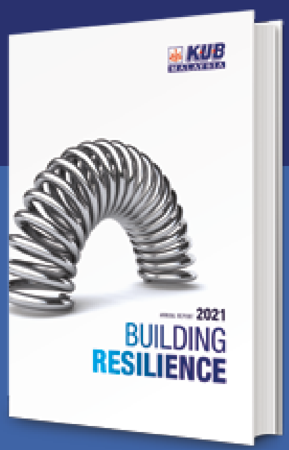
KUB MALAYSIA

ANNUAL REPORT 2021

BUILDING RESILIENCE

INSIDE THIS REPORT



A simple and solid cover that focuses on the metal spring to depict the qualities of Inherent Strength and Resilience. The metal reflects the inherent strength and stability of KUB's present financial position while the spring elements depicts the ability to bounce back and recover in stressful economic conditions such as the ongoing pandemic. A colour gradient effect is used on the theme to show KUB's ability to adapt and thrive through changing environments.

CORPORATE INFORMATION

HIGHLIGHTS

PERFORMANCE REVIEW

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

OTHER CORPORATE INFORMATION

As part of our sustainability initiatives, KUB Malaysia Berhad is reducing the print run of all publication. We encourage you to visit our Annual Report microsite at https://www.kub.com/agm2021/download to download, retrieve and view the annual report at your convenience.

The printed copy of the Annual Report is also available upon request by filling the requisition form available at our website and returning it to us via post or fax.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Seri Johari bin Abdul Ghani
Chairman, Non-Independent
Non-Executive Director

Dato' Ahmad Ibnihajar
Independent Non-Executive Director

Mohammad Farish Nizar bin Othman
Independent Non-Executive Director

Datuk Haji Mohd Haniff bin Haji Koslan
Independent Non-Executive Director

Datuk Norliza binti Abdul Rahim
Independent Non-Executive Director

Megat Joha bin Megat Abdul Rahman
Non-Independent Non-Executive Director

Kasinathan a/l Tulasi
Independent Non-Executive Director
(Appointed w.e.f. 1 October 2020)

Tee Beng Thong
Independent Non-Executive Director
(Appointed w.e.f. 1 October 2020)

Ahmed Fairuz bin Abdul Aziz
Group Managing Director
(Appointed w.e.f. 1 October 2020)

Dato' Ab Rahim bin Abu Bakar
Senior Independent Non-Executive Director
(Retired w.e.f. 24 September 2020)

Tengku Zahaimi bin Tuan Hashim
Non-Independent Non-Executive Director
(Retired w.e.f. 24 September 2020)

COMPANY SECRETARIES

Azleen binti Abdullah
(MAICSA 7057423 /
PC 201908002775)

Norita binti Misra
(LS 0010426 /
PC 202008002369)

REGISTERED OFFICE

KUB Malaysia Berhad
(196501000205 (6022-D))
Suite A-22-1, Level 22
Hampshire Place Office
157 Hampshire
No. 1 Jalan Mayang Sari
50450 Kuala Lumpur

Tel : +(603) 2721 9600
Fax: +(603) 2721 9610
Website: www.kub.com

EXTERNAL AUDITORS

Deloitte PLT
(LLP0010145-LCA)
Chartered Accountants (AF 0080)
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Tel : +(603) 7610 8888
Fax: +(603) 7726 8986

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(200301033577 (635998-W))
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Market : Main Market
Stock Name : KUB
Stock Code : 6874
Sector : Industrial Products and Services

SHARE REGISTRAR

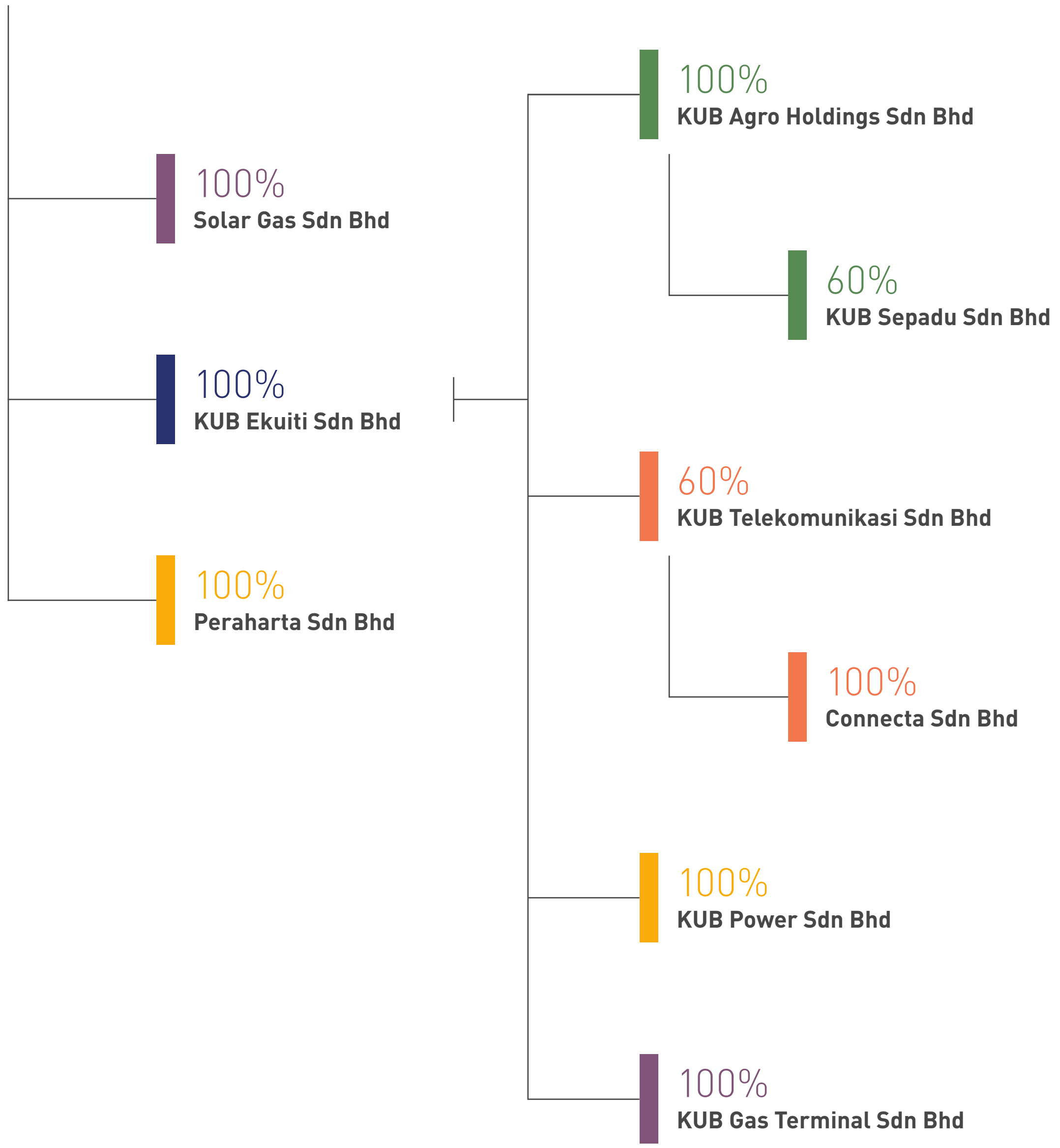
Boardroom Share Registrars Sdn Bhd
(199601006647 (378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Section 13
46200 Petaling Jaya
Selangor Darul Ehsan

Tel : +(603) 7890 4700
Fax: +(603) 7890 4670

PRINCIPAL BANKERS

Malayan Banking Berhad
Bank Pertanian Malaysia Berhad (Agrobank)
Affin Bank Berhad

CORPORATE STRUCTURE



- LPG Division
- Agro Division
- ICT Division
- Others

Note: The above structure represents active companies.

BOARD OF DIRECTORS

1. Datuk Seri Johari bin Abdul Ghani
2. Ahmed Fairuz bin Abdul Aziz
3. Dato' Ahmad Ibnihajar
4. Mohammad Farish Nizar bin Othman
5. Datuk Haji Mohd Haniff bin Haji Koslan
6. Datuk Norliza binti Abdul Rahim
7. Megat Joha bin Megat Abdul Rahman
8. Kasinathan a/l Tulasi
9. Tee Beng Thong

PROFILE OF DIRECTORS

DATUK SERI JOHARI BIN ABDUL GHANI
Chairman
Non-Independent Non-Executive Director

Malaysian | 57 | Male

Date of Appointment
4 March 2019

Length of Tenure as Director
2 years 6 months

Board Committee Membership
- None

Qualification(s)
- Chartered Accountant, Association of Chartered Certified Accountants, United Kingdom

Areas of Expertise(s)
- Corporate Recovery/ Turnaround
- Finance
- Business Management

Other Directorship(s)
Listed Entities
- Chairman, C.I. Holdings Berhad

Public Companies
- None

Working Experience(s)
Present
Within KUB Group
- Chairman, KUB Malaysia Berhad

Other Companies/Bodies
- Chairman, JAG Capital Holdings Sdn Bhd

Past
- Former Minister of Finance II
- Accountant, Peat Marwick & Co. (now known as KPMG)

Jan 2020 – Jun 2021 Board Meeting Attendance
6/6

AHMED FAIRUZ BIN ABDUL AZIZ
Group Managing Director

Malaysian | 43 | Male

Date of Appointment
1 October 2020

Length of Tenure as Director
11 months

Board Committee Membership
- None

Qualification(s)
- Bachelor Degree of Accounting and Finance, London School of Economics and Political Science, United Kingdom
- Fellow Member, Institute of Chartered Accountants, England and Wales (ICAEW)
- Member of Malaysian Institute of Accountants (MIA)

Areas of Expertise(s)
- Corporate Finance
- Tax, Treasury and Financial Reporting
- Audit and Advisory

Other Directorship(s)
Listed Entities
- Pos Malaysia Berhad

Public Companies
- KUB Development Berhad

Working Experience(s)
Present
Within KUB Group
- Directors within KUB Group of Companies

Other Companies/Bodies
- None

Past
- Group Chief Executive Officer. KUB Malaysia Berhad (December 2019 to September 2020)
- Group Chief Financial Officer, KUB Malaysia Berhad (2016 to 2019)
- Group Chief Financial Officer/Head, Group Corporate Finance/ Senior Manager, Group Corporate Finance, Naza Corporation Group of Companies (2008 to 2015)
- Manager, Group Corporate Finance/ Executive, Investment Banking Division, CIMB Investment Bank Berhad (2005 to 2008)
- Senior Associate 1, Messrs. Ernst & Young (2002 to 2005)
- Associate, Messrs. Arthur Andersen & Co. (2001 to 2002)

Oct 2020 – Jun 2021 Board Meeting Attendance
3/3

DATO' AHMAD IBNIHAJAR
Independent Non-Executive Director

Malaysian | **71** | **Male**

Date of Appointment
27 November 2015

Length of Tenure as Director
5 years 10 months

Board Committee Membership
- Member, Board Nomination and Remuneration Committee

Qualification(s)
- Bachelor of Economics (Business Administration), University of Malaya
- Fellow of the Chartered Institute of Logistics and Transport, Malaysia

Areas of Expertise(s)
- Banking
- Investment
- Management and Leadership

Other Directorship(s)
Listed Entities
- None

Public Companies
- None

Working Experience(s)
Present
Within KUB Group
- None

Other Companies/Bodies
- Chairman, Heirs Corporation Sdn Bhd since 1991
- Chairman, Penang Sentral Sdn Bhd

Past
- Board of Governors, Universiti Sains Malaysia
- Chairman, D'Nonce Technology Berhad from 2000 to 2018
- Chairman, Commerce Assurance Berhad from 2001 to 2005
- Director, Malaysian Resources Corporation Berhad from 2000 to 2013
- Managing Director, Penang Port Sdn Bhd from 1999 to 2013
- Director, PW Consolidated Berhad from 1997 to 2004
- Director, Bumiputera Technology Venture Capital Sdn Bhd from 1996 to 2008
- Managing Director, Bumiputera Technology Venture Capital Management Sdn Bhd from 1996 to 2008
- Managing Director, Taiping Securities Sdn Bhd from 1996 to 1999
- Executive Director, WM Svene-Nor JV Sdn Bhd from 1991 to 1993
- Managing Director, United Traders Securities Sdn Bhd from 1984 to 1991
- Branch Manager, Malayan Banking Berhad from 1980 to 1984
- Forex Dealer and Portfolio Manager, Malayan Banking Berhad, London from 1976 to 1979

Jan 2020 – Jun 2021
Board Meeting Attendance
6/6

MOHAMMAD FARISH NIZAR BIN OTHMAN
Independent Non-Executive Director

Malaysian | **49** | **Male**

Date of Appointment
27 November 2015

Length of Tenure as Director
5 years 10 months

Board Committee Membership
- Chairman, Board Audit Committee
- Member, Employee Share Option Scheme Committee

Qualification(s)
- Bachelor of Accountancy (Honours), International Islamic University of Malaysia
- Member, Malaysian Institute of Accountants
- Member, Chartered Institute of Management Accountants

Areas of Expertise(s)
- Finance
- Accounting
- Strategic Management
- Corporate Governance

Other Directorship(s)
Listed Entities
- None

Public Companies
- None

Working Experience(s)
Present
Within KUB Group
- None

Other Companies/Bodies
- Director, Corporate Services of Malaysian Technology Development Corporation

Past
- Director, Advisory and Value-Added Services, Malaysian Technology Development Corporation
- General Manager, Business Development and Tender Coordination, Scomi Engineering Berhad
- Messrs. KPMG Kuala Lumpur, Chartered Accountant from 2002 to 2004
- Messrs. PricewaterhouseCoopers Kuala Lumpur, Chartered Accountant from 1996 to 2000

Jan 2020 – Jun 2021
Board Meeting Attendance
6/6

PROFILE OF DIRECTORS

DATUK HAJI MOHD HANIFF BIN HAJI KOSLAN
Independent Non-Executive Director

Malaysian | **62** | **Male**

Date of Appointment
25 August 2016

Length of Tenure as Director
5 years 1 month

Board Committee Membership
- Member, Board Risk Management Committee

Qualification(s)
- International Executive Master of Business Administration, Paris Graduate School of Management, France
- Certified International Project Manager & Fellow, American Academy of Project Management
- Registered Business Analyst & Fellow, American Academy of Financial Management

Areas of Expertise(s)
- Property Development
- Construction
- Taxation
- Business Strategies
- Management

Other Directorship(s)
Listed Entities
- None

Public Companies
- None

Working Experience(s)
Present
Within KUB Group
- None

Other Companies/Bodies
- None

Past
- President, Ranhill Corporation Sdn Bhd from 1998 to 2000
- Executive Director, Bridgecon Holdings Berhad from 1997 to 1998
- Executive Director, Kumpulan KKHM Sdn Bhd from 1989 to1997
- Tax Consultant, Messrs. Aidid & Co from 1986 to 1989
- Tax Consultant, Messrs. K.K San Liew & Loke from 1984 to 1986
- Tax Assistant, Jabatan Hasil Dalam Negeri (now known as Inland Revenue Board of Malaysia) from 1980 to 1984

Jan 2020 – Jun 2021 Board Meeting Attendance
6/6

DATUK NORLIZA BINTI ABDUL RAHIM
Independent Non-Executive Director

Malaysian | **52** | **Female**

Date of Appointment
28 August 2018

Length of Tenure as Director
3 years 1 month

Board Committee Membership
- Chairman, Board Risk Management Committee
- Member, Board Nomination and Remuneration Committee

Qualification(s)
- Master of Business Administration in Accounting, Lincoln University
- Bachelor of Advanced Financial Planning, Miami University
- Bachelor of Commerce and Management (majoring in accounting), Lincoln University
- Diploma in Accountancy, Politeknik Ungku Omar

Areas of Expertise(s)
- Property Development
- Construction
- Information Communication and Technology

Other Directorship(s)
Listed Entities
- Director, Boustead Heavy Industries Corporation Berhad

Public Companies
- None

Working Experience(s)
Present
Within KUB Group
- None

Other Companies/Bodies
- General Manager, Prime View Sdn Bhd
- Director, Koperasi Melayu Bukit Gelugor

Past
- Chairman, Mutiara.com from 2015 to 31 July 2018
- Director, JKP Sdn Bhd, Penang from 2013 to 31 July 2018
- Member of the Upper House (Senator) from May 2011 to May 2017
- Assistant Director, State Housing Office, Penang from 1992 to1996

Jan 2020 – Jun 2021 Board Meeting Attendance
6/6

MEGAT JOHA BIN MEGAT ABDUL RAHMAN
Non-Independent Non-Executive Director

Malaysian | **58** | **Male**

Date of Appointment
4 March 2019

Length of Tenure as Director
2 years 6 months

Board Committee Membership
- Chairman, Board Nomination and Remuneration Committee
- Member, Board Audit Committee

Qualification(s)
- American Institute of Certified Public Accountants, United States of America
- Degree in Accounting and Finance, Boston University, Massachusetts

Areas of Expertise(s)
- Finance
- Corporate Restructuring
- Strategic Planning

Other Directorship(s)
Listed Entities
- Group Managing Director, C.I. Holdings Berhad

Public Companies
- Chairman, Central Cables Berhad

Working Experience(s)
Present
Within KUB Group
- Chairman, several subsidiaries of KUB

Other Companies/Bodies
- None

Past
- Former Group CEO, Majuperak Holdings Berhad
- Chief Operating Officer cum Executive Director (Operations), Mayban Securites Sdn Bhd
- Assistant General Manager, Labuan International Financial Exchange ('LFX')
- Investigations Senior Manager for Market Supervision, Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad)
- Served Kumpulan FIMA Berhad in various capacities as Vice President for Agro-based Group and Business Development and as Executive Director and Chief Executive Officer, Percetakan Keselamatan Nasional and Security Printers, FIMA Berhad
- Messrs. KPMG Kuala Lumpur
- Messrs. KPMG Chicago, United Sates of America

Jan 2020 – Jun 2021 Board Meeting Attendance
6/6

KASINATHAN A/L TULASI
Independent Non-Executive Director

Malaysian | **63** | **Male**

Date of Appointment
1 October 2020

Length of Tenure as Director
11 months

Board Committee Membership
- Member, Board Audit Committee

Qualification(s)
- Barrister, Lincoln's Inn
- Bachelor of Law (LL.B) (Hons.), University of London

Areas of Expertise(s)
- Legal and Compliance

Other Directorship(s)
Listed Entities
- Director, C.I. Holdings Berhad

Public Companies
- Director, Central Cable Berhad

Working Experience(s)
Present
Within KUB Group
- None

Other Companies/Bodies
- Consultant, Messrs. Amir & Rajpal Ghai

Past
- Advocate and Solicitor, Messrs. Affendi Zahari
- Legal Assistant, Messrs. Sajali, Amier & Partners
- Read in Chambers of Mr. Philip Waller QC, London

Oct 2020 – Jun 2021 Board Meeting Attendance
2/3

PROFILE OF DIRECTORS

TEE BENG THONG
Independent Non-Executive Director

Malaysian | 54 | Male

Date of Appointment
1 October 2020

Length of Tenure as Director
11 months

Board Committee Membership
- Member, Board Risk Management Committee

Qualification(s)
- Associate Member, Certified Practising Accountant, Australia
- Degree, Bachelor of Business (Accounting), Monash University, Melbourne, Australia

Areas of Expertise(s)
- Professional HR Practitioner
- Trained Accountant
- C-suites and Board Interactions
- Financial Statements
- Community Relations
- Goal-setting and Strategic Planning
- Strategic Advisory
- Corporate Governance

Other Directorship(s)
Listed Entities
- None

Public Companies
- None

Working Experience(s)
Present
Within KUB Group
- None

Other Companies/Bodies
- Vice President, St. John Ambulance of Malaysia (KSU)

Past
- Chief Executive Officer, Seek Executive Search Sdn Bhd
- Chief Executive Officer, JMW International Pty Ltd
- Senior Consultant/ Partner, JM Williams & Associates Sdn Bhd
- BBB Distributor Sdn Bhd
- Coopers & Lybrand (nka PricewaterhouseCoopers)

Oct 2020 – Jun 2021 Board Meeting Attendance
3/3

Additional information

1. Save as disclosed below, none of the Directors has any family relationship with or is related to any Director and/or substantial shareholders of KUB Malaysia Berhad, or has any personal interest in any business arrangement involving the Company:

   i. JAG Capital Holdings Sdn Bhd is a substantial shareholder of KUB.

   ii. The nominee Directors of JAG Capital Holdings Sdn Bhd are:

      - Datuk Seri Johari bin Abdul Ghani
      - Megat Joha bin Megat Abdul Rahman

2. None of the Directors has been convicted for offences within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period other than traffic offences, if any.

