



**Interim Financial Report on
Unaudited Consolidated Results for the
Quarter Ended
30 June 2021**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 June 2021.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	CURRENT YEAR QUARTER 30/6/2021 RM'000 3 months	CURRENT YEAR TO DATE 30/6/2021 RM'000 18 months
Revenue	93,864	584,037
Cost of sales and operating expenses	(92,732)	(557,012)
Other income	122,653	168,315
Other expenses	(26,267)	(31,873)
Results from operating activities	97,518	163,467
Finance income	1,371	5,694
Finance costs	(410)	(5,201)
Share of profit of associates	-	3,851
Profit before tax	98,479	167,811
Zakat	96	96
Income tax expense	(2,270)	(9,342)
Profit for the period	96,305	158,565
Profit attributable to :		
- Owners of the parent	96,191	155,544
- Non-controlling interests	114	3,021
	96,305	158,565
Earnings per share attributable to owners of the parent (sen) :		
Basic and diluted	17.29	27.95

Following the change in financial year end from 31 December 2020 to 30 June 2021, the Consolidated Statements of Profit or Loss and Consolidated Statements of Other Comprehensive Income of the Group for the current financial period are drawn up for a period of eighteen (18) months from 1 January 2020 to 30 June 2021. Accordingly, there are no comparative figures to be presented as it is not comparable with any comparative period previously reported.

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 QUARTER ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	CURRENT YEAR QUARTER 30/6/2021 RM'000 3 months	CURRENT YEAR TO DATE 30/6/2021 RM'000 18 months
Profit for the period	96,305	158,565
Other comprehensive 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)	(794)	(144)
Total comprehensive income for the period, net of tax	95,511	158,421
Total comprehensive income attributable to :		
Owners of the parent	95,397	155,400
Non-controlling interests	114	3,021
	95,511	158,421

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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/6/2021 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2019 RM'000
Assets		
Property, plant and equipment	150,139	273,935
Investment properties	13,000	11,383
Right-of-use assets	3,867	3,729
Investment in associates	-	47,700
Other investments	6,624	6,996
Finance Lease receivables	1,430	1,577
Total non-current assets	175,060	345,320
Inventories	4,236	4,821
Biological assets	1,057	1,274
Trade and other receivables	32,632	46,074
Contract assets	4,884	340
Finance lease receivables	164	115
Tax recoverable	2,871	910
Cash, bank balances and deposits	423,088	145,627
Total current assets	468,932	199,161
Non-current assets held for sale	-	1,840
Total Assets	643,992	546,321
Equity		
Share capital	228,863	228,863
Reserves	40,668	49,456
Retained earnings	213,532	56,813
Total equity attributable to owners of the parent	483,063	335,132
Non-controlling interest	(1,602)	(10,492)
Total equity	481,461	324,640
Liabilities		
Borrowings	1,076	71,033
Lease liabilities	2,295	2,480
Refundable cylinder deposits	31,637	17,778
Deferred tax liabilities	15,716	13,203
Total non-current liabilities	50,724	104,494
Trade and other payables	72,426	81,765
Contract liabilities	617	981
Lease liabilities	1,088	642
Borrowings	37,638	33,169
Provision for tax	38	630
Total current liabilities	111,807	117,187
Total liabilities	162,531	221,681
Total equity and liabilities	643,992	546,321
Net assets per share attributable to owners of the parent (RM)	0.87	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 QUARTER ENDED 30 JUNE 2021

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	158,565	155,544	-	155,544	-	-	-	-	-	3,021
Other comprehensive loss not to be reclassified to profit or loss in subsequent year, net of tax	(144)	(144)	-	-	(144)	-	(144)	-	-	-
Total comprehensive income	158,421	155,400	-	155,544	(144)	-	(144)	-	-	3,021
Transaction with owners										
Change of equity ownership	7,198	1,175	-	1,175	-	-	-	-	-	6,023
Capital repayment paid to the non-controlling interest at a subsidiary	(154)	-	-	-	-	-	-	-	-	(154)
Reduction on capital reserve upon strike off of subsidiaries	(8,644)	(8,644)	-	-	(8,644)	(8,644)	-	-	-	-
At 30 June 2021	481,461	483,063	228,863	213,532	40,668	25,372	3,178	971	11,147	(1,602)

There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 30 June.

