0.18)		8.28	(1.84)	

As announced on 1 October 2020, the financial year end of the Group has been changed from 31 December 2020 to 30 June 2021. The next audited financial statements shall be for a period of eighteen (18) months from 1 January 2020 to 30 June 2021 and thereafter, the financial year end shall be 30 June for each subsequent year.

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

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT PRECEDING YEAR YEAR CORRESPONDING QUARTER 30/9/2020 RM'000	QUARTER 30/9/2019 RM'000	% +/(-)	CURRENT PRECEDING YEAR YEAR CORRESPONDING TO DATE 30/9/2020 RM'000	PERIOD 30/9/2019 RM'000	% +/(-)
Profit/(Loss) for the period	13,055	(1,583)	924.7	46,707	(13,065)	457.5
Other comprehensive income/(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)	1,009	(508)		721	(219)	
Total comprehensive income/(loss) for the period, net of tax	<u>14,064</u>	<u>(2,091)</u>	772.6	<u>47,428</u>	<u>(13,284)</u>	457.0
Total comprehensive income/(loss) attributable to :						
Owners of the parent	13,717	(1,518)	1,003.6	46,808	(10,448)	548.0
Non-controlling interests	<u>347</u>	<u>(573)</u>		<u>620</u>	<u>(2,836)</u>	
	<u>14,064</u>	<u>(2,091)</u>	772.6	<u>47,428</u>	<u>(13,284)</u>	457.0

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

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/9/2020 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2019 RM'000
Assets		
Property, plant and equipment	255,214	273,935
Investment properties	7,348	11,383
Right-of-use assets	3,181	3,729
Investment in associates	-	47,700
Other investments	7,717	6,996
Finance Lease receivables	1,556	1,577
Total non-current assets	275,016	345,320
Inventories	4,133	4,821
Biological assets	1,515	1,274
Trade and other receivables	47,128	46,074
Contract assets	1,631	340
Finance lease receivables	140	115
Tax recoverable	2,049	910
Cash, bank balances and deposits	224,492	145,627
Total current assets	281,088	199,161
Non-current assets held for sale	16,603	1,840
Total Assets	572,707	546,321
Equity		
Share capital	228,863	228,863
Reserves	50,177	49,456
Retained earnings	104,076	56,813
Total equity attributable to owners of the parent	383,116	335,132
Non-controlling interest	(3,848)	(10,492)
Total equity	379,268	324,640
Liabilities		
Borrowings	70,668	71,033
Lease liabilities	1,980	2,480
Refundable cylinder deposits	20,522	17,778
Deferred tax liabilities	12,796	13,203
Total non-current liabilities	105,966	104,494
Trade and other payables	72,538	81,765
Contract liabilities	855	981
Lease liabilities	670	642
Borrowings	11,244	33,169
Provision for tax	2,166	630
Total current liabilities	87,473	117,187
Total liabilities	193,439	221,681
Total equity and liabilities	572,707	546,321
Net assets per share attributable to owners of the parent (RM)	0.69	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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to owners of the parent →					← 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 2020	324,640	335,132	228,863	56,813	49,456	34,016	3,322	971	11,147	(10,492)
Profit for the period	46,707	46,087	-	46,087	-	-	-	-	-	620
Other comprehensive loss not to be reclassified to profit or loss in subsequent year, net of tax	721	721	-	-	721	-	721	-	-	-
Total comprehensive income	47,428	46,808	-	46,087	721	-	721	-	-	620
Transactions with non-controlling interests	7,200	1,176	-	1,176	-	-	-	-	-	6,024
At 30 September 2020	379,268	383,116	228,863	104,076	50,177	34,016	4,043	971	11,147	(3,848)
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 (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 income not to be reclassified to profit or loss in subsequent year, 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)