3. The details of Directors' attendance at Board meetings held in the financial period ended 30 June 2021 are set out in the **Profile of Directors** in this Annual Report.

BOARD COMMITTEES

Board Audit Committee	Appointed with effect from (w.e.f.)
1. Mohammad Farish Nizar bin Othman (Chairman)	27/11/2015
2. Megat Joha bin Megat Abdul Rahman	01/04/2019
3. Kasinathan a/l Tulasi	16/10/2020
4. Datuk Haji Mohd Haniff bin Haji Koslan (resigned w.e.f. 16/10/2020)	27/02/2018

Board Nomination and Remuneration Committee	Appointed with effect from (w.e.f.)
1. Megat Joha bin Megat Abdul Rahman (Chairman)	28/05/2021
2. Dato' Ahmad Ibnihajar	28/05/2021
3. Datuk Norliza binti Abdul Rahim	28/05/2021

Board Risk Management Committee	Appointed with effect from (w.e.f.)
1. Datuk Norliza binti Abdul Rahim (Re-designated as Chairman w.e.f. 16/10/2020)	01/04/2019
2. Datuk Haji Mohd Haniff bin Haji Koslan	16/10/2020
3. Tee Beng Thong	16/10/2020
4. Dato' Ab Rahim bin Abu Bakar (resigned w.e.f. 24/09/2020)	21/10/2014
5. Tengku Zahaimi bin Tuan Hashim (resigned w.e.f. 24/09/2020)	01/04/2019

Board Employee Share Option Scheme Committee	Appointed with effect from (w.e.f.)
1. Mohammad Farish Nizar bin Othman	30/05/2016
2. Dato' Ab Rahim bin Abu Bakar (resigned w.e.f. 24/09/2020)	21/10/2014

Note: The Board Nomination Committee and Board Remuneration Committee have been merged into a single Board Committee known as Board Nomination and Remuneration Committee effective 28 May 2021.

PROFILE OF SENIOR MANAGEMENT

DR. BADRULHISHAM BIN MOHD GHAZALI

Chief Executive Officer,
KUB Telekomunikasi Sdn Bhd

Malaysian | **46** | **Male**

Date of Appointment
17 March 2020

Length of Service
1 year 6 months

Qualification(s)
- Doctorate in Mechanical Engineering, University of Adelaide, Australia
- Bachelor Degree in Mechanical Engineering (1st Class Honours), University of Adelaide, Australia

Working Experience(s)
- Assistant Vice President Strategic Planning and Performance Management, KUB Malaysia Berhad (2016 to 2019)
- Director/Consultant, Timur Axis Sdn Bhd (2015 to 2016)
- Chief Executive Officer, CMS Consortium Ecotour Sdn Bhd (2014 to 2015)
- Head, Export and Group Corporate Strategy, Proton Holdings Berhad (2012 to 2014)
- Head, Corporate Strategy, Proton Holdings Berhad (2008 to 2012)

Areas of Expertise(s)
- Corporate and Strategic Planning
- Business Development Management

Other Directorship(s)
Listed Entities
- None

Public Companies
- KUB Development Berhad

AZMAN BIN ABDULLAH

Chief Executive Officer,
Solar Gas Sdn Bhd

Malaysian | **45** | **Male**

Date of Appointment
12 March 2019

Length of Service
2 year 6 months

Qualification(s)
- Bachelor Degree in Accounting and Finance, University of Warwick, United Kingdom
- Associate Member, Chartered Institute of Management Accountants, United Kingdom
- Member, Malaysian Institute of Accountants

Working Experience(s)
- Chief Operating Officer, KUB Malaysia Berhad (2016-2019)
- Chief Executive Officer ('CEO'), CMS Consortium Ecotour Sdn Bhd (2015 to 2016)
- CEO, Qualitest Engineering Sdn Bhd (2013 to 2014)
- Corporate Business Controller (CEO'S Office)/Director of Corporate Projects/Board Director (various subsidiaries), Group Lotus Plc., United Kingdom (2008 to 2012)
- Executive Director, Member of Audit Committee/Executive Committee, Finance Director, Mexter Technology Berhad (2007 to 2008)
- Senior Manager & Head of Corporate Finance/Manager, Chairman's Office, Proton Holdings Berhad (2006 to 2007)

Areas of Expertise(s)
- Operations and General Management
- Strategic Planning
- Business Development

Other Directorship(s)
Listed Entities
- None

Public Companies
- None

DR. CHARLES CHOW KOK CHENG

Executive Director/Chief Executive Officer, KUB Agro Holdings Sdn Bhd

Malaysian | **62** | **Male**

Date of Appointment
1 June 2021

Length of Service
3 months

Qualification(s)
- Doctor of Business Administration, IPE Management School, Paris
- Master of Business Administration (General Management), Heriot-Watt University, United Kingdom
- Professional Advanced Diploma, the Incorporated Society of Planters

Working Experience(s)
- Group Chief Executive Officer/Managing Director, Tradewinds Plantation Berhad (2018-2021)
- Senior General Manager-Plantation, Tradewinds Plantation Berhad (2016 to 2018)
- Director of Plantation, Tradewinds Plantation Berhad (2015 to 2016)
- General Manager (CEO'S Office), Tradewinds Plantation Berhad (2015)
- Senior General Manager-Estates, Head of Operations, Hap Seng Plantations Holdings Berhad (2014)
- Planting Advisor, Hap Seng Plantations Holdings Berhad (2011 to 2014)

Areas of Expertise(s)
- Plantation Management
- Consultancy and Advisory on Plantation

Other Directorship(s)

Listed Entities
- None

Public Companies
- None

Additional Information

1. None of the Senior Management personnel has any family relationship with or is related to any Director and/ or substantial shareholders of KUB Malaysia Berhad, or has any personal interest in any business arrangement involving the Company.
2. None of the Senior Management personnel has been convicted for offences within the past five (5) years or imposed with any public sanction or penalty by any regulatory bodies other than traffic offences, if any.
3. The full profiles of the Senior Management are available online at www.kub.com.

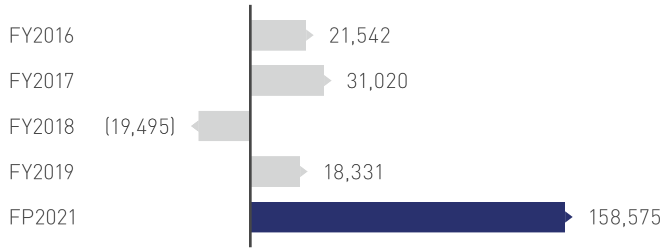
5-YEAR GROUP FINANCIAL HIGHLIGHTS

Revenue
(RM'000)

RM584,037

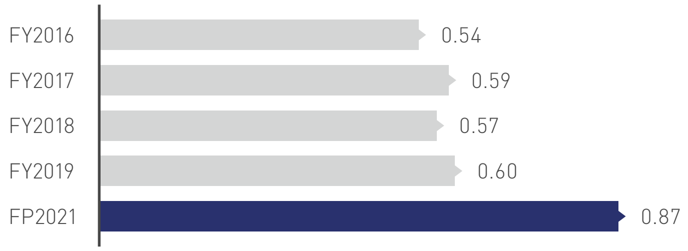
Profit/(Loss) for the Period/Year
(RM'000)

RM158,575



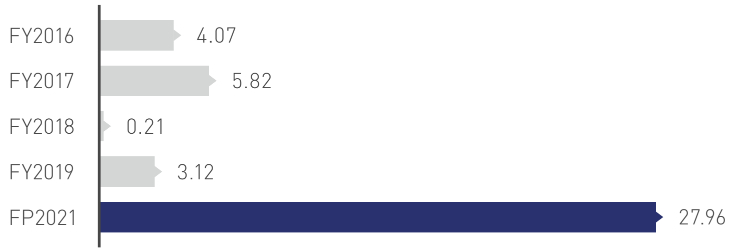
Net Assets Per Share
(RM)

RM0.87



Basic Earnings Per Share
(SEN)

27.96 sen

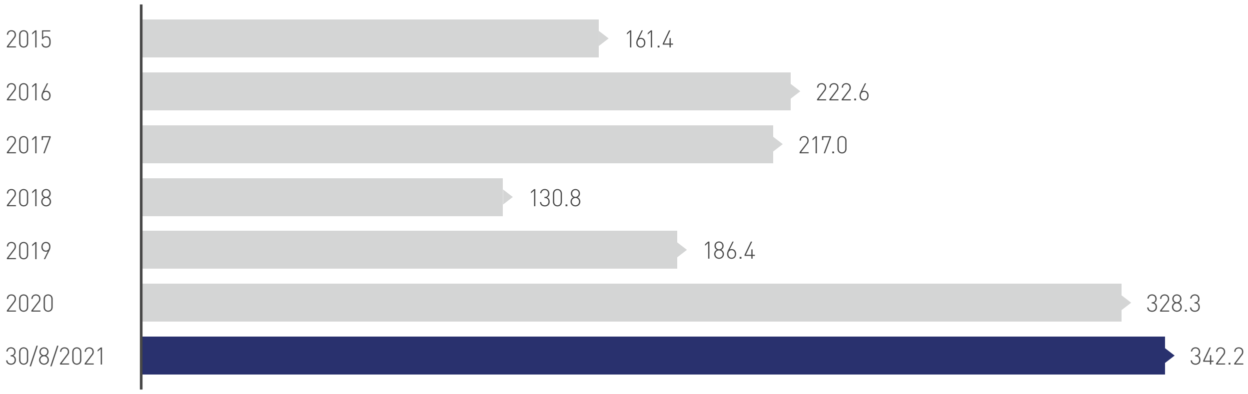


RM'000	FY2016	FY2017	FY2018	FY2019	FP2021#
Revenue*	495,772	498,104	522,322	400,483	**584,037**
Profit/(Loss) before taxation*	32,334	38,975	(30,169)	20,590	**167,791**
Profit/(Loss) for the period/year	21,542	31,020	(19,495)	18,331	**158,575**
Profit attributable to owners of the parent	22,628	32,395	1,177	17,355	**155,562**
Shareholders' fund	299,398	327,672	315,480	335,132	**483,519**
Basic earnings per share (sen)	4.07	5.82	0.21	3.12	**27.96**
Net assets per share (RM)	0.54	0.59	0.57	0.60	**0.87**
Dividend declared per share (sen)	1.0	1.0	1.0	-	**1.5**
Gearing ratio (times)	0.21	0.17	0.54	0.31	**0.08**

* Continuing operations for FY2016, FY2017 and FY2018
# Due to the change of financial year end from 31 December to 30 June, the Group financial results presented for 2021 is for a 18-month period ended 30 June 2021.

ECONOMIC VALUE FOR SHAREHOLDERS

Market Capitalisation* (RM Million)



* as at 31 December (closing price)

Share Price Movement# (RM)

Daily Closing Prices

Monthly Trading Volume & Share Price Statistics

Month	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21	Aug '21
Volume ('000)	93,729	38,349	25,597	38,237	14,824	24,181	97,475	17,426	8,695	8,271	5,428	37,427
High (RM)	0.775	0.665	0.625	0.680	0.595	0.635	0.720	0.685	0.650	0.645	0.640	0.685
Low (RM)	0.560	0.520	0.480	0.585	0.510	0.510	0.555	0.630	0.545	0.585	0.580	0.585
Closing Price (RM)	0.625	0.535	0.610	0.590	0.520	0.560	0.645	0.645	0.600	0.610	0.595	0.615

KUB IN THE NEWS

CORPORATE GOVERNANCE

KUB BAGS EXCELLENCE AWARD

Investor confidence in Malaysian capital market has also risen, says MSWG

FARAH ADILLA
KUALA LUMPUR

FORMER second finance minister Datuk Seri Johari Ghani yesterday received the Excellence Award for Corporate Governance Disclosure from the Minority Shareholder Watchdog Group (MSWG) on behalf of KUB Malaysia Bhd.

Johari is KUB Malaysia chairman and the largest shareholder with a controlling stake of 32.96 per cent.

KUB Malaysia chairman Datuk Seri Johari Ghani (second from right) receiving the Excellence Award for Corporate Governance Disclosure at Menara Hampshire, Kuala Lumpur, yesterday.

KUB sells entire 40% stake in Bukit Tagar landfill to partner Berjaya Group

KUALA LUMPUR: KUB Malaysia Bhd has disposed its entire 40% stake in KUB-Berjaya Enviro Sdn Bhd to partner Berjaya Group Bhd for RM80mil cash.

The deal gives Berjaya Group full ownership of the solid waste disposal facility in Bukit Tagar, Selangor that is operating under a 30-year concession granted by the federal

BH ONLINE

KUB catat untung RM158.6 juta

KUALA LUMPUR: KUB Malaysia Bhd mencatatkan keuntungan bersih RM158.6 juta bagi tahun kewangan berakhir 30 Jun 2021, dengan pendapatan diraihnya dalam tempoh itu berjumlah RM584 juta.

CORPORATE

KUB unlocks value for future growth

Asset sales put company in plum cash position

By INTAN FARHANA ZAINUL

OVER the last two weeks, KUB Malaysia Bhd announced two sets of asset disposals that will see the company raise RM238mil.

"Instead of raising more money from a rights issue for example, we would prefer to monetise non-core assets to expand businesses."

Datuk Seri Johari Abdul Ghani

FINANCIAL YEAR 2021

KUB records RM158.6m net profit

KUALA LUMPUR: KUB Malaysia Bhd posted a net profit of RM158.6 million in its financial year ended June 30.

This was achieved on the back of RM584 million in revenue, said the company in a statement yesterday.

There are no comparative figures.

KUB said the profit was largely attributable to the gain on disposals of two non-core business/non-strategic assets, namely oil palm plantations and an associate company involved in sanitary waste management.

Despite the challenging operating environment caused by the prolonged restrictions to contain the Covid-19 pandemic, the group said its key sectors still recorded commendable profits.

"The group's cash position has surged to RM423.1 million as at June 30 from RM145.6 million as at Dec 31 2019. Its gearing ratio was reduced to eight per cent from 31 per cent during the same period," said KUB chairman Datuk Seri Johari Abdul Ghani in the statement.

"The results for the financial period reflect the culmination of

Datuk Seri Johari Abdul Ghani

stable fo... strategic p... become a... company."

The Malaysian Reserve

KUB maintains mitigation measures

Friday, November 27th, 2020 at Business | News

by HARIZAH KAMEL / graphic by MZUKRI MOHAMAD

KUB Malaysia Bhd will continue to implement mitigation measures to cushion the impact brought by the Covid-19 pandemic to its businesses.

Excellence Award for Corporate Governance (CG) Disclosure

On 2 October 2020, Datuk Seri Johari Abdul Ghani accepted the Excellence Award for Corporate Governance (CG) Disclosure from the Minority Shareholder Watchdog Group (MSWG) under the MSWG-ASEAN Corporate Governance Awards 2019 for KUB Malaysia Berhad and the award for Long-term Value Creation for C.I. Holdings Berhad (CI

KUB to become a sustainably profitable company

by LYDIA NATHAN

KUB Malaysia Bhd recorded earnings of RM158.6 million and revenue of RM584 million for the financial period ended June 30, 2021, largely attributable to several exceptional one-off items.

DIVERSIFICATION

KUB TO FOCUS ON MIDSTREAM LPG BUSINESS

Firm nears deal with UK's BB Energy and will invest RM250m in 2 new storage tanks

THE EDGE MARKETS
MAKE BETTER DECISIONS

KUB posts quarterly net profit of RM96 mil on gains from disposal of non-core assets

August 25, 2021 20:39 pm

KUALA LUMPUR (Aug 25): KUB Malaysia Bhd reported a net profit of RM96.19 million for the quarter ended June 30, 2021, mainly due to gains from the disposal of oil palm estates and an associate company involved in sanitary waste management.

There is no comparison figure due to a change in financial year end from Dec 31 to June 30, the group said in a filing with Bursa Malaysia.

It said revenue for the quarter was RM93.86 million, supported by growth in its agro division.

KUB sells estate for RM158mil

KUALA LUMPUR: KUB (M) Bhd's unit KUB Agro Holdings Sdn Bhd (Kubah) has disposed of Kubah Estate for RM158mil on an "as is where is" basis to Beradin Plantation Sdn Bhd, an investment property company.

The Kubah Estate comprises two divisions, Kahang Estate and Sungai Yong Estate, both of which are located to the north-east of Kluang in Johor.

"The disposal consideration was arrived at on a 'willing-buyer willing-seller' basis," it said in a filing with Bursa Malaysia.

Additionally, KUB said the estates' aggregate net book value of RM16.54mil was based on KUB's latest audited consolidated financial statements for the financial year ended Dec 31, 2019.

"The market value of the Kubah Estate of RM156.0mil was appraised by C H Williams," it said. — Bernama

Bisnes 39

KUB berjaya harungi ekonomi mencabar

KUB Malaysia Bhd mencatatkan keuntungan bersih RM158.6 juta bagi tahun kewangan berakhir 30 Jun 2021, dengan pendapatan diraihnya dalam tempoh itu berjumlah RM584 juta.

Keuntungan dalam tempoh itu disumbangkan terutama daripada penjualan dua perniagaan bukan teras dan aset bukan strategik iaitu estet ladang sawit serta sebuah syarikat sekutu yang terbabit dalam pengurusan sisa buangan.

Di sebalik persekitaran operasi mencabar daripada sekatan berpanjangan untuk membendung pandemik COVID-19, sektor utama kumpulan masih merekodkan keuntungan terpuji.

Kedudukan tunai kumpulan melonjak daripada RM145.6 juta setakat 31 Disember 2019 kepada RM423.1 juta setakat 30 Jun 2021 dan paras nisbah hutangnya berkurangan daripada 31 peratus kepada lapan peratus dalam tempoh sama.

Pengerusi KUB, Datuk Seri Johari Abdul Ghani, berkata keputusan pada tahun kewangan mencerminkan usaha transformasi kumpulan untuk mengurangkan sebarang kerugian masa depan dengan melupuskan perniagaan bukan teras dan bukan strategik, selain memberikan tumpuan dan menggunakan sumber untuk segmen perniagaan teras.

"Di sebalik persekitaran operasi dan ekonomi mencabar, saya percaya kami kini dalam kedudukan lebih mantap dan stabil untuk melaksanakan pelan strategik ke hadapan bagi menjadi syarikat yang mencatatkan keuntungan mampan," katanya dalam satu kenyataan.

"Keputusan pada tahun kewangan mencerminkan usaha transformasi kumpulan untuk mengurangkan sebarang kerugian masa depan dengan melupuskan perniagaan bukan teras dan bukan strategik"

Johari Abdul Ghani, Pengerusi KUB

THE GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholders,

The COVID-19 pandemic has cast a long shadow over the world, threatening lives and livelihoods while causing major disruption to global supply chains, amongst many other challenges. In Malaysia, the ongoing uncertainty it has brought about has resulted in depressed demand from both consumer and commercial markets, ongoing logistical challenges and significant delays to the commencement and fulfilment of projects across the business community.

While we have certainly not been immune to the negative impacts of the pandemic, this year's report theme of **'Building Resilience'** reflects our belief that the actions we have taken over the past eighteen (18) months particularly in disposing of our non-strategic and non-core assets and building balance sheet strength will pay dividends in the long run. Alongside the continued streamlining of our cost structure, we now benefit from improved financial latitude to invest in our core businesses and execute our strategic plans to their fullest potential, thus standing us in good stead for the long run.