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 QUARTER ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 30/6/2021 RM'000 18 months
Profit before taxation	167,811
Adjustments for :	
Depreciation of property, plant and equipment	25,965
Depreciation of right-of-use assets	1,076
Depreciation of investment properties	700
Gain on fair value changes in biological assets	(1,160)
Loss on fair value changes of unquoted shares	227
Provision for liquidated ascertained damages	2,356
Inventories written down/off	29
Assets written off	808
Allowance for impairment on trade and other receivables	6,030
Impairment loss on lease receivables	285
Impairment losses on property, plant and equipment	117
Unrealised loss on foreign exchange	246
Gain on disposal of property, plant and equipment	(168)
Gain on disposal of non-current assets held for sale	(123,504)
Gain on disposal of investment property	(8,237)
Gain on disposal of associate company	(30,519)
Loss on disposal of a subsidiary	18,815
Loss on disposal of inventories	68
Reversal of allowance for impairment on receivables	(75)
Finance income	(5,694)
Finance costs	4,985
Dividend income	(176)
Forfeiture of cylinder deposits payable	(543)
Share of results of associate	(3,851)
Operating profit before working capital changes	55,591
Changes in working capital:	
Inventories	488
Trade and other payables	2,848
Trade and other receivables	(12,267)
Contract assets	(4,544)
Contract liabilities	(364)
	41,752
Finance costs - lease liabilities	(216)
Net tax paid	(11,895)
Net cash generated from operating activities	29,641
Acquisition of property, plant and equipment	(20,527)
Dividends received	176
Finance income received	5,694
Net proceeds from disposal of property, plant and equipment	466
Net proceeds from disposal of investment property	12,625
Net proceeds from disposal of assets classified as held for sale	157,041
Net proceeds from disposal of associate company	80,000
Proceed from disposal of non-controlling interest	7,200
Proceeds from disposal of subsidiary	6,908
Net cash generated from investing activities	249,583

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	CUMULATIVE CURRENT YEAR TO DATE 30/6/2021 RM'000 18 months
Increase of deposits pledged with licensed banks	6,042
Finance costs paid	(4,985)
Repayment of lease liabilities	(1,105)
Repayment of hire purchase	(543)
Repayment of term loans	(4,051)
Net repayment of short term borrowings	8,921
Net cash used in financing activities	4,279
Net increase in cash and cash equivalents	283,503
Cash and cash equivalents at beginning of year	113,609
Cash and cash equivalents at end of year	397,112
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :	
Cash and bank balances	22,425
Deposits with licensed banks	400,663
Cash, bank balances and deposits	423,088
Deposits pledged with licensed banks	(25,976)
	397,112

There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 30 June.

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 QUARTER ENDED 30 JUNE 2021

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 2021
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 cyclicity of operations

The Group's Agro business is influenced by both Crude Palm Oil ("CPO") prices and Fresh Fruit Bunches ("FFB") crop production which may be affected by weather and cropping patterns. The cyclical swing in FFB crop production is generally at its lowest in the first half of the year, with gradual increase to peak production towards the second half.

The remainder of the Group's operations are not materially affected by any seasonal or cyclical events.

3. Items of unusual nature, size or incidence

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 several Movement Control Orders (MCOs) by the Government in response to the COVID-19 pandemic in the current financial period had an adverse impact on business operations across all divisions (as disclosed in Note 13).
- (ii) 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 RM30.5 million.
- (iii) On 10 June 2020, KUB Agro Holdings Sdn Bhd entered into a Sale and Purchase Agreement to dispose its two (2) oil palm estates in Kluang, Johor for a total cash consideration of RM158.0 million. The transaction was completed in the current quarter with the Group recording a gain on disposal of RM122.5 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 other items, transactions or events of a material and unusual nature which have arisen since 31 March 2021 to the date of this announcement 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 RM30.5 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.

On 8 April 2021, the Company entered into a Share Sale Agreement with Tradewinds Plantation Berhad for the disposal of its 100% equity interest in KUB Malua Plantation Sdn Bhd ("KUB Malua") comprising 10,000,000 ordinary shares for a total cash consideration of RM10.549 million as determined at the completion date. The transaction was completed on 30 April 2021 and the Group recorded a one-off estimated net loss on disposal of approximately RM18.8 million mainly as a result of non-recoverability of the Company's prior intercompany advances to KUB Malua.

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 accordingly dissolved.