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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 30/9/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2019 RM'000
Profit/(Loss) before taxation	49,060	(9,119)
Adjustments for :		
Depreciation of property, plant and equipment	12,908	11,548
Depreciation of right-of-use assets	538	494
Depreciation of investment properties	320	318
Impairment loss on property, plant and equipment	-	2,612
Fair value gain on short term investments	(165)	(274)
Gain on fair value changes in biological assets	(241)	(100)
Property, plant and equipment written off	-	1,002
Inventories written down	-	96
Net allowance/(reversal) for impairment on receivables	170	(348)
Unrealised loss on foreign exchange	269	216
Gain on disposal of property, plant and equipment	(141)	(397)
Gain on disposal of non-current assets held for sale	(969)	-
Gain on disposal of investment property	(8,237)	-
Gain on disposal of associate company	(31,397)	-
Amortisation of deferred income	-	(138)
Finance income	(2,632)	(2,353)
Finance costs	3,137	5,674
Dividend income	(2,246)	(281)
Forfeiture of cylinder deposits payable	(543)	-
Share of results of associate	(2,973)	(3,645)
Operating profit before working capital changes	16,858	5,305
Changes in working capital:		
Inventories	688	413
Trade and other payables	842	(4,550)
Trade and other receivables	252	2,520
Contract assets	(1,291)	1,747
Contract liabilities	(126)	(1,440)
	17,223	3,995
Finance costs - lease liabilities	(114)	(126)
Net tax paid	(1,956)	(3,070)
Net cash used in operating activities	15,153	799
Acquisition of property, plant and equipment	(11,021)	(13,843)
Redemption of short-term investment	-	20,467
Dividends received	2,246	281
Finance income received	2,632	2,353
Proceeds from disposal of property, plant and equipment	433	403
Net proceeds from disposal of investment property	12,625	-
Net proceeds from disposal of non-current assets held for sale	2,809	-
Proceeds from disposal of associate company	80,000	-
Net cash generated from investing activities	89,724	9,661
Increase of deposits pledged with licensed banks	(422)	(887)
Finance costs paid	(3,137)	(5,674)
Repayment of lease liabilities	(585)	(408)
Repayment of hire purchase	(166)	(171)
Repayment of term loans	(2,124)	(6,165)
Net repayment of short term borrowings	(20,000)	(35,841)
Net cash used in financing activities	(26,434)	(49,146)
Net increase/(decrease) in cash and cash equivalents	78,443	(38,686)
Cash and cash equivalents at beginning of year	113,609	92,834
Cash and cash equivalents at end of year	192,052	54,148
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash and bank balances	90,045	19,143
Deposits with licensed banks	134,447	66,490
Cash, bank balances and deposits	224,492	85,633
Deposits pledged with licensed banks	(32,440)	(31,485)
	192,052	54,148

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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
Amendments to MFRS 16	Covid-19 Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2023
MFRSs	Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current	1 January 2023

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

Save as disclosed below, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review and financial period to-date.

- (i) The imposition of the Movement Control Order (MCO) by the Government in response to the COVID-19 pandemic between 18 March 2020 to 9 June 2020 had an adverse impact on business operations across all divisions (as disclosed in Note 13).
- (ii) On 10 June 2020, the Group entered into a Sales and Purchase Agreement to dispose its two (2) oil palm estates in Kluang, Johor (as disclosed in Note 22 of this report). Following this, the Group has classified the carrying amount of the estates as assets held for sale amounting to RM16.6 million.
- (iii) During the second quarter, the Group disposed its 40% equity interest in KUB Berjaya Enviro Sdn Bhd for a total cash consideration of RM80 million. Following this, the Group recognised a gain on disposal of RM31.4 million.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

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 and financial period 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 under review and financial period to-date.

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 2020 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2020 that have not been reflected in the condensed financial statements.

8. Changes in the composition of the Group

On 25 June 2020, the Company has disposed its 40% equity interest in KUB Berjaya Enviro Sdn Bhd comprising 9,000,000 ordinary shares to Berjaya Group Berhad for a total cash consideration of RM80 million. The gain on disposal arising from this transaction is RM31.4 million. Following the disposal, KUBE has therefore ceased to be an associate company of KUB.

On 7 August 2020, a wholly-owned subsidiary of the Company, namely KUB Ekuiti Sdn Bhd, had entered into a joint venture arrangement with HFR, Inc. ('HFR'), in relation to KUB Telekomunikasi Sdn Bhd ("KUBTEL") (a wholly-owned subsidiary of KUBE) via the disposal of 5,600,000 ordinary shares representing 40% of the issued share capital of KUBTEL for RM7.2 million.

Save as disclosed above, there were no other changes in the composition of the Group for the current quarter under review and financial period to-date.

9. Changes in contingent liabilities

There were no changes in contingent liabilities of the Group since the last reported in the audited financial statements.

10. Capital commitments

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

	As at 30/9/2020 RM'000	As at 31/12/2019 RM'000
Property, plant and equipment		
Approved and contracted for	10,713	1,054
Approved but not contracted for	12,142	6,353
	<u>22,855</u>	<u>7,407</u>

11. Related Party Transactions

There were no significant related party transactions reported in the current quarter under review and financial period to-date.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 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 2020 is as follows:

	LPG	Agro	ICT	Power	Others	Eliminations	Total
RM'000							
Revenue							
External sales	203,484	37,658	19,437	5,931	1,861	-	268,371
Inter-segment sales	-	-	861	-	(13,562)	12,701	-
Total revenue	203,484	37,658	20,298	5,931	(11,701)	12,701	268,371
Results							
Profit/(Loss) from operating activities	5,228	8,885	(446)	(357)	33,282	-	46,592
Finance income	926	25	183	52	1,446	-	2,632
Finance costs	(507)	(2,621)	(6)	-	(3)	-	(3,137)
Share of results of associates	-	-	-	-	2,973	-	2,973
Profit/(Loss) before tax	5,647	6,289	(269)	(305)	37,698	-	49,060
Zakat	-	-	-	-	-	-	-
Income tax expense	(997)	(1,203)	(98)	-	(55)	-	(2,353)
Profit/(Loss) for the period	4,650	5,086	(367)	(305)	37,643	-	46,707

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
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12. Segmental reporting (cont'd)

Segmental information for the period ended 30 September 2019 is as follows:

<i>RM'000</i>	LPG	Agro	ICT	Power	Others	Eliminations	Total
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	12,042	(3,201)	(4,228)	(1,796)	(12,260)	-	(9,443)
Finance 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	12,881	(8,104)	(4,007)	(1,774)	(8,115)	-	(9,119)
Zakat	31	(72)	-	-	-	-	(41)
Income tax expense	(2,692)	(1,005)	-	-	(208)	-	(3,905)
Profit/(Loss) for the period	10,220	(9,181)	(4,007)	(1,774)	(8,323)	-	(13,065)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
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12. Segmental reporting (cont'd)

Segmental assets and liabilities as at 30 September 2020 as compared with the last annual financial statements:

As at 30 September 2020	LPG	Agro	ICT	Power	Others	Total
RM'000						
Assets						
Segment assets	140,557	169,364	25,241	9,928	211,014	556,104
Non-current assets held for sale	-	16,603	-	-	-	16,603
Total Assets	140,557	185,967	25,241	9,928	211,014	572,707
Liabilities						
Segment liabilities	82,206	94,644	8,839	2,394	5,356	193,439
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 30 September 2020, the Group registered revenue of RM268.4 million and a profit after zakat and tax ("PAT") of RM46.7 million as compared to a top line of RM289.9 million and a loss after zakat and tax ("LAT") of RM13.1 million in the corresponding period last year.

The substantial improvement in Group results in the current period were largely attributable to several exceptional items ie. the gain on disposal of an associate company, KUB Berjaya Enviro Sdn Bhd ("KUBE") of RM31.4 million and the gain on disposal of freehold lands in Langkawi, Kedah of RM8.2 million.

During the current period, the Group also experienced challenging conditions in the second quarter of the year with the depressed global oil market and the imposition of the Movement Control Order ("MCO") by the Government due to the COVID-19 pandemic which significantly impacted the Group's sales demand and operations.

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

LPG Division : The division's revenue declined substantially by 16% or RM38.7 million primarily as a result of a lower average Contract Price ("CP") and weaker sales volume resulting from the adverse impact of the declining crude oil prices and the MCO particularly in the month of April and May. The intense market competition, higher cost of production combined with inventory holding losses also caused further margin compression which negatively impacted the overall operating margins for the division.

As a result of the above, the sector recorded a substantially lower PAT (by 55%) from RM10.2 million to RM4.7 million.

Agro Division : The revenue grew significantly by 37% or RM10.2 million largely driven by higher average crude palm oil ("CPO") prices despite a marginal reduction in fresh fruit bunches ("FFB") production. The increase in revenue 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 RM9.2 million in the corresponding period last year to a PAT of RM5.1 million.

Included in the financial results of corresponding period last year was a recognition of impairment loss on the mill's assets amounting to RM2.6 million.

ICT Division : The division's revenue rose 21% to RM19.4 million primarily due to the commencement of newly acquired contracts. The higher revenue contribution in the current period and relatively lower manpower expenses following a staff voluntary separation scheme ("VSS") in the previous year had minimised the division's losses to RM0.4 million as compared to RM4.0 million in the corresponding period last year.

Power Division : Lower 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 and lower operating expenses.

Others : This segment includes the property management business for several properties owned by the Group, corporate expenses and share of profit from associate. The favourable results achieved for the division were mainly contributed by a significant gain on disposal of KUBE and lands in Langkawi, Kedah coupled with substantially lower manpower expenses (due to staff rationalisation exercise carried out last year) 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 30/9/2020 RM'000	3 months 30/6/2020 RM'000	
Revenue	96,683	62,306	55.2
Results			
Profit from operations	14,746	27,451	(46.3)
Finance income	908	785	
Finance costs	(810)	(1,135)	
Share of profit of associates	-	929	
Profit before tax	14,844	28,030	(47.0)
Income tax expense	(1,789)	457	
Profit for the period	13,055	28,487	(54.2)

The Group's revenue has slowly recovered in the current quarter from the impact of the decline in crude oil prices and the imposition of the MCO in the previous quarter. As a result, revenue increased by 55.2% or RM34.4 million in the current quarter which was largely driven by improved LPG sales volumes by 38% and higher average CP as well as average CPO prices.