I welcome you to read the analysis below to gain greater insight into how our respective business divisions have evolved amidst pandemic-related obstacles, and the strategies we have put in place to rebound in the near future.

FINANCIAL PERFORMANCE REVIEW

The Group has changed its financial year end from 31 December to 30 June. As a result, the 2021 Financial Period ('FP2021') and its results disclosed herein refer to the 18-month period from 1 January 2020 to 30 June 2021.

In FP2021, the Group delivered revenue of RM584.0 million, with the lion's share contributed by the business activities of our LPG division (77.2%), followed by the Agro division (14.2%), ICT division (6.6%) and our other sectors of business (2.0%). This split in revenue contribution aligns with that of previous financial years, with the notable decline in our LPG division's relative revenue contribution caused by various pandemic and market related impediments which are analysed in detail in the division's report below.

Group-wide profit after zakat and tax ('PAT') for FP2021 stands at RM158.6 million and is bolstered by exceptional gains from the disposal of our plantation estates in Kluang, Johor under our Agro division totalling RM122.5 million and the disposal of our associate company KUB Berjaya Enviro Sdn Bhd for RM30.5 million.

The monetisation of these has also resulted in a significant increase to our total assets, which has risen to RM643.7 million compared to RM546.3 million at the end of FY2019 mainly as a result of the surge in our cash balance, which now stands at RM423.1 million from RM145.6 million as of end FY2019. Furthermore, our overall debt has been reduced substantially, with our gearing ratio falling from 0.31 to 0.08 times following the disposal of a subsidiary KUB Malua Plantation Sdn Bhd.

While the immediate outlook for the future does not offer strong prospects of a rapid uptick in global macroeconomic conditions or local consumer sentiment, we are confident that by reducing our leverage and strengthening our liquidity, we will benefit from enhanced strategic flexibility and a war chest to capitalise on growth opportunities in the new normal.

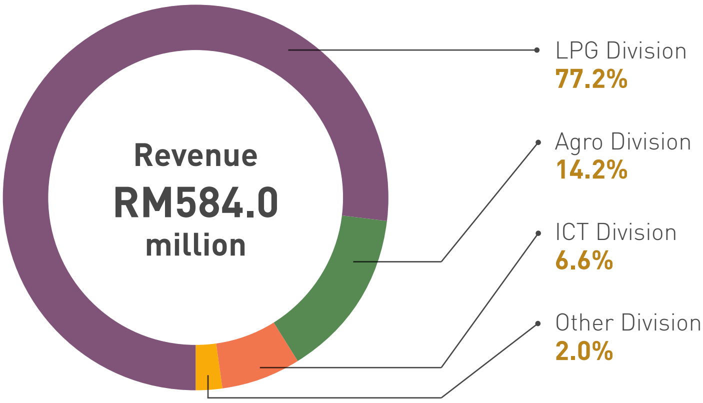
In addition, through pre-emptive balance sheet and stringent cash flow management measures, we are continuing the work begun in FY2019 to achieve more lean and efficient operations, thereby securing the sustainability of our businesses and enhancing our ability to rebound quickly once the pandemic and its effects subside.

Revenue and Profitability Analysis

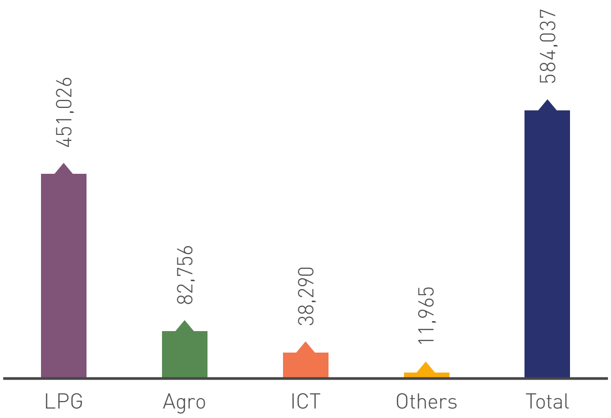
Revenue
RM584.0
million

Profit After Zakat and Tax
RM158.6
million

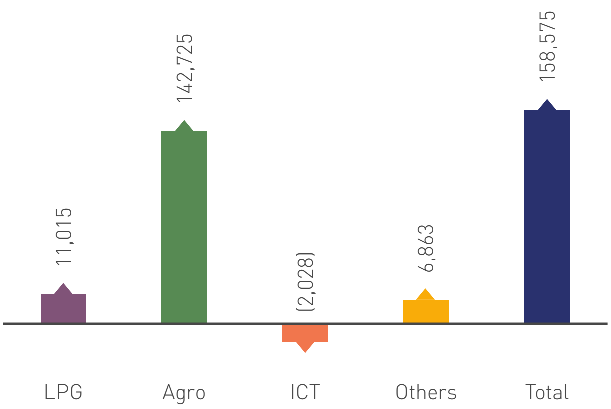
Basic Earnings per Share
27.96
sen



Revenue by Division
(RM'000)

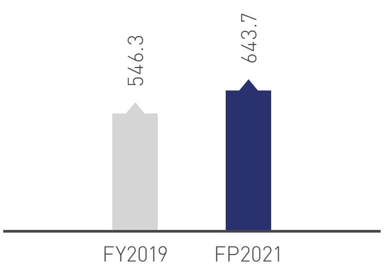


Profit/(Loss) After Zakat and Tax by Division
(RM'000)

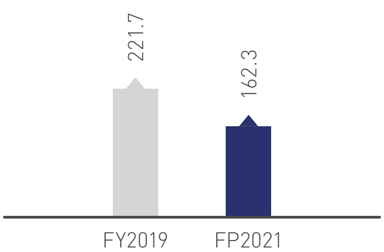


Balance Sheet Analysis

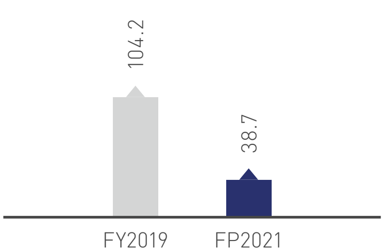
Total Assets
(RM Million)



Total Liabilities
(RM Million)



Total Borrowings
(RM Million)



Shareholders' Fund/ Equity
RM483.5
million
FY2019: RM335.1 million

Total Cash and Bank Balances
RM423.1
million
FY2019: RM145.6 million

Net Assets per Share
RM0.87
FY2019: RM0.60

Gearing Ratio
0.08
times
FY2019: 0.31 times

THE GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

LPG Division

The business activities of our LPG division encompass the importation, bottling, marketing and distribution of Liquefied Petroleum Gas ('LPG') under the brand name of Solar Gas, through our wholly owned subsidiary Solar Gas Sdn Bhd ('Solar Gas'). Solar Gas is a recognised and reputable brand across the domestic, commercial and industrial gas markets, and own a network of facilities across Peninsular Malaysia that include its main import plant in Westport, Klang. While its main markets are the Central and Southern regions, Solar Gas also leverages on third party bottling suppliers in Penang and Perak to extend its reach across the peninsula.

In FP2021, the LPG division recorded revenue of RM451.0 million and PAT of RM11.0 million. Given the extended, 18-month duration of FP2021, this represents a subdued performance result for the division and was precipitated by a 10% decline in monthly sales volume across both the domestic and industrial segments following the introduction of Movement Control Order ('MCO') restrictions.

The MCO restrictions have reduced demand from restaurants, factories and other commercial entities, many of which have had to operate at reduced capacity or shutter completely for periods of time. Downward pressure on demand was further exerted by the prolonged closure of the Malaysia-Singapore border which effectively cut off many consumer market businesses in Johor and other Southern region states from a major portion of their regular clientele.

Compounding the effects of the pandemic, tightening market conditions have seen the rise of additional competitors in the LPG space, leading to downward pressure on price, while substitute products such as Natural Gas and Liquefied Natural Gas continue to dilute the market.

Amidst this challenging operating environment, we have continued apace with the brand modernisation and uplift activities that were initiated in FY2019 to increase our long-term brand awareness and competitiveness. As part of our ongoing cylinder inventory upkeep exercise, we spent a total of RM14.31 million on reconditioning and requalification ('RCRQ') of the existing cylinders (53%), the acquiring of new cylinders (36%) and repainting the existing cylinders (11%). At the same time, all 14kg cylinders ('C14') for the domestic market are being transitioned to a new gold coloured exterior to create a more distinctive appearance.

Bolstering our brand enhancement efforts further, we launched rebranded lorries for LPG distribution, a revamped marketing strategy focused on local store activation, and ramped up social media engagement activities over the course of FP2021. These initiatives are being carried out simultaneously to ongoing operational efficiency measures which aim to upgrade and modernise our operations, promote leaner production and optimise our human capital resources.

Looking beyond shorter-term challenges, we foresee sustained growth in both the consumer and commercial/industrial markets and have invested an amount of approximately RM10.0 million in the construction of a new LPG sphere for the storage of LPG at our Klang facility. The new sphere will increase storage capacity by 1,000 metric tonnes and will provide the means to cater to the expected rise in demand.

Recognising that the reliable supply of LPG is a major determinant of our future profit-generating abilities, we have also initiated plans to source for more competitive supply sources that will enable us to both lower our cost base and fulfil market demand.

Meanwhile, we plan to mitigate present day fluctuations by working with other LPG suppliers to establish collaborative arrangements in LPG storage and distribution. Such arrangements would see the LPG partners meet the respective counterparty's shortfall in LPG supply in instances of excess demand or supply shocks, thereby bringing benefit to the industry as a whole.

At the same time, we are cognisant of the major role that our dealers play in ensuring reach and timely distribution of LPG to our wide catchment area. With increased competition in the market, our dealer acquisition initiatives have been ramped up, while we continue to work with existing dealers to develop the capabilities necessary to meet our distribution volume commitments. Through attractive incentives and allowances, we are confident that our distribution network will be able to fulfil current and future demand volumes.

In summation, while market conditions have provided a far from ideal environment for our LPG division to increase revenue generation, the initiatives put in place and executed from FY2019 to the present day mean that we will emerge from the pandemic with greater operational efficiency, increased capacity and flexibility on the supply side, and a more distinctive and competitive brand proposition, laying solid ground for long-term growth.

Agro Division

For FP2021, the analysis of our Agro division covers our business activities across five (5) palm oil estates in Johor (Kluang), Sarawak (Mukah) and Sabah (Malua), totalling 8,806 hectares.

During the period in review, our Agro division underwent a significant evolution with the disposal of our estates in Kluang, Johor, for RM158.0 million which has contributed to a divisional PAT of RM142.7 million. This was in addition to the disposal of KUB Malua Plantation Sdn. Bhd., which owns our estate in Malua, Sabah for RM10.5 million by the Company. Furthermore, I am pleased to disclose that in spite of ongoing operational challenges, the Agro division closed FP2021 with a notably high revenue of RM82.8 million. This was driven largely by a strong uptick in crude palm oil ('CPO') prices.

The disposal of the estates as mentioned above was driven by their relative underperformance, lack of economies of scale due to size and location and future capital expenditure avoidance considerations. Specifically, the Kluang estates contained a majority of old palms which would have necessitated replanting in the near future, while the Malua estate had sustained significant losses in the preceding two (2) years which had accelerated additional borrowing to cover operational requirements. As a consequence, the disposal of the estates has reduced our overall debt level and interest expenses, freeing up cash for investment in other growth areas.

THE GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

Our divestment has also enabled us to channel capital expenditure towards the upgrading of facilities and infrastructure at our other estates. At our estates in Mukah, Sarawak, RM5.2 million was spent on the upgrading, repair and resurfacing of 59km of estate main and field roads, thereby enhancing our ability to evacuate and deliver fresh fruit bunches ('FFB') to our customers.

Looking ahead, we have earmarked RM6.3 million for further enhancements to the Mukah estate namely the Sungai Buloh and Sungai Nape estates, both of which have been hampered by a lack of reliable estate infrastructure. To this end, RM3.0 million will be spent on road access, land and buildings improvements across these two (2) estates, with the expenditure covering the installation of new infrastructure such as fertiliser stores, genset houses and workshops, improvements to water treatment plant, and the upgrading of workers' quarters to enhance living conditions. At the same time we are pressing ahead with phased replanting exercises to ensure reliable production volumes in the years to come, commencing with our Sungai Buloh estate, estimated at approximately RM3.3 million.

We are excited about the possibilities that our new, streamlined approach to the division will bring, and optimistic that our infrastructural and operational investments will result in higher margins and a larger contribution to the Group's earnings in years to come.

We have also taken over the management of both estates, transitioning from the outsourcing arrangement which was previously in place. From 1 August 2021, we assumed full control over the operations and are planning to introduce a holistic estate management and investment strategy encompassing infrastructural improvements, cutting-edge planting and nutrition management processes, and precision agriculture technologies, led by a new management team and centrally optimised through a data-driven performance management system.

ICT Division

Our subsidiary KUB Telekomunikasi Sdn Bhd ('KUB Telekomunikasi') are an established market player in the Malaysian ICT industry, with expertise spanning infrastructure solutions, maintenance support and services, ancillary services and supply of ICT equipment to leading public and private sector companies. KUB Telekomunikasi is also a Network Facility Provider ('NFP') license holder from the Malaysian Communications and Multimedia Commission ('MCMC').

In FP2021, KUB Telekomunikasi commenced of slew of new projects, thereby delivering revenue of RM38.3 million during the period in review. However, due to the impact of MCO restrictions on interdistrict movement and commerce, the fulfilment of various ongoing projects was delayed, leading to a loss after tax ('LAT') of RM2.0 million.

Looking at the period in totality, FP2021 was undeniably challenging with a confluence of factors hampering both the initiation of new projects and the fulifilment of existing contracts. This included sluggish demand from Telekom Malaysia Berhad ('TM'), who are our biggest customer in the division, slow progress on the ongoing MYTV Broadcasting Sdn Bhd ('MYTV') maintenance project, as well as the delay in rolling-out our build and lease towers in Terengganu. Coupled with MCO restrictions and the resultant reduction in customer demand, this formed an inoptimal operating environment for the division.

Nevertheless, we commenced three (3) new projects within the division in FP2021. Firstly and as mentioned, we won a three (3) year contract to manage second level operation, maintenance, servicing and repair of digital TV transmission infrastructure from MYTV. Secondly, we were appointed as TM's Certified Network Contractor for fiberization infrastructure installations in the Central region. We also commenced the work of supplying, delivering and installing tower structures for the MCMC, which will be completed by September 2021.

Looking at our long-term growth prospects, the joint venture agreement entered into by KUB Ekuiti Sdn Bhd ('KUBE') and South Korean digital technology powerhouse HFR, Inc. ('HFR') in August 2020 will enable us to penetrate new segments within the telecommunications industry. As engineering services and infrastructure partner to HFR, we will in the future be able to participate in projects related to the installation of cutting-edge communications technology such as 5G, opening up potentially lucrative avenues for income generation as well as higher margin opportunities.

With the rise of Industry 4.0 and the shift to next generation digital networks such as fiber, infrastructure, 5G and more, we are confident that these nascent growth opportunities will be just the tip of the iceberg. By continually building our capabilities through human capital improvement initiatives and strategic partnerships, and aligning ourselves with government initiatives such as the national digital infrastructure plan, Jalinan Digital Negara ('JENDELA'), and building our expertise in internet of things ('IoT') applications driven by future 5G networks, we can secure our place as a contributor to the development of Malaysia's exciting digital future.

Other Division

Aside from our main business divisions, the Group also provides civil engineering works in the power sector and operates a property management business that oversees several of our owned properties. The Group's corporate expenses and share of profits from the associate company are also deemed as part of this sector.

In FP2021, these business interests delivered revenue of RM12.0 million and registered a PAT of RM6.9 million, driven by gains on disposal of an associate company totalling RM30.5 million and the disposal of land in Langkawi for RM8.2 million. Profit was lowered, however, by a loss on the disposal of a subsidiary, KUB Malua Plantation Sdn Bhd amounting to RM18.8 million and impairment losses on receivables of RM5.9 million mainly recorded by the power business.

THE GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

PROSPECTS

As the COVID-19 pandemic depressed economic activity around the world, Malaysia has been no exception, suffering a GDP decline of 5.6% in 2020. While negative effects of the pandemic are likely to linger at least into early 2022, and volatile global crude oil prices persist, green shoots of recovery can be seen in the form of increased domestic demand and exports in Q2 of 2021, bolstered by the gradual reopening of the economy and a stabler political situation.

The continuing effects of the pandemic are likely to affect our LPG business in particular, with diminished demand amongst commercial market customers in our core Southern region market likely to persist until the opening of the Malaysia-Singapore border.

However, our ongoing efforts to modernise the Solar Gas brand, acquire and retain a bigger network of dealers, introduce localised marketing strategies and drive cost and operational efficiency provide optimism that the division will rebound strongly. At the same time, the burgeoning regional market for LPG across South Asia and South East Asia offers interesting growth opportunities which we are exploring and hope to make an announcement in the near future.

As our core business which contributes the largest share of revenue to the Group, we are confident that the results of our LPG division initiatives will justify the decision to streamline our capital expenditure plans made since FY2019.

Looking at our Agro division, we can expect reduced revenue and profit in the coming years as a consequence of the disposal of our estates in Kluang, Johor, and Malua, Sabah. However, we are optimistic about the potential for increased operational efficiency and productivity as a result of our revamped management approach adopted at our Mukah estates, where cutting-edge planting, nutrition management and precision agriculture technologies will be optimised.

Within the ICT division, we will continue to seek sizeable contracts wherever the opportunity arises to enhance our order book while leveraging on our partnership with HFR, Inc. to access new and more lucrative infrastructure development opportunities aligned with next generation technologies such as 5G. With the JENDELA spearheading its drive to make Malaysia a regional leader in digital economy, we believe that the division is well placed to capitalise on future prospects.

Recognising the continued threat that the uncertainty of the pandemic presents, we will prioritise pre-emptive balance sheet and effective cash flow management over the coming quarters in order to maintain the sustainability of our businesses. With a single-minded focus reflecting our ongoing drive towards operational efficiency, all investment decisions, capital and operating expenditure plans will be rigorously and regularly reviewed, and we will take steps to re-optimise our capital structure wherever necessary.

With all hands on deck, we will emerge from this turbulent period stronger and more resilient, with renewed energy towards capitalising on the many growth opportunities that the new normal will present.

DIVIDENDS

In appreciation of our shareholders' undivided support, we are pleased to announce that the Board of Directors has recommended a first and final single tier dividend of 1.5 sen per ordinary shares, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. This will amount to a total payout of RM8.3 million, reflecting a payout ratio of 44% of the core profit (excluding exceptional items) of the Group.

APPRECIATION

For their continued faith during these unprecedented times, I would like to express again my sincere gratitude on behalf of the Group to our valued shareholders, and extend a similarly heartfelt note of appreciation to our business partners, advisers and clients for the support and spirit of camaraderie that they provide.

I would also like to take this opportunity to offer my appreciation to the Board of Directors for their insights and expert stewardship. In particular, let me extend my personal thanks to our outgoing members of the Board, Dato' Ab Rahim bin Abu Bakar and Tengku Zahaimi bin Tuan Hashim, and heartily welcome our new Directors, Mr. Kasinathan a/l Tulasi and Mr. Tee Beng Thong.

Finally, allow me to extend a personal thanks to our management team and employees for providing the commitment, effort and contributions which form the lifeblood of our Group.