- (i) KUB Singgahsana (PJ) Sdn Bhd
- (ii) ITTAR-IPP (PJ) Sdn Bhd
- (iii) KUB Gas Sdn Bhd
- (iv) KUB Teknologi Sdn Bhd

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 30/6/2021 RM'000	As at 31/12/2019 RM'000
Property, plant and equipment		
Approved and contracted for	13,112	1,054
Approved but not contracted for	4,748	6,353
	17,860	7,407

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
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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") 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 June 2021 is as follows:

	LPG	Agro	ICT	Others	Eliminations	Total
RM'000						
Revenue						
External sales	451,026	82,756	38,290	11,965	-	584,037
Inter-segment sales	-	-	-	131,042	(131,042)	-
Total revenue	451,026	82,756	38,290	143,007	(131,042)	584,037
Results						
Profit/(Loss) from operating activities	14,095	151,543	(2,046)	(125)	-	163,467
Finance income	1,522	697	260	3,215	-	5,694
Finance costs	(717)	(4,462)	(1)	(21)	-	(5,201)
Share of results of associates	-	-	-	3,851	-	3,851
Profit/(Loss) before tax	14,900	147,778	(1,787)	6,920	-	167,811
Zakat and Income tax expense	(3,886)	(5,103)	(191)	(66)	-	(9,246)
Profit/(Loss) for the period	11,014	142,675	(1,978)	6,854	-	158,565

The financial results of Power division has been classified into 'Others' in the current quarter as it does not represent a major component of the Group.

There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 30 June.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2021**

12. Segmental reporting (cont'd)

Segmental assets and liabilities as 30 June 2021 as compared with the last annual financial statements:

As at 30 June 2021	LPG	Agro	ICT	Others	Total
<i>RM'000</i>					
Assets					
Segment assets	173,242	81,122	22,112	367,516	643,992
Liabilities					
Segment liabilities	114,063	31,627	8,234	8,607	162,531

As at 31 December 2019	LPG	Agro	ICT	Others	Total
<i>RM'000</i>					
Assets					
Segment assets	162,627	187,333	23,841	122,980	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	172,520	546,321
Liabilities					
Segment liabilities	106,516	97,558	3,380	14,227	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 financial period ended 30 June 2021, the Group registered revenue of RM584.0 million and a profit after zakat and tax ("PAT") of RM158.6 million.

The Group's results in the current period were largely attributable to several exceptional items ie. the gain on disposal of two (2) oil palm plantation estates in Kluang, Johor of RM122.5 million, gain on disposal of an associate company, KUB Berjaya Enviro Sdn Bhd ("KUBE") of RM30.5 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 with the depressed global oil market in the second quarter of 2020 and the imposition of several Movement Control Orders ("MCO") by the Government due to the COVID-19 pandemic which significantly impacted the Group's sales demand and operations.

The segmental performance review by divisions for eighteen (18) months period are as follows:

LPG Division : Despite the higher average contract price, the division recorded a lower than expected revenue of RM451.0 million and PAT of RM11.0 million as a result of lower average monthly sales volume in both domestic and industrial segments following the series of MCO restrictions. During this period, restaurants as well as factories were operating on a reduced capacity thereby affecting overall LPG demand. The prolonged closure of the Malaysia-Singapore border has further worsened the demand in the southern region area.

The adverse impact of the declining crude oil prices in the beginning of the year 2020 and continuing intense market competition combined with high cost of production also have caused further margin compression in the current period.

Agro Division : The notably high revenue of RM82.8 million was largely driven by the strong uptrend in average crude palm oil ("CPO") despite a significant reduction in fresh fruit bunches ("FFB") production in the current quarter following the disposal of the Johor and Sabah estates.

The division is realising its gain on disposal of its Kluang, Johor estates in the current quarter for RM122.5 million which has subsequently boosted overall division's PAT to RM142.7 million.

ICT Division : The division's revenue was primarily contributed by the commencement of new projects in the third quarter of 2020. The implementation, however, was to a certain extent impacted by the interstate and interdistrict restriction movements which caused a delay in project fulfillment of certain orders. As a result of this and higher operating costs, the division posted a loss after tax of RM2.0 million.

Others : This segment includes the business related to engineering civil works in power sectors, property management services for several properties owned by the Group, corporate expenses and share of profit from associate. The results achieved for the division in the current period were mainly a combination of a gain on disposal of KUBE and lands in Langkawi, Kedah, offset with a loss on disposal of a subsidiary amounting to RM18.8 million and several provisions as well as impairment losses on receivables amounting to RM7.9 million.