Included in the current and preceding quarter were a gain on disposal of lands in Langkawi of RM8.2 million and gain on disposal of KUBE of RM31.4 million respectively.

Excluding these gains in both quarters, the Group's PAT in the current quarter would have been RM4.8 million which is better than previous quarter's LAT of RM2.9 million largely contributed by the significant rise in the revenue as highlighted above.

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15. Prospects

The Group foresees economic uncertainty, market turbulence and weak consumer sentiment to remain as issues throughout the remaining financial period amid the COVID-19 pandemic and volatility in global crude oil prices.

The growth in demand for LPG has slowly recovered from June as the MCO eased up gradually. However, following the imposition of the conditional MCO in most part of the country in October and November, the disruption from the COVID-19 situation is expected to still persist throughout the next few months. Nevertheless, the Group will continue to 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, although the overall performance has significantly improved following the increase in average CPO prices as well as operational and cost optimisation initiatives that have been carried out combined with the absence of loss making mill, the Group intends to review the position, plan and strategies of the division with priority given to the effective management of our Group's balance sheet and cash flows. In view of this, the Group has decided to monetise the value of its oil palm estate in Kluang, Johor through a disposal which would also enable us to avoid incurring significant capital expenditure for the respective ageing estate going forward. The Group will reinvest the proceeds for its operations and expansion of its core businesses and future business opportunities as and when they arise.

The Group hopes to expand its ICT business following the joint venture arrangement with HFR, Inc. ("HFR") in the second quarter of the year. With HFR, KUBTEL will be able to penetrate the more lucrative segments within the telecommunication industry and potentially secure higher margin opportunities.

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 and financial period 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 2019.

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived after crediting/(charging) - continuing operations:				
Finance income	908	549	2,632	2,353
Other income including investment income	543	885	1,885	1,773
Finance costs	(810)	(1,737)	(3,137)	(5,674)
Depreciation and amortisation	(4,495)	(4,224)	(13,766)	(12,360)
Inventories written down	-	10	-	(96)
(Impairment)/reversal on receivables (net)	(14)	(7)	(170)	348
Write-off of property, plant and equipment	-	(1,002)	-	(1,002)
Impairment on property, plant and equipment	-	(2,612)	-	(2,612)
Gain on disposal of property, plant and equipment	8	237	141	397
Gain on disposal of investment property	8,237	-	8,237	-
Gain on disposal of assets held for sale	-	-	969	-
Gain on disposal of associate company	-	-	31,397	-
Gain on disposal of short-term investments	165	-	165	274
Foreign exchange gain/(loss) - realised	1	(90)	(109)	(78)
- unrealised	(6)	(80)	(269)	(216)

Save as disclosed above, other items as required to be disclosed under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

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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		9 months ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,789	969	2,353	3,881
Deferred tax:				
Current	-	33	-	24
	<u>1,789</u>	<u>1,002</u>	<u>2,353</u>	<u>3,905</u>

The effective tax rate for the current period under review is significantly lower than the statutory tax rate as certain gain on disposals 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

RM'000	As at 30 September 2020		
	Long Term	Short Term	Total Borrowings
Secured			
Term loans	70,423	3,052	73,475
Revolving Credit	-	8,000	8,000
Hire purchase payables	245	192	437
	70,668	11,244	81,912

RM'000	As at 30 September 2019		
	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

22. Status of corporate proposals

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

On 10 June 2020, KUB Agro Holdings Sdn Bhd, a wholly-owned subsidiary of KUB Ekuiti Sdn Bhd, which in turn is a wholly-owned subsidiary of KUB, had entered into a conditional Sale and Purchase Agreement ("SPA") with Beradin Plantation Sdn Bhd for the disposal of two oil palm estates known as Kahang Estate and Sungai Yong Estate measuring in aggregate 2,656.16 hectares for a total cash consideration of RM158,000,000 ("Proposed Disposal").

The Group is still in the midst of fulfilling the conditions precedent of the SPA and the Proposed Disposal is expected to be completed in the first quarter of year 2021.

23. Dividend Declared

No dividend has been declared for the quarter under review.

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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 will be held on 3 February 2021.

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		9 months ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
Earnings for the period attributable to owners of the parent	12,708	(1,010)	46,087	(10,229)
Weighted average number of ordinary shares in issue ('000)	556,465	556,465	556,465	556,465
Basic earnings/(loss) per share (sen)	2.28	(0.18)	8.28	(1.84)

(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

26 November 2020