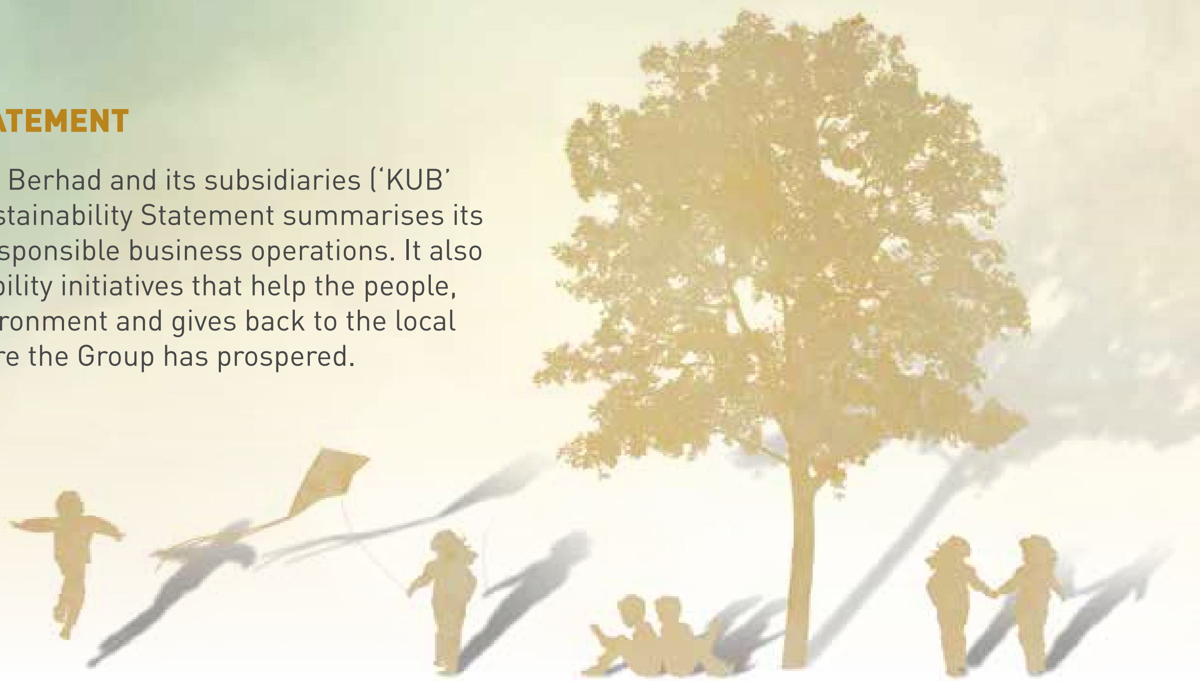
Ahmed Fairuz bin Abdul Aziz
Group Managing Director

SUSTAINABILITY STATEMENT

Think Sustainably,
Act Responsibly

ABOUT THIS STATEMENT

The KUB Malaysia Berhad and its subsidiaries ('KUB' or 'the Group') Sustainability Statement summarises its commitment to responsible business operations. It also contains sustainability initiatives that help the people, customers or environment and gives back to the local communities where the Group has prospered.



SCOPE OF STATEMENT

REPORTING PERIOD

Financial Period Ended 2021 which is from 1 January 2020 to 30 June 2021 unless specified.

REPORTING CYCLE

Annually

COVERAGE

KUB's main business operations which include

- LPG;
- Agro;
- ICT; and
- Investment holding

Practices and processes adopted by associated companies in which the Group does not have control over the respective operations are excluded.

REPORTING REFERENCES AND GUIDELINES

- Global Reporting Initiative ('GRI') Standards (Core Option);
- Main Market Listing Requirements ('Listing Requirements'); and
- Bursa Malaysia Sustainability Reporting Guidelines.

FEEDBACK

For further enquiries, please contact:

KUB Malaysia Berhad
(196501000205 (6022-D))

Suite A-22-1, Level 22
Hampshire Place Office, 157 Hampshire
No. 1 Jalan Mayang Sari
50450 Kuala Lumpur
Tel: 603 – 2721 9600 Fax: 603 – 2721 9610

SUSTAINABILITY GOVERNANCE

KUB's Board of Directors has the overall responsibility for sustainability and considers economic, environmental, social and governance ('EESG') matters in the development of the Group's strategy. EESG matters that are material to value creation are integrated into the Group's balanced scorecard, which is used to set objectives, drive behaviour, measure performance and determine remuneration.

Board Risk Management Committee

- Deliberating and recommending all key sustainability-related matters
- Reviewing significant EESG risks and approving mitigation plans
- Providing support, direction and advice to implement sustainability-related strategies
- Reviewing the adequacy of the internal sustainability scope, sustainability programmes, functions and resources

Sustainability Committee

- Implement mitigation plans of sustainability-related strategies
- Identifying EESG risks and opportunities
- Monitoring and mitigating EESG risks

Figure 1 - Structure and Responsibilities of Governance Committees

The Group integrates sustainability practices into its business model and throughout all its processes and procedures. Sustainability practices are aligned with its philosophy of 'Think Sustainably, Act Responsibly'.

The Group has established a formal Sustainability Policy and Framework as a tool for advocacy. This policy and framework affirm sound action plans.

STAKEHOLDER INTERACTION

Mutual respect, transparent behaviour and open dialogue are the best foundations for effective relationships with various stakeholders. A robust engagement model helps the Group to connect with both internal and external stakeholders. This approach helps the Group to develop effective partnerships and increase involvement in local communities.

Stakeholder Group	Areas of Interest	Methods of Engagement	Frequency of Engagement
Customers	• Business outlook • Market positioning • Quality goods and/or services	Consumer surveys	Biannually
		Sales/technical visits	As and when required
		Corporate website/social media platforms	As and when required
		Periodical Productivity Report	Monthly
Employees	• Career opportunities • Work-life balance • Skills development • Benefits and rewards • Equity	Employee Performance and KPIs	Biannually
		Awareness on good ethics, whistleblowing policy & audit reports	As and when required
		Periodical medical check-up review	As and when required
		Induction, training and competency development	As and when required
		Work planning and recruitment	Annually
		Occupational Safety and Health Committee meeting	Quarterly
		Safety briefings to employees and workers	As and when required
		Safety training and competency	As and when required
		Regular business communication	As and when required
		Periodical inspections	As and when required
		Good labour practice and awareness	As and when required

SUSTAINABILITY STATEMENT

Stakeholder Group	Areas of Interest	Methods of Engagement	Frequency of Engagement
Suppliers	• Local partnerships • Business relationships • Operational efficiency	Periodical Productivity Report	Monthly
		Supplier acceptance to participate in procurement process	As and when required
		Safety briefing	As and when required
		Vendor performance appraisal process	Biannually (ICT) Annually
		Due diligence activity	As and when required
		Periodic inspections of compliance to legal requirements	As and when required
		Relevant laws, regulations, guidelines or standards	As and when required
		Complaints or feedback from respective stakeholders	As and when required
Government and Regulators	• Compliance • Nation-building agenda • Partnerships and collaborations	Audit reports	As and when required
		Issuance of Permit to Work for Foreign Workers	As and when required
		Annual fire drills	Annually
		CIDB and NIOSH briefings	As and when required
		Annual General Meeting ('AGM')	Annually
		Quarterly updates on financial results	Quarterly
Shareholders, Investors and Business Partners	• Company performance • Investment opportunities • Long-term sustainability • Business outlook • Market positioning • Return on Investment • Dividends • Governance on EESG risks and/or opportunities	Evaluation of Group's performance scorecard	Monthly
		Feedback from shareholders	As and when required
		Director Circular Resolutions	As and when required
		Audit reports	Annually
		Bursa Malaysia Announcements and Share Price Movement Updates on the Investor Relations section of corporate website	As and when required
		Meetings with management and the Board	As and when required
		Feedback from respective shareholders	As and when required
		AGM	Annually
		Extraordinary General Meeting	As and when required
		Press releases and statements to the media	As and when required
Communities and Interest Groups such as Non-Governmental Organisations and the Media	• Company performance • Community programmes • Charitable donations and/or sponsorships	Press conferences and media interviews	As and when required
		Social contributions and community outreach programmes	As and when required

MANAGING MATERIALITY

A materiality study objectively prioritises sustainability issues from the double perspective of companies and stakeholders. Both parties contribute to identifying the present and emerging social and environmental risks and opportunities.

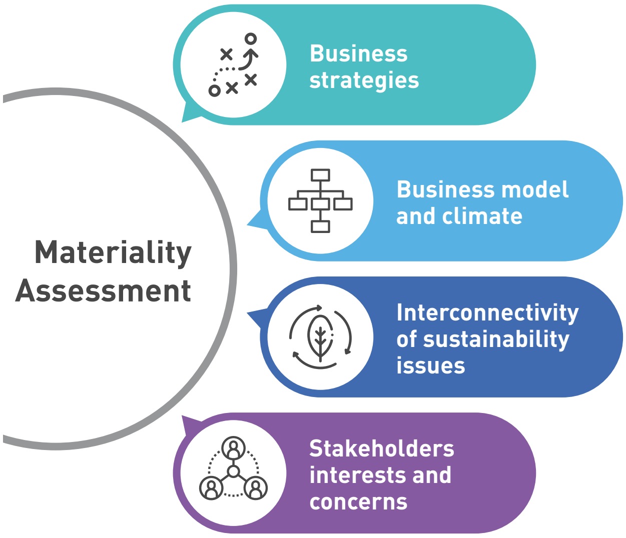


Figure 2 - Factors Affecting Materiality

The Group conducted a detailed materiality study in 2019. Stakeholder interest was considered along with significant economic, environmental, social and governance impacts of the business. The result of the materiality exercise was reviewed in 2020 and the list of sustainability issues was further rationalised and refined.

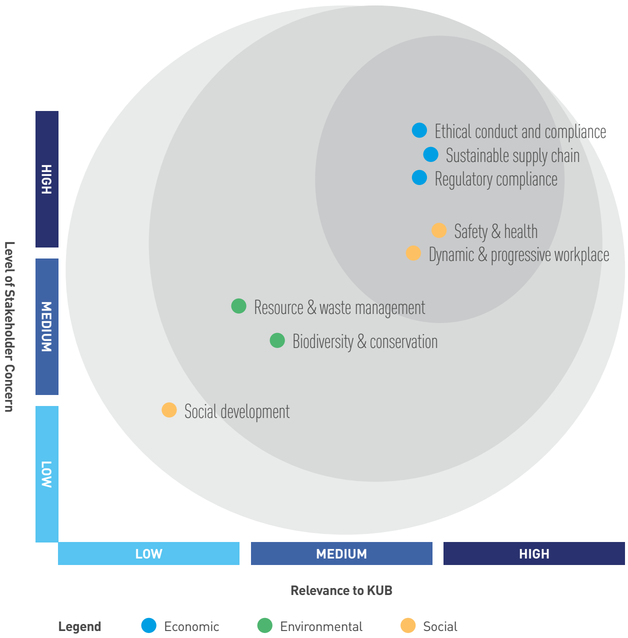


Figure 3 - KUB Group Sustainability Matrix

ECONOMIC

With a diversified business portfolio, the Group continues to contribute to economic growth and nation-building. Economic sustainability is vital for business operations. The Group delivers sustainability for all stakeholders by focusing on returns to shareholders through its growth and expansion strategy.

Sustainable Supply Chain

The Group practises transparent procurement across its entire process. Vendor selection evaluation criteria include quality, experience, financial stability, quality systems and key personnel. Their adherence to social, ethical and environmental principles is also a factor in the selection process.

All supply chain activities comply with relevant local laws and regulations and operate within the legal framework. The Group at its best ensures that its supply chain partners comply with the Group's Vendor Code of Business Ethics Policy, which covers areas such as labour practices and business integrity. The Group prioritises the procurement of goods and services from local suppliers who meet its stipulated standards. This reflects the Group's current tabulation where 99% of suppliers are local as below:

	LPG	AGRO	ICT	KUB*
Total Vendors	268	19	121	125
No. of Local Vendors	265	19	119	123
Percentage of Local Vendors	99%	100%	98%	98%

* *represents KUB Malaysia Berhad*

Ethical Conduct

The Group's commitment to integrity and transparency is clearly stated in its policies and procedures including Anti-Bribery and Corruption Policy, Vendor Code of Business Ethics Policy, Whistleblowing Policy and Employee Handbook. All forms of corruption are firmly opposed and the Group adheres to the highest ethical standards when doing business.

The Board of Directors oversees the Group's compliance with the above and has established an Integrity Committee, guided by its Terms of Reference. These policies apply to all internal and external parties such as vendors, contractors and consultants. Every individual is responsible for preventing and reporting instances of bribery, suspicious activity or wrongdoing, which may lead to bribery, using the whistleblowing channels.

To ensure clearer understanding, KUB hosted training sessions on ethics attended by the Directors and the management personnel within the Group. The honourable speakers were invited from the Malaysian Institute of Corporate Governance ('MICG') and Zul Rafique & Partners, a law firm based in Kuala Lumpur.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

The Group pursues its environmental sustainability with the continuous monitoring on performance against key indicators such as energy, fuel and water consumption and implements corresponding resource and conservation initiatives.

Resource Management

The Group continues with the energy efficiency retrofits to ensure minimal energy consumption including replacing conventional lighting with LED alternatives within the LPG bottling plant and KUB offices. In the LPG bottling plant, the water supply is on the timer water pump to conserve water and the forklift utilises LPG instead of diesel for cleaner and greener burning.

Waste Management

The Group complies with the regulatory scheduled waste disposal requirements.

For the LPG Division, wastes disposed are scheduled wastes mainly comprised of contaminated waste (SW409), empty containers (SW410) and paint waste (SW417). All scheduled wastes are removed from sites within 180 days and disposed by a licensed contractor. For the ICT Division, the E-wastes are managed by the E-waste recyclers registered under the Department of Environment.

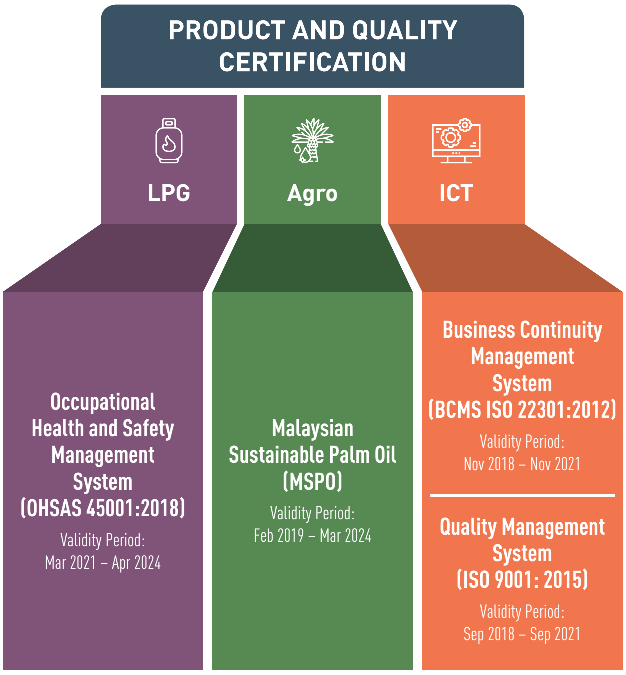
The data of scheduled disposals activities were then updated in the Electronic Scheduled Waste Information System adhering to the Environmental Quality Act 1974.

Biodiversity and Conservation

In the Agro Division, pests damage crops through feeding, burrowing or lead to microorganisms-related disease. Although insecticides and rat poison are utilised, Agro Division uses class 3 and class 4 chemicals that have no effect on the environment. Agro Division also plants flowers to allow ecological sustainability and conservation of biodiversity with the nature control agents killing the bagworms, caterpillar natte and plant worms.

Compliance and Accreditation

Up to 30 June 2021, the Group maintained its certification and continues to adhere to relevant laws and regulations. The certifications include:



SOCIAL

The Group is committed to improve its management of human resource. The Group identified and assessed individual employee strengths to create a clear career development channel for talent optimisation and retention.

Dynamic and Progressive Workplace

<u>Employee Welfare and Benefits</u>

The management reviewed employees' remuneration packages and makes adjustments according to prevailing market trends and employee performance during the period. KUB supplements the salary contributions with various allowances, social insurance and provident fund contributions.

<u>Employee Relations</u>

Employee engagement has becoming more important with the COVID-19 pandemic. More than 80% of the workforce has been provided with laptops to accommodate the work from home environment. The Group adopts variety of platforms to facilitate communication including engagement through WhatsApp Group, online meetings, virtual town hall and virtual AGM for Kelab KUB through applications such as Zoom, Google Meet etc. Employees and management nurture healthy two-way communication to develop a harmonious working environment, despite the challenges this 'new norm' brings.

Training and Development

The Group identified important aspects of managing its talent pool through organisational talent review, performance management and training. The Group is dedicated to strengthening employees' knowledge and skills sets. During the financial period, training on various areas were attended by the employees. The average training hours per employee for the financial period ended 30 June 2021 was 3.5 hours.

TRAINING AREAS

- NIOSH TM Safety Passport
- Enterprise Risk Management (ERM)
- Introduction to Labour and Mechanisation In Plantation ('LAMP')
- Business Continuity Fundamentals ('BCM')
- ISO37001: Anti Bribery Management Systems
- ISO9001:2015 Internal Auditing, ISO22301:2019 and MSPO Audit & Certification

Figure 4 - Training Attended by Employees

Health and Safety

The Group follows the Occupational Safety and Health Administration ('OSHA') Standard as a guide and cultivated a proactive safety culture which applies to all employees, partners, suppliers and visitors. The Incident Statistic as per below:

Description	2018	2019	2021*
Fatalities Case	0	0	0
Lost Workday Case	0	0	1
Restricted Workday Case	0	0	0
First Aid Case	0	0	2
Near Miss Case	0	0	1
Dangerous Occurrence Case	0	0	1
Fire Case	0	0	0
Property Damage Case	0	0	1
Vehicle Accident Case	0	0	0
No of Days Lost	0	0	0

* *For 2021, the period covered from 1 January 2020 to 30 June 2021.*

COVID-19 Control Measures

The COVID-19 pandemic has brought to the forefront employees' health and safety. The Group practises strict Standard Operating Procedures ('SOP') and arranges a scheduled workplace disinfection and sanitisation programme to protect health and safety across all operational workflows. The implementation and adoption of the SOP helps the employees and other stakeholders to keep being healthy and productive.

- Daily screening of workers' health such as temperature and symptoms check
- Disinfection and sanitisation
- Social distancing and employee best practices guidelines
- Provision of face masks and sanitisers to all employees and visitors
- Systematic report on attendance, travel history and health status
- Issuance of memos encouraging employees to be vaccinated
- Granting two (2) additional days of paid leave for COVID-19 vaccination

Social Development

The Group strives to manage the expectations of its various stakeholders, and in doing so, works towards elevating trust to foster stronger working relationships. The Group takes pride in serving communities through its business and corporate philanthropy. During the period, contributions were extended to employees and local communities who were facing financial hardship for various reasons.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the 'Board') of KUB Malaysia Berhad ('KUB' or 'the Company') presents this Corporate Governance Overview Statement ('the Statement') to provide the shareholders and stakeholders an overview of the corporate governance practices of KUB and its subsidiaries ('KUB Group') throughout the eighteen (18) months financial period i.e. 1 January 2020 to 30 June 2021.

The Board is committed to exercise good corporate governance practices to ensure application of the key principles set out in Bursa Malaysia Securities Berhad ('Bursa Malaysia') Main Market Listing Requirements ('MMLR'), the Malaysian Code on Corporate Governance 2017 ('the Code') and other statutory requirements.

This Statement is prepared in compliance with the MMLR of Bursa Malaysia and is to be read together with the Corporate Governance Report ('CG Report') which can be downloaded from KUB's website at www.kub.com or from Bursa Malaysia's website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Duties and Responsibilities

The Board is responsible to ensure that shareholders' value and stakeholders' interests are enhanced and protected. The Board continuously reviews and adopts various guidelines and processes to enhance corporate governance practices within KUB Group, including the Board Charter, Terms of Reference of its Committees and Management Guidelines.

The Board oversees the business affairs of the Group which duties include adopting strategic plans, approving key business initiatives and major investments, reviewing financial and management performance, developing corporate objectives and implementing investor relations programmes.

The Board comprises the Chairman (who is a Non-Independent Non-Executive Director), Group Managing Director, six (6) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

Chairman

Datuk Seri Johari bin Abdul Ghani, a Non-Independent Non-Executive Director appointed on 4 March 2019, was re-designated as the Chairman on 1 April 2019.

The Chairman manages the effectiveness of the relationship amongst the Directors and between the Directors and the Management by encouraging participation and allowing dissenting views to be heard.