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

	Individual Quarter		%
	3 months 30/6/2021 RM'000	3 months 31/3/2021 RM'000	
Revenue	93,864	110,943	(15.4)
Results			
Profit from operations	1,132	8,118	(86.1)
Net other income	96,386	544	
Finance income	1,371	875	
Finance costs	(410)	(900)	
Profit before tax	98,479	8,637	1,040.2
Zakat and income tax expense	(2,174)	(2,135)	
Profit for the period	96,305	6,502	1,381.2

The Group's significantly higher PAT in the current quarter was lifted by the realised gain on disposal of estates which then netted off with the loss on disposal of a subsidiary and several provisions or impairments losses on receivables mentioned previously. Excluding these effects, the PAT would have been substantially lower largely due to lower profit from operations as a result of weaker LPG sales volume and lower FFB production following the disposal of the estates despite a higher average CP and CPO prices.

**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 in the next financial year due to the rising COVID-19 cases and volatility in global crude oil prices.

The prolonged restrictions imposed by the Government to contain the COVID-19 outbreak continues to have a profound impact to the LPG business and is expected to still persist throughout the next few months despite the vaccination rollout. Nevertheless, the Group will continue to implement mitigation measures to cushion the impact including enhancing the robustness of our product mix model and customer segmentation strategy, 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, with the disposal of its oil palm estate in Kluang, Johor and a subsidiary, which owns another oil palm estate located in Kinabatangan, Sabah, the Agro division's revenue and profit will be reduced. The Group, however, will reinvest the proceeds from the disposal for its current operations and future expansion opportunities as and when they arise.

The Group will continue to aggressively seek for further sizeable contracts whenever the opportunity arises to enhance our order book and hopes to expand its ICT business following the joint venture arrangement with HFR, Inc. in the second quarter of last year.

Pre-emptive balance sheet and effective cash flow management will also be the Group's priority in the coming quarters in order to maintain sustainability of its businesses under the present circumstances. 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 30/6/2021 RM'000	Cumulative Quarter 18 months ended 30/6/2021 RM'000
Profit before tax is arrived after crediting/(charging) - continuing operations:		
Finance income	1,371	5,694
Other income including investment income	4,090	9,609
Finance costs	(410)	(5,201)
Depreciation and amortisation	(4,062)	(27,741)
Inventories written down	(29)	(29)
Impairment on receivables (net)	(6,318)	(5,955)
Assets written off	(324)	(808)
Impairment on property, plant and equipment	(117)	(117)
Impairment on lease receivables	(3)	(285)
Gain on disposal of property, plant and equipment	27	168
Gain on disposal of investment property	-	8,237
Gain on disposal of assets held for sale	122,535	123,504
Gain on disposal of associate company	-	30,519
Loss on disposal of a subsidiary	(18,815)	(18,815)
Foreign exchange losses	-	-
- realised	(32)	(67)
- unrealised	(1)	(246)

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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**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 30/6/2021	18 months ended 30/6/2021
	RM'000	RM'000
Malaysian income tax:		
Current tax	(383)	6,388
Over provision in prior year	10	(28)
	<u>(373)</u>	<u>6,360</u>
Deferred tax:		
Current	2,561	2,900
Over provision in prior year	82	82
	<u>2,643</u>	<u>2,982</u>
	<u>2,270</u>	<u>9,342</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

<i>RM'000</i>	As at 30 June 2021		
	Long Term	Short Term	Total Borrowings
Secured			
Term loans	1,039	695	1,734
Trust Receipts	-	1,921	1,921
Revolving Credit	-	10,000	10,000
Bankers acceptances	-	25,000	25,000
Hire purchase payables	37	22	59
	1,076	37,638	38,714

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

The Board of Directors has recommended the first and final single tier dividend in respect of the financial period ended 30 June 2021 of 1.5 sen on 556,464,690 ordinary shares for approval by the shareholders at the forthcoming Annual General Meeting. The dates of the Annual General Meeting and book closure date for the said dividend will be announced in due course.

**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 initially scheduled on 13 July 2021 has been vacated by the Court to 8 September 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 30/6/2021	18 months ended 30/6/2021
	RM'000	RM'000
Earnings for the period attributable to owners of the parent	96,191	155,544
Weighted average number of ordinary shares ('000)	556,465	556,465
Basic earnings per share (sen)	17.29	27.95

(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

Azleen Abdullah

Norita Misra

Company Secretaries

25 August 2021