The Board decisions are reached by majority votes at Board meetings or through circular resolutions signed by Directors who are not precluded or prohibited from voting by the Companies Act, 2016, MMLR and Constitution of KUB ('Constitution'). The decisions passed by way of circular resolutions are tabled to the Board on a quarterly basis for notation.

On 28 May 2021, the Board decided to merge the Board Nomination Committee and Board Remuneration Committee into a single Board Committee known as Board Nomination and Remuneration Committee ('the Committee'). Following this, the Chairman of the Board no longer become the Chairman/Member of the Committee.

Group Managing Director

The positions of the Chairman and Group Managing Director of KUB are held by different individuals. The latter is responsible to implement the policies and strategies approved by the Board. Effective 1 October 2020, the Group Chief Executive Officer of the Company has been appointed as Group Managing Director.

Company Secretaries

The Company Secretaries, who are persons qualified pursuant to Section 235(2) of the Companies Act, 2016, are accountable to the Board. They are responsible to ensure compliance with all governance matters, meeting procedures, applicable laws and regulations. They also act as the custodian of the records of the Board and Board Committee meetings.

Support for Directors

The notice for each of the meeting is accompanied by the minutes of the preceding Board meeting, together with the relevant information and supporting documents. The Directors have access to the advice and services of the Company Secretaries and independent professionals. Management and consultants may be invited to attend Board meetings in order to provide information and professional advice.

All deliberations and decisions at Board meetings are recorded (including any dissenting view and abstention). Decisions, policies and follow-up actions approved at Board meetings are communicated to the Management. The Company Secretaries circulate the minutes of meetings to the Board and the Management for review and comment in a timely manner. The finalised minutes are tabled at the next Board meeting for confirmation.

The calendar of meetings for the Board and Board Committees is distributed before the beginning of the new calendar year. Early distribution enables the Directors to properly plan for the meetings. The Company Secretaries issue notices for all scheduled meetings after consulting the Chairman and/or Group Managing Director. Unscheduled meetings may be convened when specific decisions are required.

In view of the current COVID-19 pandemic, the Company has taken the initiative to conduct its meetings virtually to support the initiative of the Government to control the outbreak.

Demarcation of Responsibilities between the Board, Board Committees and Management

The Board, assisted by its Committees, is responsible for corporate governance and strategic direction. The demarcation of responsibilities between the Board, Board Committees and Management is provided in the Board Charter ('the Charter').

The Charter ensures that all Board members understand the relevant duties, regulations, principles and practices of good corporate governance. It is reviewed periodically in order to remain relevant, effective and complies with the Code and MMLR. The Charter is available at www.kub.com.

Code of Conduct and Ethics

The Company has separate codes of conduct for the Directors and employees. The Directors' Handbook and Code of Conduct ('Handbook') incorporates the relevant provisions of the Companies Act, 2016, the MMLR and the Code. It governs the terms, conditions and benefits for the services rendered by the Directors.

Anti-Bribery and Corruption Policy, Vendor Code of Business Ethics and Whistleblowing Policy

Following the recent enforcement of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2019, the Company has revised and introduced the new Anti-Bribery and Corruption Policy, Vendor Code of Business Ethics Policy and Whistleblowing Policy (collectively known as 'the Policies') and has established an Integrity Committee, guided by its Terms of Reference.

The Group's Whistleblowing Policy provides a transparent mechanism and avenue for all stakeholders to raise or report genuine concerns on any misconduct within KUB Group and protects these employees against reprisals. It is an avenue for independent investigations.

These Policies are available on the Company's website.

Independent Directors

Independent Directors make up sixty-seven per cent (67%) of the Board membership in compliance with Paragraph 15.02(1) of the MMLR and Practice 4.1 of the Code.

Tenure of Independent Directors

The Board acknowledges Practice 4.2 and Step Up 4.3 of the Code that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. The Independent Director to relinquish Directorship once the nine (9) years limit is reached.

Diversity

The Company sees diversity as an essential component of effective decision-making. In any appointment, a number of aspects such as gender, age, education, experience, skills and knowledge are taken into consideration to form a diversified Board and Senior Management. The Board encourages women to take up board positions and has established the Board Diversity Policy with the objective of achieving at least ten per cent (10%) women representation. This policy is published on the Company's website.

Board Nomination and Remuneration Committee ('BNRC')

Effective from 28 May 2021, the Board Nomination Committee and the Board Remuneration Committee have been merged into a single Board Committee known as Board Nomination and Remuneration Committee ('BNRC').

The BNRC comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors, in accordance with the MMLR and chaired by Encik Megat Joha bin Megat Abdul Rahman, a Non-Independent Non-Executive Director who represents a substantial shareholder, to ensure that the Board members and Senior Management personnel are properly selected, appointed and remunerated. No individual or group dominates the decision-making process and independent views are taken into consideration in each discussion.

Recruitment Process

The BNRC recommends the appointment of new Directors, reviews succession plans, determines the training needs and identifies relevant training programmes for Directors in collaboration with the Company Secretaries. The appointment policies and procedures are included in the Charter and the Directors' Handbook.

The BNRC identifies suitable candidates from various sources with appropriate skills and experience. The Board will make the final decision on any proposed appointment after taking into consideration the recommendation from the BNRC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Terms of Reference of the BNRC

The roles and responsibilities of BNRC are incorporated in its Terms of References, which are available on the Company's website.

Remuneration Policies

The BNRC reviews the Compensation Policy ('Policy'), aligns the Policy to corporate performance and ensures that compensation offered is competitive. The Policy provides the employees with the standards and processes for the development, implementation, management and governance of compensation practices.

The Board ensures that KUB Group's remuneration remains competitive to attract and retain employees with the necessary skills and experience. The remuneration of Non-Executive Directors should be adequate to attract, retain and motivate individuals with the necessary attributes. Various factors such as the Group's requirement and the candidates' expertise and experience are taken into consideration in determining their remuneration packages.

Remuneration of Directors

The remuneration of the Directors for the financial period under review is as follows:

	Remuneration				
	Company				
Executive Director	Salary (RM)	EPF (RM)	Allowance (RM)	Benefits in Kind (RM)	Total (RM)
Ahmed Fairuz bin Abdul Aziz^	540,000	76,200	31,500	16,842	664,542

	Remuneration				
	Company/Group				
Non-Executive Directors	Fees (RM)	Allowance (RM)	Ex-gratia (RM)	Benefits in Kind (RM)	Total (RM)
Datuk Seri Johari bin Abdul Ghani	120,000	14,000	-	7,961	141,961
Dato' Ahmad Ibnihajar	90,000	10,500	-	24,420	124,920
Mohammad Farish Nizar bin Othman	90,000	26,500	-	2,867	119,367
Datuk Haji Mohd Haniff bin Haji Koslan	90,000	17,500	-	30,253	137,753
Datuk Norliza binti Abdul Rahim	90,000	18,500	-	6,711	115,211
Megat Joha bin Megat Abdul Rahman	90,000	19,500**	-	6,144	115,644
Kasinathan a/l Tulasi^	45,000	8,500	-	6,694	60,194
Tee Beng Thong^	45,000	7,500	-	9,164	61,664
Dato' Ab Rahim bin Abu Bakar*	45,000	8,500	100,000	17,723	171,223
Tengku Zahaimi bin Tuan Hashim*	45,000	5,500	-	4,531	55,031
TOTAL	750,000	136,500	100,000	116,468	1,102,968

Note:
^ Appointed w.e.f. 1 October 2020
* Retired w.e.f. 24 September 2020
** Include allowance for a subsidiary of RM1,000

Remuneration of Senior Management

The remuneration framework outlines the total compensation packages comprising fixed remuneration and variable remuneration payable to employees. Fixed remuneration refers to basic salary and other fixed income commensurate with the role and position of an individual employee, taking into consideration professional experience, qualifications, responsibilities, job complexity and local market condition.

Variable remuneration refers to discretionary bonus and other benefits, which is cash-based and excludes shares and non-cash instruments. The total amount for the variable remuneration is determined by a financial matrix that includes factors such as KUB Group's overall performance, achievement of selected financial ratios, market trends and economic outlook.

The total value of cash-based remuneration for the top five (5) Senior Management of KUB Group for financial period ended 30 June 2021 is shown below:

	Group (RM'000)
Short Term Employee Benefits: • Salary, allowances and bonuses • Other Benefits	 3,032 168
Post-Employment Benefits: • Defined contribution plan - EPF • Social security contributions	 342 5
TOTAL	3,547

Note: Exclude the remuneration of Group Managing Director declared under the Directors' Remuneration.

Board Assessment

The Annual Board Evaluation covering the Board and Board Committees Effectiveness and Directors' Self and Peer Assessment is undertaken to assess performance and identify areas for improvement.

Directors' Training

The Board acknowledges the importance of continuing education for Directors in order to equip them with the necessary skills and knowledge. During the financial period under review, Directors attended a few training programmes as set out in the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Board Audit Committee ('BAC')

The BAC comprises two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director who possess financial expertise and commercial acumen to discharge their responsibilities. The Chairman of the BAC is not the Chairman of the Board to ensure objectivity in its findings and recommendations. Details of the composition and activities of the BAC are set out in the BAC Report.

Terms of Reference of the BAC

The BAC is governed by its Terms of Reference, which is available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

External Auditors Assessment

The BAC has a transparent relationship with the External Auditors and meets them without the presence of the Management at least twice a year.

The BAC undertakes an annual assessment of the performance, suitability, objectivity, professionalism and independence of the External Auditors in order to recommend their re-appointment. The assessment considers the openness in communication with the lead audit engagement partner and engagement team. The performance and independence checklist for the External Auditors is provided in the Charter.

Continuous Professional Development

The BAC acknowledges the need for continuing education and training. Particulars of the training programmes attended by Directors are included in the CG Report.

Risk Management and Internal Control Framework

The Board Risk Management Committee ('BRMC') oversees the risk management activities of KUB Group. All three (3) members of the BRMC are an Independent Non-Executive Director. The BRMC periodically reviews the Enterprise Risk Management Framework ('Framework') and processes based on the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers to ensure their continued relevance. The establishment of the Framework are guided by the principles and processes outlined in MS ISO 31000: Risk Management - Principles and Guidelines.

Internal Audit Function

Internal audit is independent from the Management and the activities under its review. KUB Group Risk and Audit Division assists the BAC in discharging its duties and responsibilities. The Terms of Reference of the internal audit function is spelt out in the Internal Audit Charter. The principal role of internal audit is to undertake independent, regular and systematic reviews of the internal control systems in order to provide a reasonable assurance on the adequacy, integrity and effectiveness of the system of internal control, risk management and governance processes.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Engagement with Shareholders and Stakeholders

The Board recognises the importance of transparency and accountability to its shareholders and stakeholders. The shareholders and stakeholders are informed on the performance and major corporate activities through timely dissemination of quarterly financial results, circulars, annual reports, corporate announcements and press releases. The Management also meets the institutional shareholders, analysts and media to clarify information on KUB Group's performance and strategic direction.

The Annual Report provides the shareholders and stakeholders with a comprehensive overview of the financial and non-financial information. Components such as Management Discussion Analysis, Corporate Governance Overview Statement, Sustainability Statement and Statement of Risk Management and Internal Control form integral parts of the non-financial information.

Annual General Meeting ('AGM')

The General Meeting allows the shareholders to engage with the Board. The Board provides the shareholders with adequate time to discuss the resolutions to be tabled at the AGM. The Notice of the AGM is issued twenty-eight (28) days before the AGM as recommended by the Code, instead of twenty-one (21) days under the Companies Act, 2016 and MMLR.

The Notice outlines the resolutions to be tabled, accompanied by explanatory notes and background information, where applicable. Under the MMLR, all resolutions will be voted by poll in accordance to the procedures set out in the Constitution. A shareholder may vote through proxies, provided the proxy form is deposited at least forty-eight (48) hours before the AGM. The AGM have always been convened in the Klang Valley at locations accessible by public transport.

This Statement is made in accordance with the resolution of the Board of Directors dated on 23 September 2021.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C.

A. UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

There were no proceeds raised from any Corporate Proposal in the financial period ended 30 June 2021.

B. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the external auditors, Deloitte PLT for the services rendered to the Group and the Company for the financial period ended 30 June 2021 are as follows:

Particulars	Group RM	Company RM
Statutory Audit Services	380,000	153,000
Non-Audit Fees	259,400	58,600
Total	639,400	211,600

The Group's non-audit fees were mainly in relation to the provision of the taxation compliance and advisory services, transfer pricing documentations and review of Statement on Risk Management and Internal Control.

C. MATERIAL CONTRACTS

During the financial period, there were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving interests of Directors, Group Managing Director who is not a Director or major shareholders.

D. EMPLOYEE SHARE OPTION SCHEME ('ESOS')

At the Extraordinary General Meeting on 23 May 2017, the shareholders approved the Company to grant ESOS options to the Directors and the eligible employees subject to the By-Laws. Its implementation is for a period of five (5) years from 25 July 2017 to 24 July 2022. However, as at the financial period ended 30 June 2021, the Company has not granted any ESOS option.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ('Board') is pleased to provide the Statement on Risk Management and Internal Control ('the Statement') pursuant to the Main Market Listing Requirement ('MMLR') of Bursa Malaysia Securities Berhad ('Bursa Malaysia') with regards to the Group's risk management and internal control practices aligned with the Malaysian Code on Corporate Governance 2017 ('MCCG 2017').

The Statement outlines practices and processes adopted by the Board in reviewing the adequacy and integrity of Risk Management and Internal Control System of the Group ('the System'). The Statement, however exclude the System at associated companies where the Group does not have control over its respective operation.

RESPONSIBILITY AND ACCOUNTABILITY

Board of Directors

The Board is responsible to provide the assurance that the overall Group's risk management and internal control system functioned effectively and form part of the corporate culture that safeguards the stakeholders' interests and the Group's assets as prescribed by the MCCG 2017.

The Board discharges their stewardship role with the identification of risks, implementation of appropriate internal controls and review of the adequacy and integrity of the internal control system. The Board ensures the adoption of strategic plans for the Group, oversees the conduct of its business, reviews the financial performance, ensures the compliance of operation with the applicable laws and sound corporate governance through effective interaction with the Management, internal auditors and external auditors.

Board Risk Management Committee ('BRMC') and Board Audit Committee ('BAC')

The BRMC assists the Board by undertaking the responsibilities in supervising and monitoring the Group's principal risks. The BRMC recommends to the Board appropriate risk management policies, risk tolerance level and risk management processes, quarterly updates the Board on the status of significant risks, the progress and the effectiveness of agreed action plans and recommends additional risk management strategies and mitigation plans for the Board's approval to mitigate or minimise the impact of the identified risks.

The BAC on the other hand reviews the risk management and internal control issues highlighted by the internal and external auditors and evaluates the effectiveness and adequacy of the internal control system. The BAC has unrestricted access to both internal and external auditors and actively oversees the independence, scope of work and resources of the audit function. The BAC meets on a regular basis and has the right to convene meetings with the auditors without the presence of other Directors and the Management team.

The key matters discussed at the BRMC and BAC meetings are tabled to the Board. Risk and internal control related matters that warrant the attention of the Board are presented by the BRMC and BAC to the Board for deliberation and recommendation for approval and matters or decisions made within the BRMC and BAC's purview are updated to the Board for notation.

Management

The Management is responsible to implement the Board-approved risk related frameworks and policies that support the System. The Management acknowledges on the responsibility to ensure the System operates adequately and effectively in achieving its established business goals and objectives.

RISK MANAGEMENT

Risk management establishes effective and sound management practices, ensures informed decision-making process and increases the confidence level of the stakeholders on the performance of the Group. It has been in place up to the date of approval of the annual report and financial statements. It is periodically reviewed and guided by the Statement on Risk Management and Internal Control Guidelines for Directors of Listed issuers ('SRMICG')

Risk Management Framework

The System is guided by the established Enterprise Risk Management Framework ('the Framework') which adopted the principles and process outlined in the MS ISO 31000; Risk Management – Principles and Guidelines ('the Principle'). The Principle is broad but appropriately adopted for the Group's risk management and internal control practices respectively.

The Framework is developed to facilitate the Group in facing the changing and challenging business environment and shall be continuously improved to implement, monitor, review and improve the overall risk management activities. Other objectives of the Framework are:

(a) To provide guidance in managing risks to ensure that organisational capabilities and resources are employed in a most efficient and effective manner to manage both opportunities and threats;

(b) To encourage the risk culture and understanding among the employees on the implication of risk exposures, opportunities and threats and respond effectively with the available resources in the day-to-day strategic planning and operational activities; and

(c) To ensure that the Framework and process for risk management is integrated with all business and operational processes including governance, strategic and operational planning and decision making.

Risk Management Process

The System's risk management approach includes the on-going process of identifying, evaluating, assessing, treating, monitoring and reviewing the risks. The Risk Register ensures that the risks that need to be managed are communicated to the Management for implementation of risk mitigation actions.

Risk Factors and Mitigation Strategies

The Group identifies and classifies risks based on the level of significance of potential impact, level of likelihood of occurrence and how it may affect the Group's overall performances. The level of tolerance is expressed through the Risk Impact and Likelihood Matrix with guidance on risk treatment for action to be taken on respective risks. A set of quantitative and qualitative parameters is established aligned with the Group's risk tolerance to measure the impact at different dimensions.

Accordingly, primary risks are identified and continuously assessed with specific mitigation actions to be implemented and monitored to alleviate the magnitude of impact to the Group whilst secondary risks are continuously reviewed and monitored to ensure that the existing controls are effective and efficient without further escalation on the likelihood nor the impact.

KEY INTERNAL CONTROL ACTIVITIES

The Board is fully committed in ensuring effective internal control in the Group's business operations both strategically and operationally. The key controls include:

Board of Directors

The Board, as governed by its Board Charter incorporates risk management in all aspects of the Group affairs with the defined roles and responsibilities and appropriate tools to support the System. The Board sets appropriate policies to ensure the System is functioned effectively in managing risks that may impede the achievement of the Group's objectives.

Board Committees

The Board Committees including the BRMC, the BAC, the Board Nomination and Remuneration Committee and the Board Employee Share Option Scheme Committee assist the Board in overseeing and examining all matters within their respective scope of responsibilities and terms of reference. The Board Committees meet on regular basis where any recommendation and minutes of the meeting are tabled to the Board for approval. For more details on the composition of the Board Committees, please refer to the list of Board Committees of this Annual Report.

Organisational Structure

The Board establishes a defined organisational structure with clear demarcation of responsibility and accountability within the Group that is directly aligned to the business strategy and operational demands. Each operational unit is headed by an individual who is fully accountable to ensure that the business activities are implemented in full compliance to the Group's objectives and policies. The structure and its function are regularly reviewed to ascertain the effectiveness and if needed, to cater for the changes of business requirements.

Limit of Authority

The delegation of responsibilities of the Board and the Management as well as the delineation of respective authority limits are defined in the Board-Approved Authority Guides which include KUB Management Guidelines ('KUBMaG') and subsidiary specific management guidelines. These provide framework that clearly defines the authority levels for personnel to carry out their assigned responsibilities and creates awareness among the employees with regards to the basic internal control components.

Business Plan, Budget, Financial and Operational Review

The Group prepares a business plan and budget each year to establish targets against which performances are compared and monitored as well as to facilitate resource allocation by focusing on areas of concerns. The Board and Senior Management review the plan and the budget before its finalisation to ensure it reflect the corporate intent of the Group and strategically align the resource allocation.

Subsequently, the BAC together with the Management review the Group's performance by deliberating the Group's financial results on a quarterly basis and assess the function of the internal control system before it is tabled to the Board for approval or decision-making process.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Policies and Procedures

Policies and standard operating procedures ('SOP') are established to provide management and operating guidelines to the Group's operating units. These policies and procedures are documented and subject to regular review, update and enhancement to reflect the current requirement and maintain its relevance. Amongst the policies are:

Integrity Related Policies

The Board in February 2021 has refined the Anti-Bribery and Corruption Policy ('ABC policy'), Vendor Code of Business Ethics Policy and Whistleblowing Policy in line with the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020. These policies outline the Group's commitment to uphold all laws and regulatory requirements relating to anti-bribery and corruption. All Directors, employees and business associates are responsible to understand and comply with these policies. Violation to the policies is to be taken seriously that may subject to necessary actions by the Group including but not limited to review on employment, appointment or business arrangements that may lead to disciplinary actions, reprimand, suspension, dismissal, termination of business relationship, blacklisting and/or reporting to the authorities consistent with the applicable laws and regulations.

Procurement and Strategic Sourcing ('Procurement') Policy

Procurement Policy aims to support good and sustainable procurement practices on goods, works and services for the Group. It outlines that all procurement decisions within the Group are guided by defined principles i.e. to ensure the Group and the suppliers comply with all applicable laws and regulations throughout the procurement life cycle. The policy at all times encourages ethical vendor management via Vendor Code of Business Ethics Policy that includes ABC Policy and Conflict of Interest in the selection of vendor, tender and procurement process.

Information & Communication Technology ('ICT') Policy

ICT Policy supports to monitor, escalate and report cyber threats or information security. A Disaster Recovery Centre is maintained to support identified critical business applications during disruption. To ensure proper protection in responding to cybersecurity threats, adequate ICT security tools and procedures are in place to detect, respond and mitigate the threats.

Human Resource Policies and Procedures

A comprehensive set of Human Resource Policies and Procedures are established within KUB Group to ensure the Group complies with relevant legislation and applies the best human resource practices on workforce planning, recruitment, compensation and benefits, industrial relations, employee engagement, employee development, performance management and salary administration.

The Code of Ethics and Conduct ('the Code') is communicated to all employees to reinforce the Group's core value on integrity by providing guidance on moral and ethical behaviour that is expected from all employees. The Code is incorporated in the Employee Handbook and it covers six (6) broad categories of ethics in regards to the Group's operation and personal conduct namely:

a) Conflict of Interest;

b) Misuse of Position;

c) Misuse of Information;

d) Integrity and Accuracy of Record/ Transaction;

e) Fair and Equitable Treatment; and

f) Confidentiality

Project Management Policy, Procedures and Guidelines ('PMPP')

The scope of PMPP includes project sales (prospecting, tenders and post-tender), project initiation (project authorisation, initiation and dashboard), project planning, project execution (site administration, inspection and testing, control of monitoring and measuring equipment, maintenance and repair of plant machinery and equipment) and project post execution (final inspection, project handover and defects liability). PMPP is designed to cover revenue generating projects and contracts from external parties on the acceptance, delivery and management.

Staff Competency, Training and Development Programmes

The Group believes that an effective organisation requires employees at all levels to be competent, skilful and capable to contribute to the achievement of the Group's vision and mission. Training and development programmes are implemented to ensure that employees are equipped with the necessary competencies.

The implementation of the training and development programmes is to address the deficiency of the competency in bridging the gap between performance and opportunity, thus assisting the Group to develop talented employees to be potential leaders in the industry.

Insurance on Employee and Assets

In order to attract and retain talent, KUB Group believes it is important to offer a competitive reward package and to increase the compensation positioning against the market compensation to at least to seventieth percentile (70%). Group Hospitalisation and Surgical and Group Term Life Insurance are amongst the benefits covered by KUB Group. Both benefits and insurance include the coverage for the cost of inpatient and outpatient treatment, critical illnesses, rehabilitation, physiotherapy and death from all causes.

Besides insurance for its employees, KUB Group also purchases insurance for its physical assets. The coverage includes damage or loss of assets in the event of fire, theft of assets, liability coverage for the legal responsibility to others for accidents, bodily injury or property damage, and coverage for computers and servers.

Insurance coverage is reviewed on a yearly basis to ensure comprehensive coverage to mitigate business risks in view of the ever-changing business environment or assets.

Internal Audit

Internal audit function assesses the Group's system of internal control, risk management and governance process. The assurance that the internal control, risk management and governance processes within the Group are adequate and complied with relevant requirement is independently and regularly reported to BAC. The corrective actions for the findings raised in the internal audit reports will be taken by the Management based on agreed action plan. Details of Internal Audit activities are provided in the Board Audit Committee Report of this Annual Report.

Sustainability Reporting

The Group believes that the emerging trend of Economic, Environmental, Social and Governance ('EESG') risks and opportunities increasingly affecting business value, share prices and stakeholders' areas of concerns. By incorporating sustainability considerations into the business strategies and processes, it adds values in the long run as organisation looks beyond short-term profitability and consider medium to long term business viability. For more details, please refer to the Sustainability Statement of this Annual Report.

CONCLUSION

After a due and thorough inquiry on the information and assurance provided, the Board is satisfied with the process of identifying, evaluating and managing the significant risks that may affect the achievement of the Group's business objectives. Where exceptions were noted, there was no material control failure or weakness that had resulted in material loss that had not been disclosed in the Group's financial statements. For areas requiring attention, measures are taken to ensure the on-going adequacy and effectiveness of risk management and internal control. The Board and the Management will continuously improve and seek assurance on the efficiency and effectiveness of the internal control system through independent assessments by the internal and external auditors.

The Board has received assurance from the Group Managing Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

This Statement is made based on the recommendation of the BRMC to the Board of Directors which was approved on 25 August 2021.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the external auditors, Deloitte PLT have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide ('RPG') 5 (Revised), issued by the Malaysian Institute of Accountants. RPG5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement has not been prepared, in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Guidelines, nor is it factually inaccurate.

BOARD AUDIT COMMITTEE REPORT

The Board of Directors ('the Board') is pleased to present the Board Audit Committee ('BAC') Report for the financial period ended 30 June 2021.

COMPOSITION

The BAC consists of the following members:

Mohammad Farish Nizar bin Othman
Chairman, Independent Non-Executive Director

Megat Joha bin Megat Abdul Rahman
Non-Independent Non-Executive Director

Kasinathan a/l Tulasi
Independent Non-Executive Director
(Appointed w.e.f 16 October 2020)

Datuk Haji Mohd Haniff bin Haji Koslan
Independent Non-Executive Director
(Resigned w.e.f 16 October 2020)

The BAC is governed by its Terms of Reference as set out in the Governance section at www.kub.com. conforming to the requirements of the Malaysian Code on Corporate Governance dated 26 April 2017 ('the MCCG 2017'). Majority members of the BAC are Independent Non-Executive Directors and the current BAC chairman is a member of the Malaysian Institute of Accountants ('MIA'), thereby complying with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ('Listing Requirements') of Bursa Malaysia Securities Berhad ('Bursa Malaysia').

MEETINGS

During the financial period effective 1 January 2020 until 30 June 2021, the BAC held a total of eight (8) meetings, with the following record of attendance.

Directors Attendance

Directors	Attendance
Mohammad Farish Nizar bin Othman	8/8
Megat Joha bin Megat Abdul Rahman	8/8
Kasinathan a/l Tulasi	4/4^
Datuk Haji Mohd Haniff bin Haji Koslan	4/4*

Notes:
^ Appointed effective 16 October 2020
* Resigned effective 16 October 2020

The Company Secretaries were present during all the meetings except for the private sessions with the external auditors. The representative of Group Risk and Audit ('GRAD'), external auditors, Deloitte PLT, the Group Managing Director and Senior Management personnel also attended the meetings upon invitation.

The BAC Chairman updated the Board on matters deliberated after each BAC Meeting. This is to ensure that the Board is updated on the significant matters raised by the internal and external auditors.

The BAC in the discharge of its functions and duties had carried out the following works to meet its responsibilities during the financial period ended 30 June 2021:

1. Financial Results and Corporate Governance

a) Reviewed the quarterly unaudited financial results, annual financial statements and announcements to Bursa Malaysia before recommending to the Board for approval focusing particularly on;

- changes in or implementation of major accounting policies;
- matters highlighted including financial reporting issues, significant accounting estimates and judgements made by the Management, significant and unusual events or transactions, and how these matters were addressed; and
- compliance with accounting standards and other legal requirements.

b) Reviewed the Group's compliance level, in particular the quarterly and annual financial statements with the Listing Requirements, Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board ('MASB') and other legal and regulatory requirements;

c) Reviewed the audited financial statements of the Group with external auditors prior to submission to the Board for its consideration and approval. The review is to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards issued by MASB;

d) Reviewed the issuance of the Letter of Financial Support in respect of KUB Group of Companies for recommendation to the Board for approval;

e) Reviewed the Related Party Transactions ('RPT') entered by the Group in compliance with the Listing Requirements before recommending to the Board for its approval;

f) Reviewed the Proposed Change of Financial Year End from 31 December to 30 June for KUB Malaysia Berhad and its subsidiaries;

g) Reviewed minutes of the BAC meetings; and

h) Reviewed the application of corporate governance principles and the Group's compliance with the best practices set out under the MCCG 2017 for the purpose of preparing the Corporate Governance Statement, Statement on Risk Management and Internal Control and the Board Audit Committee Report pursuant to the Listing Requirements for the Board's approval.

2. External Audit

a) Reviewed the external auditor's scope of works and audit plans for the period ended 30 June 2021 as per the audit planning memorandum;

b) Reviewed with the external auditors the results of audit, audit report and management letter, including the management's response, evaluation of the system of internal controls, and the assistance given by the employees to the external auditor;

c) Reviewed the proposed audit fees for the external auditors for period ended 30 June 2021 and recommended to the Board for approval;

d) Met with the external auditors twice during the period without the presence of the Management; and

e) Reviewed the nomination of the external auditor before recommending to the Board for approval.

3. Internal Audit

a) Reviewed the presented internal audit reports which incorporated the results of the internal audit programmes and processes or investigation undertaken based on findings and recommendations with respect to the adequacy and integrity of the internal control system;

b) Reviewed with the Management on agreed actions taken based on findings and recommendations raised in the internal audit reports to improve the system of internal controls;

c) Assessed the performance of the internal audit function via the status updates of the internal audit plan as compared to the approved Annual Internal Audit Plan and reviewed the reasonableness of the compensation of the members of the function; and

d) Reviewed and approved the internal audit function and the annual internal audit plan to ensure the adequacy of its resources, competencies, scope, functions and coverage. The level of authority under internal audit function in carrying out its functions is spelt out in the BAC approved Internal Audit Charter.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

The BAC is assisted by GRAD in discharging its duties and responsibilities throughout the financial period. The terms of reference of the internal audit function are clearly spelt out in the Internal Audit Charter. The principal role of internal audit function is to undertake independent, regular and systematic reviews on the internal control systems to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's system of internal control, risk management and governance process.

The internal audit function has no operational responsibility and authority over the audited activities. It adopts a risk-based approach in preparing its Annual Internal Audit Plan. The audit plan and its programmes, the budgets, the manpower resources and the key performance indicators are submitted to the BAC for review and approval.

For period ended 30 June 2021, a total of sixteen (16) audits were carried out in accordance with the approved Internal Audit Plan. The audits encompassed five (5) scheduled audits, six (6) limited review and five (5) follow-up audits covering divisions including LPG, Agro and ICT.

The key assurance processes include carrying out analysis to determine the efficiency of business carried out by the Group, evaluating the internal control systems established to ensure compliance with laws, regulations, policies, plans and procedures which could have significant impact on the Group. The key areas covered in the audit include governance, legal and compliance, financial management, strategic planning, procurement process, inventory management, information security, project management and human resources.

The internal audit reports were incorporated with the internal control assessment, areas for improvement, management comments and agreed action plans to be taken by the Management. The reports were forwarded to the Management for necessary corrective actions. The Management is responsible for ensuring that the action plans are pursued within the required time frame. The implementation of the action plan is continuously monitored through periodic follow-up reviews, which are reported and presented to the BAC on periodical basis.

KUB is a corporate member of the Institute of Internal Auditors of Malaysia ('IIAM') that allows the internal auditors to have access to internal audit information, networking and trainings in ensuring its commitment that its activities meet the standards required by the Institute of Internal Auditors International Professional Practices Framework ('IPPF').

The internal audit function is supported by three (3) internal auditors, all of which are members of IIAM and Malaysia Institute of Accountants. The total costs incurred for the internal audit function by the Group for period ended 30 June 2021 amounted to RM520,251.

STATEMENT OF DIRECTORS' RESPONSIBILITY
FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable accounting standards and the requirements of the Companies Act, 2016 in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of KUB Group and the Company at the end of the financial period, and of the results and cash flows of KUB Group and the Company for the financial period.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that KUB Group and the Company keep accounting records which disclose the financial position and performance of KUB Group and the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors are responsible for taking such reasonable steps to safeguard the assets of KUB Group and the Company, to detect and prevent fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2020 to 30 June 2021.

CHANGE OF FINANCIAL YEAR END

During the financial period, the Group and the Company have changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and the Company for current financial period are drawn up for a period of eighteen (18) months from 1 January 2020 to 30 June 2021 and that the subsequent financial year shall end on 30 June annually.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The subsidiaries are principally engaged in the business of liquefied petroleum gas ('LPG'), agricultural businesses, information and communications technology ('ICT'), and others as stated in Note 42 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial period are as follows:

	Group RM'000	Company RM'000
Profit before zakat and taxation	167,791	154,996
Zakat	96	-
Taxation	(9,312)	-
Profit for the period	158,575	154,996
Profit attributable to:		
Owners of the parent	155,562	154,996
Non-controlling interests	3,013	-
	158,575	154,996

DIVIDENDS

The Directors have recommended the first and final single tier dividend of 1.5 sen on 556,464,690 ordinary shares amounting to RM8,346,970 in respect of the financial period ended 30 June 2021. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial period are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial period.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial period to take up unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial period, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amount of bad debts written off or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature except for the gain on disposal of a non-current asset held for sale of RM122,521,000 and gain on disposal of an associate of RM30,518,000 as disclosed in Note 13 and Note 19 to the financial statements, respectively.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial period in which this report is made.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company in office during the financial period and during the period from the end of the financial period to the date of this report are:

Datuk Seri Johari bin Abdul Ghani (Chairman)
Dato' Ahmad Ibnihajar
Mohammad Farish Nizar bin Othman
Datuk Haji Mohd Haniff bin Haji Koslan
Datuk Norliza binti Abdul Rahim
Megat Joha bin Megat Abdul Rahman
Kasinathan a/l Tulasi (Appointed on 1 October 2020)
Tee Beng Thong (Appointed on 1 October 2020)
Ahmed Fairuz bin Abdul Aziz (Appointed on 1 October 2020)
Dato' Ab Rahim bin Abu Bakar (Retired 24 September 2020)
Tengku Zahaimi bin Tuan Hashim (Retired 24 September 2020)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the information is deemed incorporated herein by such reference and made a part thereof.

DIRECTORS' INTERESTS

The interest in shares in the Company and in a related corporation of those who were Directors of the Company at the end of the financial period according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			
	As at 1.1.2020	**Acquired**	**Sold**	**As at 30.6.2021**
Shares in the Company, KUB Malaysia Berhad				
Direct Interest				
Kasinathan a/l Tulasi	-	370,000	-	370,000
Indirect Interest				
Datuk Seri Johari bin Abdul Ghani	178,068,700*	5,331,300	-	183,400,000

* *Deemed interest by virtue of his interest in JAG Capital Holdings Sdn Bhd.*

By virtue of the Director's interests in the shares of the Company, the above-mentioned Directors is also deemed interested in the shares of the subsidiaries during the financial period to the extent that the Company has an interest.

None of the other Directors in office at the end of the financial period held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial period.

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangement subsisted to which the Company was a party, whereby Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous year, none of the Directors of the Company have received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 36(c) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a Directors and officers' liability insurance throughout the period, which provides appropriate insurance cover for the Directors and officers of the Company and its Group of companies.

During the financial period, the total amount of indemnity coverage and the insurance premium paid for the Group are RM10,000,000 and RM17,119 respectively.

There was no indemnity given to or insurance effected for auditors of the Group and the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for financial period from 1 January 2020 to 30 June 2021 are disclosed in Note 10 of the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors,

DATUK SERI JOHARI BIN ABDUL GHANI

AHMED FAIRUZ BIN ABDUL AZIZ

Kuala Lumpur

23 September 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KUB MALAYSIA BERHAD, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period from 1 January 2020 to 30 June 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the period from 1 January 2020 to 30 June 2021 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independance Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our audit performed and responses thereon
Assessing the impact of expected credit losses ('ECLs') on trade receivables, contract assets and finance lease receivables of the Group MFRS 9 requires the use of an expected credit loss ('ECL') model to measure impairment of financial assets. The model requires consideration of both historical and current information, as well as reasonable and supportable forecasts of future conditions (including macroeconomic information). The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and finance lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., nature of project undertaking, product type, customer type and rating, and coverage by bank guarantee or other forms of credit insurance).	In assessing the recoverability of trade receivables, contract assets and finance lease receivables of the Group, we performed the following audit procedures: • Obtained an understanding of the process relating to the ECL of trade receivables, contract assets and finance lease receivables; • Evaluated the methodology and model used by management to ascertain that these have been consistently applied by management; • Evaluated the completeness, accuracy and relevance of data used in the ECL model and checked the mathematical accuracy of the calculations; • Tested the accuracy of the ageing against supporting documents on a sample basis;

Key Audit Matter (cont'd)

Key audit matter	**Our audit performed and responses thereon**
The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. We considered this as a key audit matter due to significant judgements and estimates involved in the assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs, including the downside scenarios related to the spread of COVID-19.	• Assessed and considered the reasonableness of the key judgements and estimates of the current and forward-looking information as well as discussed with management to understand the judgements and estimates involved in applying the simplified approach of using lifetime ECL on trade receivables, contract assets and finance lease receivables, including considering the COVID-19 impact; and • Evaluated the adequacy of the Group's disclosures included in the financial statements. • Evaluated the adequacy of the impairment losses recognised and the appropriateness of the disclosures included in the notes to the financial statements.

Company

There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 42 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

SITI HAJAR BINTI OSMAN
Partner - 03061/04/2023 J
Chartered Accountant

23 September 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2021
(With comparative figures for the year from 1 January 2019 to 31 December 2019)

		Group		Company	
	Note	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Revenue	5	**584,037**	400,483	**131,218**	18,187
Cost of sales	6	**(519,875)**	(370,034)	**-**	-
Gross profit		**64,162**	30,449	**131,218**	18,187
Other income		**168,390**	36,554	**90,404**	41,926
Distribution expenses		**(3,151)**	(1,802)	**-**	-
Administrative expenses		**(34,025)**	(32,970)	**(13,323)**	(13,583)
Other expenses		**(31,948)**	(12,871)	**(57,028)**	(2,442)
Profit from operations		**163,428**	19,360	**151,271**	44,088
Finance income	7	**5,713**	3,199	**3,746**	1,610
Finance costs	8	**(5,201)**	(7,242)	**(21)**	(872)
Share of results of associates	19(ii)	**3,851**	5,273	**-**	-
Profit before zakat and taxation	9	**167,791**	20,590	**154,996**	44,826
Zakat		**96**	(155)	**-**	-
Taxation	12	**(9,312)**	(2,104)	**-**	-
Profit for the period/year		**158,575**	18,331	**154,996**	44,826
Profit attributable to:					
Owners of the parent		**155,562**	17,355	**154,996**	44,826
Non-controlling interests	33	**3,013**	976	**-**	-
		158,575	18,331	**154,996**	44,826

	Note	Group 1.1.2020 to 30.6.2021 (18 months) RM'000	Group 1.1.2019 to 31.12.2019 (12 months) RM'000	Company 1.1.2020 to 30.6.2021 (18 months) RM'000	Company 1.1.2019 to 31.12.2019 (12 months) RM'000
Profit for the period/year		**158,575**	18,331	**154,996**	44,826
Item that will not be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on quoted investment at fair value through other comprehensive income (FVTOCI)		**(144)**	2,450	**(144)**	2,450
Other comprehensive (loss)/income for the period/year, net of tax		**(144)**	2,450	**(144)**	2,450
Total comprehensive income for the period/year		**158,431**	20,781	**154,852**	47,276
Total comprehensive income attributable to:					
Owners of the parent		**155,418**	19,805	**154,852**	47,276
Non-controlling interests		**3,013**	976	**-**	-
		158,431	20,781	**154,852**	47,276

	Note	Group 1.1.2020 to 30.6.2021 (18 months) RM'000	Group 1.1.2019 to 31.12.2019 (12 months) RM'000
Basic and diluted earnings per ordinary share attributable to owners of the parent (sen)	14	**27.96**	3.12

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Group 30.6.2021 RM'000	Group 31.12.2019 RM'000	Company 30.6.2021 RM'000	Company 31.12.2019 RM'000
Assets					
Non-current Assets					
Property, plant and equipment	15	**146,863**	273,935	**2,018**	12,523
Investment properties	16	**16,371**	11,383	**14,389**	3,298
Right-of-use assets	17	**3,867**	3,729	**1,214**	-
Finance lease receivables	17	**1,145**	1,577	**-**	-
Investments in subsidiaries	18	**-**	-	**173,925**	269,263
Investments in associates	19	**-**	47,700	**-**	9,000
Other investments	20	**6,624**	6,996	**6,624**	6,996
		174,870	345,320	**198,170**	301,080
Current Assets					
Inventories	21	**4,236**	4,821	**-**	-
Biological assets	22	**1,057**	1,274	**-**	-
Amount due from subsidiaries	23	**-**	-	**1,944**	7,871
Trade and other receivables	24	**32,498**	46,074	**540**	1,771
Contract assets	24	**4,884**	340	**-**	-
Finance lease receivables	17	**164**	115	**-**	-
Tax recoverable		**2,910**	910	**-**	-
Cash and bank balances	25	**423,108**	145,627	**308,269**	47,919
		468,857	199,161	**310,753**	57,561
Non-current assets held for sale	13	**-**	1,840	**-**	1,840
TOTAL ASSETS		**643,727**	546,321	**508,923**	360,481

	Note	Group 30.6.2021 RM'000	Group 31.12.2019 RM'000	Company 30.6.2021 RM'000	Company 31.12.2019 RM'000
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Parent					
Share capital	30	**228,863**	228,863	**228,863**	228,863
Reserves	31	**40,667**	49,456	**3,178**	3,322
Retained earnings	32	**213,989**	56,813	**273,135**	118,139
		483,519	335,132	**505,176**	350,324
Non-Controlling Interests	33	**(2,048)**	(10,492)	**-**	-
Total Equity		**481,471**	324,640	**505,176**	350,324
Non-current Liabilities					
Borrowings	27	**1,076**	71,033	**-**	24
Lease liabilities	17	**2,295**	2,480	**820**	-
Other payables	26	**31,637**	17,778	**-**	-
Deferred tax liabilities	28	**15,716**	13,203	**-**	-
		50,724	104,494	**820**	24
Current Liabilities					
Trade and other payables	26	**72,123**	81,744	**1,923**	9,326
Contract liabilities	26	**617**	981	**-**	-
Lease liabilities	17	**1,088**	642	**415**	-
Borrowings	27	**37,638**	33,169	**-**	92
Amount due to subsidiaries	23	**-**	-	**589**	715
Derivative financial liabilities	29	**18**	21	**-**	-
Provision for tax		**48**	630	**-**	-
		111,532	117,187	**2,927**	10,133
Total Liabilities		**162,256**	221,681	**3,747**	10,157
TOTAL EQUITY AND LIABILITIES		**643,727**	546,321	**508,923**	360,481

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2021
(With comparative figures for the year from 1 January 2019 to 31 December 2019)

			Attributable to owners of the parent							
			Non-distributable	Distributable	Non-distributable					
Group	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
As 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	158,575	155,562	-	155,562	-	-	-	-	-	3,013
Other comprehensive loss for the period	(144)	(144)	-	-	(144)	-	(144)	-	-	-
Total comprehensive income/(loss)	158,431	155,418	-	155,562	(144)	-	(144)	-	-	3,013
Transactions with owners										
Additional non-controlling interest arising on disposal of interest in subsidiary (Note 33)[i]	7,199	1,175	-	1,175	-	-	-	-	-	6,024
Members voluntary winding up of a subsidiary (Note 18(d)(iv))[ii]	(154)	439	-	439	-	-	-	-	-	(593)
Reduction on capital reserves upon strike off of subsidiaries (Note 31 (a))	(8,645)	(8,645)	-	-	(8,645)	(8,645)	-	-	-	-
As at 30 June 2021	**481,471**	**483,519**	**228,863**	**213,989**	**40,667**	**25,371**	**3,178**	**971**	**11,147**	**(2,048)**

(i) Movement in changes in equity arriving from disposal of 40% equity in KUB Telekomunikasi Sdn Bhd.

(ii) Effect of capital repayment of RM154,000 and disposal of non-controlling interests of RM439,000 upon member voluntary winding up of Pernida Berhad.

			Attributable to owners of the parent							
			Non-distributable	Distributable	Non-distributable					
Group	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
As at 1 January 2019	303,859	315,327	228,863	39,458	47,006	34,016	872	971	11,147	(11,468)
Profit for the year	18,331	17,355	-	17,355	-	-	-	-	-	976
Other comprehensive income for the year	2,450	2,450	-	-	2,450	-	2,450	-	-	-
Total comprehensive income	20,781	19,805	-	17,355	2,450	-	2,450	-	-	976
As at 31 December 2019	324,640	335,132	228,863	56,813	49,456	34,016	3,322	971	11,147	(10,492)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2021
(With comparative figures for the year from 1 January 2019 to 31 December 2019)

		Non-distributable	Distributable	Non-distributable
Company	**Equity, total RM'000**	**Share capital RM'000**	**Retained earnings RM'000**	**Fair value adjustment reserve RM'000**
As at 1 January 2020	350,324	228,863	118,139	3,322
Profit for the period	154,996	-	154,996	-
Other comprehensive loss for the period	(144)	-	-	(144)
Total comprehensive income	154,852	-	154,996	(144)
As at 30 June 2021	**505,176**	**228,863**	**273,135**	**3,178**
As at 1 January 2019	303,048	228,863	73,313	872
Profit for the year	44,826	-	44,826	-
Other comprehensive income for the year	2,450	-	-	2,450
Total comprehensive income	47,276	-	44,826	2,450
As at 31 December 2019	350,324	228,863	118,139	3,322

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2021
(With comparative figures for the year from 1 January 2019 to 31 December 2019)

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	**1.1.2019 to 31.12.2019 (12 months) RM'000**	**1.1.2020 to 30.6.2021 (18 months) RM'000**	**1.1.2019 to 31.12.2019 (12 months) RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before zakat and taxation	**167,791**	20,590	**154,996**	44,826
Adjustments for:				
Depreciation of:				
- property, plant and equipment	**25,385**	15,512	**1,205**	1,056
- investment properties	**757**	424	**207**	73
- right-of-use assets	**1,227**	703	**151**	-
Finance costs	**5,201**	7,242	**21**	872
Loss on fair value changes of derivative instruments	**18**	21	**-**	-
Loss on fair value changes in investment in unquoted shares	**228**	17	**228**	17
Gain on fair value changes in biological assets	**(1,160)**	(550)	**-**	-
Allowance for impairment on trade and other receivables	**6,481**	567	**-**	-
Allowance/(Reversal) for impairment on contract assets	**111**	(94)	**-**	-
Allowance for impairment on amount due from subsidiaries (Note 23)	**-**	-	**-**	1,249
Allowance for impairment on investment in subsidiaries				
- investment (Note 18)	**-**	-	**27,360**	-
- advances to subsidiaries (Note 18)	**-**	-	**40**	46
Allowance for impairment on financial guarantee	**-**	-	**781**	-
Impairment losses on property, plant and equipment	**116**	7,147	**116**	-
Reduction in unguaranteed residual value	**285**	-	**-**	-
Property, plant and equipment written off	**522**	1,634	**188**	-
Inventories written down/off	**97**	632	**-**	-
Net unrealised loss on foreign exchange	**246**	55	**-**	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	**(168)**	(2,038)	**(10)**	(21)
- investment properties	**(8,237)**	-	**-**	-
- non-current assets held for sale	**(123,490)**	(28,772)	**(969)**	(25,265)
- subsidiary	**18,815**	(293)	**26,649**	-
- associate	**(30,518)**	-	**(71,000)**	-
Dividend income	**(176)**	(281)	**(126,246)**	(12,781)
Finance income	**(5,713)**	(3,199)	**(3,746)**	(1,610)
Forfeiture of deposits payable	**(805)**	-	**-**	-
Provision for liquidated ascertained damages	**2,356**	-	**-**	-
Reversal of allowance for impairment on trade and other receivables	**(288)**	(570)	**-**	-
Reversal of allowance for impairment:				
- amount due from subsidiaries	**-**	-	**(1,472)**	(361)
- advances to subsidiaries	**-**	-	**(8,375)**	(15,125)
Share of results of associates	**(3,851)**	(5,273)	**-**	-
Operating Profit/(Loss) Before Changes in Working Capital	**55,230**	13,474	**124**	(7,024)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2021
(With comparative figures for the year from 1 January 2019 to 31 December 2019)

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	**1.1.2019 to 31.12.2019 (12 months) RM'000**	**1.1.2020 to 30.6.2021 (18 months) RM'000**	**1.1.2019 to 31.12.2019 (12 months) RM'000**
Changes in working capital:				
Inventories	**488**	1,500	**-**	-
Trade and other receivables	**(10,169)**	45	**1,229**	(1,106)
Trade and other payables	**11,601**	(1,804)	**(7,402)**	70
Contract assets	**(4,655)**	1,819	**-**	-
Contract liabilities	**(364)**	743	**-**	-
Cash Generated From/(Used In) Operations	**52,131**	15,777	**(6,049)**	(8,060)
Finance cost from lease liabilities	**(214)**	(167)	**(17)**	-
Zakat paid	**(90)**	(588)	**-**	-
Net tax paid	**(9,358)**	(2,298)	**-**	-
Net Cash Generated From/(Used In) Operating Activities	**42,469**	12,724	**(6,066)**	(8,060)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment (Note 15)	**(19,555)**	(19,334)	**(2,309)**	(84)
Redemption of short-term investment	**-**	21,108	**-**	-
Advance to subsidiaries				
- investment	**-**	-	**(9,954)**	(54)
- due from subsidiaries	**-**	-	**-**	(14,931)
Repayment of advances from subsidiaries	**-**	-	**42,773**	15,125
Repayment of amount due from subsidiaries	**-**	-	**12,789**	361
Repayment of amount due to subsidiaries	**-**	-	**-**	(9,349)
Dividends received	**176**	281	**126,246**	12,781
Interest received	**5,713**	3,199	**3,746**	1,610
Proceeds from disposal of property, plant and equipment	**598**	2,146	**17**	27
Net proceeds from disposal of investment properties	**12,625**	-	**-**	-
Proceeds from disposal of assets classified as held for sale	**143,112**	76,745	**2,809**	33,858
Net proceeds from disposal of a subsidiary (Note 18(d)(iii))	**6,908**	-	**10,549**	-
Proceed from partial disposal of equity in a subsidiary to non-controlling interest	**7,200**	-	**-**	-
Proceeds from disposal of an associate	**80,000**	-	**80,000**	-
Net Cash From Investing Activities	**236,777**	84,145	**266,666**	39,344

	Group 1.1.2020 to 30.6.2021 (18 months) RM'000	Group 1.1.2019 to 31.12.2019 (12 months) RM'000	Company 1.1.2020 to 30.6.2021 (18 months) RM'000	Company 1.1.2019 to 31.12.2019 (12 months) RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Decrease/(Increase) of deposits pledged with licensed banks	**5,888**	(1,420)	**-**	-
Interest paid	**(4,987)**	(7,242)	**(4)**	(872)
Net drawdown/(repayment) of short-term borrowings	**8,921**	(18,941)	**-**	(1,000)
Repayment of lease liabilities (Note 17)	**(1,104)**	(598)	**(130)**	-
Repayment of hire purchase	**(543)**	(229)	**(116)**	(87)
Repayment of term loans	**(4,052)**	(47,556)	**-**	-
Net Cash From/(Used In) Financing Activities	**4,123**	(75,986)	**(250)**	(1,959)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**283,369**	20,883	**260,350**	29,325
Effect of exchange rate changes on the balance of cash held in foreign currency	**-**	(108)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	**113,609**	92,834	**47,919**	18,594
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR (NOTE 25)	**396,978**	113,609	**308,269**	47,919

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Company as at and for the financial period from 1 January 2020 to 30 June 2021 comprise financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually to as 'Group entities') and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the financial period from 1 January 2020 to 30 June 2021 do not include other entities.

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The subsidiaries are principally engaged in the business of liquefied petroleum gas ('LPG'), agricultural businesses, information and communications technology ('ICT') and others as stated in Note 42.

During the financial period, the Group and the Company have changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and the Company for the current financial period are drawn up for a period of eighteen (18) months from 1 January 2020 to 30 June 2021, whereas comparative amounts are presented for a period of 12 months from 1 January 2019 to 31 December 2019. Therefore, the amounts presented in Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows are not comparable with the amounts presented for comparative year.

The registered office and principal place of business of the Company is located at Suite A-22-1, Level 22, Hampshire Place Office, 157 Hampshire No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 September 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of the Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of Amendments to MFRSs

In the current financial period, the Group and the Company adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ('MASB') that are effective for an annual financial period beginning on or after 1 January 2020 as follows:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139, and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and the Company and has no significant effect on the financial performance or position of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of Preparation of the Financial Statements (cont'd)

New Standards and Amendments to MFRSs in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the new MFRSs and Amendments to MFRSs relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRSs	Annual Improvement to MFRS Standards 2018 – 2020[2]
Amendments to MFRS 3	Reference to Conceptual Framework[2]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[3]
Amendment to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform - Phase 2[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[3]
Amendments to MFRS 101	Disclosure of Accounting Policies[3]
Amendments to MFRS 108	Definition of Accounting Estimates[3]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to MFRS 116	Property, Plant, and Equipment - Proceeds before Intended Use[2]
Amendments to MFRS 137	Onerous Contract - Cost of Fulfilling a Contract[2]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] Effective date deferred to a date to be announced by MASB.

The initial application of the accounting standards, interpretations or amendments above are not expected to have any material financial impacts to the financial results of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Accounting (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

3.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

(a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(b) Exposure, or rights, to variable returns from its investment with the investee; and

(c) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(a) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(b) Potential voting rights held by the Group, other vote holders or other parties;

(c) Rights arising from other contractual arrangements; and

(d) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Basis of Consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with MFRS 2 Share-Based Payments at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

- Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

3.4 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(b) Exposure, or rights, to variable returns from its investment with the investee; and

(c) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.5 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Investments in associates (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.6 Revenue

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and are measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group recognises revenue from the following major sources:

(a) LPG division

The revenue from sales of LPG is recognised as the goods are collected from the filling plant, being at the point in time when the control of the goods have been transferred. The revenue from the sales of LPG is recognised at fair value of the consideration received or receivable together with the subsidy receivable from the Government of Malaysia, which constitute the contracted selling price which represents the transaction price of the performance obligation, net of incentives and volume rebates. The incentives and volume rebates are variable considerations ('VC') which are determined on a monthly basis. Depending whether the Group grants credit terms to the customers, the payment of the transaction price are generally on a credit basis and is due at the end of credit term granted.

(b) Agro division

Sale of fresh fruit bunches ('FFB') is recognised net of taxes at the point in time when control of the goods has transferred to the customer, which is generally upon its collection or delivery. The transaction price is based on a formula determined within the contract which is guided by the industry.

There is no element of financing present as the Group's sale of goods is either on cash terms (immediate or advance payments), or on credit terms of up to 30 days.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Revenue (cont'd)

(c) Information and communications technology ('ICT') division

The Group's revenue from ICT division is principally from the supply, construction and maintenance of information technology and telecommunication equipment and infrastructure.

(i) Sale of equipment and parts

Each sale of goods represents a single performance obligation of which its revenue will be recognised when control of the goods has been transferred to the customer, being at the point in time when the goods are delivered to the customer.

(ii) Construction of equipment and infrastructure

The contracts for construction of equipment and ICT related infrastructure comprise of multiple deliverables which includes significant integration service and are therefore recognised as a single performance obligation. Revenue is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ('input method'), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15.

The Group becomes entitled to invoice customers for construction of equipment and infrastructure based on achieving a series of performance-related milestones after a certification of performance is obtained from the customer.

Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

(iii) Maintenance services

Maintenance revenue is recognised at the point in time when the required works are completed.

(d) Construction transmission lines and substations

The Group constructs transmission lines and substations under long-term contracts with customers. This have been identified as a single performance obligation.

The revenue from these construction contracts are recognised over time as the customer controls the projects during the course of construction by the Group. The Group considers the input method as an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Variable consideration arises from potential liquidated ascertained damages ('LAD') which is estimated based on most likely method, are continuously assessed by the Group. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

The Group becomes entitled to invoice customers for construction transmission lines and substations based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work which later is verified and signed by the customers for an invoice for the related milestone payment. The Group will previously has recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference.

The Group has specifically considered MFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, principal versus agent consideration and the assessment of whether there is a significant financing component in the contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Revenue (cont'd)

(e) Management services to subsidiaries

The Company provides management services to its subsidiaries which are recognised at the point in time as and when the services are rendered.

(f) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(g) Dividend income

Dividend income represents dividends received from subsidiaries, an associate and other investments when there is a right to receive payment is established.

3.7 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Termination benefits

The Group recognises the termination benefits expenses such as voluntary and mutual separation scheme, and retrenchment benefits when the Group can no longer withdraw the offer of those benefits.

3.8 Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat is recognised as and when the Group has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as "haul (eligible period)".

Zakat rates enacted or substantively enacted by the end of the reporting period are used to determine the zakat expense. The rate of zakat on business, as determined by National Fatwa Council is 2.5% of the zakat base. The zakat base of the Group is determined based on the working capital method. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the financial period/year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Income taxes

Income tax for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

3.10 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Long-term leasehold land is initially measured at cost and depreciated over their lease terms except for a leasehold land with a remaining lease period of 30 years to 76 years which is not depreciated as the lease period is more than the expected useful life of the Group.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce. The bearer plants that are available for use are measured at cost less accumulated depreciation and accumulated impairment losses. All costs directly related to bearer plants are capitalised until such time as the bearer plants reach maturity, at which point all further costs and interests are expensed and depreciation commences. Upon maturity, these expenditures are depreciated based on estimated annual yield over 25 years.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory and buildings	
- Factory and buildings	2% - 7%
- Storage tanks	7.5% - 10%
Plant, renovation, cylinders and equipment	
- Renovations	10% - 20%
- Plant, machinery and tools	5% - 33%
- Cylinders	7.5% - 20%
- Furniture and fittings	10% - 33%
- Office equipment and computers	10% - 33%
- Tower infrastructure	10%
Motor vehicles	20%

Assets under construction are not depreciated as these assets are not yet available for use.

The residual value, useful life and depreciation method are reviewed at the end of the reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

3.12 Investment properties

Investment properties are investments in land and buildings which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 3.11.

The freehold land element of an investment property is not depreciated due to the unlimited useful life. Buildings which are situated on leasehold land are also depreciated at annual rate of depreciation of 2%.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Fair value, for purpose of disclosure in the financial statements, is arrived at by reference to market evidence of transaction prices for similar properties.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred. The cost of the property remains unchanged for disclosure purposes.

3.13 Biological assets

The biological assets of the Group comprise fresh fruit bunches ('FFB') prior to harvest. Biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

Changes in fair value of growing produce on bearer plants are recognised in profit or loss. The fair value of unharvested FFB is determined by using a discounted cash flow model with reference to the market prices of FFB at the date of harvest, adjusted for extraction rates, transportation and other costs to sell at the point of harvest.

3.14 Impairment of non-financial assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ('CGU') to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.15 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Financial instruments (cont'd)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e., assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Financial instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

(i) Amortised cost and effective interest method (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Financial assets designated as at FVTOCI

The Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Dividends on these investments in equity instruments are recognised in profit or loss in accordance with MFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Financial assets at FVTPL

Unless the Group designates investments in equity instruments as FVTOCI, all other equity investments are designated as FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ('ECL') on trade receivables, lease receivables and contract assets. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

The Group always recognises lifetime ECL for trade receivables, lease receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

(ii) Definition of default

If information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors (without taking into account any collateral held by the Group), the Group considers this as constituting an event of default for internal credit risk management purposes.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtors;
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the debtors will enter bankruptcy.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Financial instruments (cont'd)

Financial assets (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are initially recognised at fair value and subsequently are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the Company as the issuer to make specified payments to reimburse the financial institutions for a loss it incurs because a specified subsidiaries fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 (see financial assets in Notes 3.15); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Contract assets and contract liabilities

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise if a particular milestone billing exceeds the revenue recognised to date under the cost-to-cost method.

3.17 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of LPG is based on weighted average method, whilst the cost of other type of inventories is based on first-in, first-out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3.18 Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a realisable estimate of the amount can be made.

At the end of the reporting period, the provisions are reviewed by the Directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3.19 Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.21 Leases

(a) As lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as photocopier and small items of office equipment). For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The total amount of cash paid is separated into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payment made.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Leases (cont'd)

(a) As lessee (cont'd)

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Company did not make any such adjustments during the financial periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position. The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.14.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Company allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (below RM20,000), the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Leases (cont'd)

(b) As lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Group enters into lease agreements with its customers as a lessor with respect to LPG storage tanks located at the customers' premises.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Finance lease income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

3.22 Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, employee benefits assets, financial assets and inventories) are measured at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3.23 Derivative financial instruments

All derivative instruments are recognised in the statement of financial position on the trade date at the transaction price and are remeasured to fair value at the end of the reporting period.

Unmatured forward exchange contracts are valued at forward rates at the end of the reporting period, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in profit or loss.

The fair value changes are attributable to changes in foreign exchange spot and forward rate. Forward currency contracts are valued using valuation obtained from counterparties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.24 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.25 Segment reporting

For management purposes, the Group is organised into operating divisions based on their products and services which are independently managed by the respective division's head who is responsible for the performance of their divisions. The division heads report directly to the Group Managing Director, the decision maker who regularly reviews the division results in order to allocate resources to the divisions and to assess the division performance. Additional disclosures on each of these divisions are shown in Note 40, including the factors used to identify the reportable divisions and the measurement basis of segment information.

3.26 Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents, which comprise unpledged deposits with licensed banks and other financial institutions, cash on hand and at bank, and bank overdrafts, are short-term, highly liquid investments and are readily convertible to cash with insignificant risks of changes in value.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's and Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 Critical judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group and the Company have developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of investments in subsidiaries (Note 18) and associates (Note 19)

The Company assesses whether there is any indication that investments in subsidiaries and associates may be impaired at the end of each reporting period. If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets and the assets' estimated recoverable amount.

The Company determines whether investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals. Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as the discounted cash flow method.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the end of the reporting period, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year.

Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

During the financial period, the Company has recognised an impairment loss in investment in a subsidiary of RM27,360,000 (Note 18).

(b) Construction contracts

ICT division and power related business recognise construction contracts revenue and expenses in profit or loss using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date over the total construction contract costs i.e., input method.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction project. In making the judgement, the Group evaluates based on past experience, external economic factor and by relying on the work of specialists.

The construction contracts revenue and expenses recognised in profit or loss are disclosed in Note 5 and Note 6, respectively.

(c) Impairment for expected credit losses (ECLs) of trade receivables, contract assets (Note 24) and finance lease receivables (Note 17)

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and finance lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., nature of project undertaking, product type, customer type and rating, and coverage by bank guarantee or other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 24, and finance lease receivables in Note 17.

5. REVENUE

Revenue comprise of the following:

	Group		Company	
	30.6.2021 (18 months) RM'000	**31.12.2019 (12 months) RM'000**	**30.6.2021 (18 months) RM'000**	**31.12.2019 (12 months) RM'000**
Revenue from contract with customers	**579,745**	397,630	**4,972**	5,406
Revenue from other sources:				
- rental income (Note 17)	**3,645**	2,441	**-**	-
- finance lease income (Note 17)	**471**	131	**-**	-
Dividend income from:				
- subsidiaries	**-**	-	**126,070**	12,500
- others	**176**	281	**176**	281
	584,037	400,483	**131,218**	18,187

Disaggregation of revenue from contracts with customers

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following divisions. This is consistent with the revenue information that is disclosed for each reportable division under MFRS 8 Operating Segments (see Note 40):

Group 1.1.2020 to 30.6.2021 (18 months)	**LPG RM'000**	**Agro RM'000**	**ICT RM'000**	**Others RM'000**	**Total RM'000**
Sale of LPG*	**450,555**	**-**	**-**	**-**	**450,555**
Sale of equipment	**-**	**-**	**21,283**	**-**	**21,283**
Sale of FFB	**-**	**82,756**	**-**	**-**	**82,756**
Maintenance services	**-**	**-**	**10,576**	**-**	**10,576**
Construction contracts	**-**	**-**	**5,910**	**7,643**	**13,553**
Others	**-**	**-**	**-**	**1,022**	**1,022**
	450,555	**82,756**	**37,769**	**8,665**	**579,745**
Timing of revenue recognition:					
- at a point in time	**450,555**	**82,756**	**29,352**	**1,022**	**563,685**
- over time	**-**	**-**	**8,417**	**7,643**	**16,060**
	450,555	**82,756**	**37,769**	**8,665**	**579,745**

Group 1.1.2019 to 31.12.2019 (12 months)	**LPG RM'000**	**Agro RM'000**	**ICT RM'000**	**Others RM'000**	**Total RM'000**
Sale of LPG*	325,713	-	-	-	325,713
Sale of equipment	-	-	16,910	-	16,910
Sale of FFB	-	42,338	-	-	42,338
Maintenance services	-	-	4,773	-	4,773
Construction contracts	-	-	-	6,495	6,495
Others	-	-	-	1,401	1,401
	325,713	42,338	21,683	7,896	397,630
Timing of revenue recognition:					
- at a point in time	325,713	42,338	21,683	1,401	391,135
- over time	-	-	-	6,495	6,495
	325,713	42,338	21,683	7,896	397,630

* *Revenue represent the value of goods sold inclusive of government subsidies, net of applicable incentives and rebates.*

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE (cont'd)

The Company's revenue from contract with customers comprises of management services to subsidiaries, which are recognised at the point in time as and when the services are rendered.

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2021 and 31 December 2019 are set out as below:

	Group	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Construction contracts	**1,257**	-

6. COST OF SALES

	Group	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Cost of inventories sold	**495,444**	356,805
Cost of construction services	**13,581**	7,850
Cost of maintenance services	**8,322**	3,588
Others	**2,528**	1,791
	519,875	370,034

7. FINANCE INCOME

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Finance income from:				
- subsidiaries	**-**	-	**759**	864
- banks and other financial institutions	**5,713**	3,199	**2,987**	746
	5,713	3,199	**3,746**	1,610

8. FINANCE COSTS

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Finance costs on:				
- bank borrowings	**4,957**	7,042	**-**	56
- lease liabilities (Note 17)	**214**	167	**17**	-
- obligations under hire purchase	**30**	33	**4**	8
- intercompany advances	**-**	-	**-**	808
	5,201	7,242	**21**	872

9. PROFIT BEFORE ZAKAT AND TAXATION

The profit before zakat and taxation has been arrived at after charging the following expenses:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Employee benefits expense (a)	**25,867**	33,454	**6,746**	10,187
Depreciation of:				
- property, plant and equipment (Note 15)	**25,385**	15,512	**1,205**	1,056
- investment properties (Note 16)	**757**	424	**207**	73
- right-of-use assets (Note 17)	**1,227**	703	**151**	-
Loss on disposal of a subsidiary (Note 18(d)(iii))	**18,815**	-	**26,649**	-
Provision for liquidated ascertained damages (Note 26(c))	**2,356**	-	**-**	-
Non-executive Directors' remuneration (Note 11)	**1,032**	770	**986**	698
Auditor's remuneration (Note 10)	**780**	652	**317**	209
Allowance for impairment:				
- trade and other receivables (Note 24)	**6,481**	567	**-**	-
- property, plant and equipment (Note 15)	**116**	7,147	**116**	-
- contract assets (Note 24)	**111**	-	**-**	-
- investment in subsidiaries (Note 18 (b))	**-**	-	**27,360**	-
- advance to subsidiaries (Note 18 (c))	**-**	-	**40**	46
- amount due from subsidiaries (Note 23)	**-**	-	**-**	1,249
- financial guarantee (Note 18(f))	**-**	-	**781**	-
Property, plant and equipment written off	**522**	1,634	**188**	-
Reduction in unguaranteed residual value (Note 17)	**285**	-	**-**	-
Unrealised loss on foreign exchange	**246**	108	**-**	-
Loss on fair value changes in investment unquoted share	**228**	17	**228**	17
Inventories written down	**97**	632	**-**	-
Realised loss on foreign exchange	**41**	4	**-**	-
Loss on fair value changes of derivatives instruments	**18**	21	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

9. PROFIT BEFORE ZAKAT AND TAXATION (cont'd)

Profit before zakat and taxation has been arrived at after crediting the following income:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Gain on disposal of non-current assets held for sale (Note 13)	**123,490**	28,772	**969**	25,265
Gain on disposal of associate company (Note 19)	**30,518**	-	**71,000**	-
Gain on disposal of investment properties	**8,237**	-	**-**	-
Realised gain on short-term investment	**1,479**	274	**1,479**	-
Gain on fair value changes in biological assets (Note 22)	**1,160**	550	**-**	-
Gain on disposal of property, plant and equipment	**168**	2,038	**10**	21
Forfeiture of deposits payable	**805**	-	**-**	-
Rental income	**256**	663	**458**	700
Reversal of impairment of:				
- advance to subsidiaries (Note (18(c))	**-**	-	**8,375**	15,125
- amount due from subsidiaries (Note 23)	**-**	-	**1,472**	361
- trade receivables (Note 24)	**288**	570	**-**	-
- contract assets	**-**	94	**-**	-
Realised gain on foreign exchange	**5**	2,681	**-**	-
Gain on disposal of subsidiary (Note 18)	**-**	293	**-**	-
Unrealised gain on foreign exchange	**-**	53	**-**	-

(a) Employee Benefits Expenses

The employee benefit expenses are as follows:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Wages, bonuses and salaries	**19,291**	23,314	**4,997**	6,035
Contributions to defined contribution plans	**2,264**	2,117	**550**	821
Social security contributions	**168**	394	**28**	44
Other benefits	**4,144**	7,629	**1,171**	3,287
	25,867	33,454	**6,746**	10,187

The above also includes the Company's Executive Director's remuneration amounting to RM648,000 (31.12.2019: RM1,507,000) as disclosed in Note 11.

Included in the employee other benefits of the Group and the Company in the previous financial year was the cost incurred in relation to voluntary separation scheme ('VSS'), retrenchment benefits and mutual separation scheme ('MSS') amounted to RM5,256,000 and RM2,167,000 respectively.

10. AUDITOR'S REMUNERATION

Details of auditor's remuneration are as follows:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	**1.1.2019 to 31.12.2019 (12 months) RM'000**	**1.1.2020 to 30.6.2021 (18 months) RM'000**	**1.1.2019 to 31.12.2019 (12 months) RM'000**
Auditor's remuneration:				
Statutory audits				
- to the Company's auditors	**380**	360	**153**	132
- to other firms of auditors	**24**	26	**-**	-
Other services				
- to the Company's auditors*	**259**	203	**59**	67
- to other firms of auditors	**117**	63	**105**	10
Total auditor's remuneration	**780**	652	**317**	209

* *Fees for other services to the Company's auditors, Deloitte PLT and its other member firms in the period/year were incurred in relation to tax compliance and advisory services, transfer pricing documentations and review of Statement of Risk Management and Internal Control.*

11. DIRECTORS' REMUNERATION

The details of remuneration for the Group's and the Company's Directors during the financial period/year are as follows:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	**1.1.2019 to 31.12.2019 (12 months) RM'000**	**1.1.2020 to 30.6.2021 (18 months) RM'000**	**1.1.2019 to 31.12.2019 (12 months) RM'000**
Executive Director:				
Salaries and other emoluments	**602**	1,130	**572**	1,130
Ex-gratia	**-**	200	**-**	200
Defined contribution plans	**77**	177	**76**	177
Total executive Director's remuneration excluding benefits-in-kind	**679**	1,507	**648**	1,507
Estimated money value of benefits-in-kind	**17**	116	**17**	116
	696	1,623	**665**	1,623
Non-executive Directors:				
Fees				
- current period/year	**765**	494	**750**	494
Allowances	**167**	276	**136**	204
Ex-gratia	**100**	-	**100**	-
Total non-executive Directors' remuneration excluding benefits-in-kind (Note 9)	**1,032**	770	**986**	698
Estimated money value of benefits-in-kind	**117**	105	**116**	99
	1,149	875	**1,102**	797
Total Directors' remuneration excluding benefits in kind	**1,711**	2,277	**1,634**	2,205
Estimated money value of benefits-in-kind	**134**	221	**133**	215
Total Directors' remuneration	**1,845**	2,498	**1,767**	2,420

NOTES TO THE FINANCIAL STATEMENTS

12. TAXATION

Major components of income tax expense

The major components of income tax expense for the period ended 30 June 2021 and year ended 31 December 2019 are as follows:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	**1.1.2019 to 31.12.2019 (12 months) RM'000**	**1.1.2020 to 30.6.2021 (18 months) RM'000**	**1.1.2019 to 31.12.2019 (12 months) RM'000**
Estimated income tax:				
- Current period/year	**6,789**	3,480	**-**	-
- Under/(Over) provision in prior years	**10**	(2,047)	**-**	-
	6,799	1,433	**-**	-
Deferred tax (Note 28)				
- Origination of temporary differences	**2,435**	1,393	**-**	-
- Under/(Over)provision in prior years	**78**	(722)	**-**	-
	2,513	671	**-**	-
Total	**9,312**	2,104	**-**	-

The numerical reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	**1.1.2019 to 31.12.2019 (12 months) RM'000**	**1.1.2020 to 30.6.2021 (18 months) RM'000**	**1.1.2019 to 31.12.2019 (12 months) RM'000**
Profit before zakat and taxation	**167,791**	20,590	**154,996**	44,826
Tax expenses at the statutory tax rate of 24% (31.12.2019: 24%)	**40,270**	4,942	**37,199**	10,758
Income not subject to tax	**(35,739)**	(7,379)	**(49,283)**	(13,235)
Net effect of expenses not deductible for tax purposes	**4,170**	3,728	**12,662**	2,477
Effect on share of results of associate	**924**	1,266	**-**	-
Deferred tax assets not recognised during the financial period/year	**714**	2,942	**-**	-
Effect of utilisation of previously unrecognised tax losses and capital allowances	**(1,115)**	(626)	**(578)**	-
Under/(Over) provision of tax expense in prior years	**10**	(2,047)	**-**	-
Under/(Over) provision of deferred tax in prior years	**78**	(722)	**-**	-
Tax expense for the period/year	**9,312**	2,104	**-**	-

The overprovision of tax expenses in previous year was attributable to the utilisation of group tax relief upon submission of tax return to Inland Revenue Board ('IRB') by certain subsidiaries amounting to RM1,929,000.

13. NON-CURRENT ASSETS HELD FOR SALE

The movements of the non-current assets held for sale for the current period and previous year are as follows:

	Group		Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**	**30.6.2021 RM'000**	**31.12.2019 RM'000**
As at 1 January	**1,840**	106,805	**1,840**	8,593
Transfer from/(to) property, plant and equipment (Note 15)	**17,004**	(52,181)	**-**	1,840
Transfer from biological assets (Note 22)	**778**	-	**-**	-
Transfer from deferred income (Note 34)	**-**	(4,811)	**-**	-
Disposals	**(19,622)**	(47,973)	**(1,840)**	(8,593)
As at 30 June/31 December	**-**	1,840	**-**	1,840

<u>Non-current assets held for sale in current period</u>

(i) The disposal of an office floor located at Oasis Square, Ara Damansara was completed on 26 February 2020 with a net sale consideration of RM2,809,000. The gain on disposal of RM969,000 was recognised in profit or loss as disclosed in Note 9.

(ii) 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 the Company, had entered into a conditional Sale and Purchase Agreement 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 net cash consideration of RM140,303,000, after real property gains tax and other transaction costs amounting to RM17,697,000. The carrying amount of the said two oil palm estates was RM17,782,000. The disposal was completed on 2 April 2021 with a net gain on disposal of RM122,521,000 as disclosed in Note 9.

<u>Non-current assets held for sale in prior year</u>

As at 31 December 2019, the non-current assets held for sale of the Group/Company is in respect of an office floor located at Oasis Square, Ara Damansara with carrying value of RM1,840,000.

Apart from the above, following are the transactions during the the previous financial year:

(i) Transfer of carrying value of oil palm plantation in Mukah, Sarawak RM52,618,000 to property, plant and equipment following the Group's decision not to sell the assets.

(ii) Changes in carrying amount of assets to be disposed from the property, plant and equipment including building, furniture fittings and motor vehicles amounting to RM1,403,000 in relation to the disposal of a palm oil mill in Mukah, Sarawak.

(iii) Disposal of a mill, ancillary equipment and machineries for a palm oil mill in Mukah, Sarawak for a net sales consideration of RM42,887,000 which was completed on 22 November 2019. The carrying value of the assets as at the disposal date was RM39,380,000 after the effect of government grant in relation to the construction of the mill which was transferred to the assets held for sale prior to the disposal of RM4,811,000. As a result, the net gain on disposal from the sale was RM3,507,000 as disclosed in Note 9.

(iv) On 8 November 2019, the Company had disposed of a piece of leasehold land of the Company measuring approximately 4,238 square metres held under H.S.(D) 316917, PT 9 Seksyen 26, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor for a net sales consideration of RM33,858,000. The carrying value of the assets prior to the disposal was RM8,593,000. This has resulted in a net gain on disposal after cost to sell of RM25,265,000 as disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

14. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share is calculated by dividing earnings for the period/year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period.

The following tables reflect the earnings and share data used in the computation of basic and diluted earnings per share for the period ended 30 June 2021 and year ended 31 December 2019:

	Group	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Profit net of taxation attributable to owners of the parent used in the computation of basic and diluted earnings per share	**155,562**	17,355

	Group	
	30.6.2021 in '000	**31.12.2019 in '000**
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**556,465**	556,465

	30.6.2021 Sen	**31.12.2019 Sen**
Basic and diluted earnings per share attributable to the owners of the parent	**27.96**	3.12

15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Bearer plants(a) RM'000	Factory and buildings RM'000	Plant, renovation, cylinders and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000
Cost								
As at 1 January 2020	332	122,378	115,583	51,167	149,513	4,142	-	443,115
Additions	-	150	984	5,432	16,035	2	1,754	24,357
Disposals	-	-	-	(441)	(1,591)	(615)	-	(2,647)
Disposal of a subsidiary (Note 18(d)(iii))	-	(78,622)	(25,805)	-	(304)	(878)	-	(105,609)
Written off	-	-	-	(14)	(4,219)	(73)	-	(4,306)
Transfer to investment property (Note 16)	-	(870)	-	(11,847)	-	-	-	(12,717)
Transfer to non-current assets held for sale (Note 13)	-	(7,289)	(20,840)	(5,363)	(423)	-	-	(33,915)
As at 30 June 2021	332	35,747	69,922	38,934	159,011	2,578	1,754	308,278

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land RM'000	Bearer plants(a) RM'000	Factory and buildings RM'000	Plant, renovation, cylinders and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000
Accumulated depreciation and impairment								
As at 1 January 2020								
Accumulated depreciation	-	5,936	45,711	14,455	94,986	927	-	162,015
Accumulated impairment losses	-	6,958	-	187	20	-	-	7,165
	-	12,894	45,711	14,642	95,006	927	-	169,180
Depreciation charge for the period	-	546	7,150	2,178	14,836	675	-	25,385
Impairment losses for the period	-	-	-	-	116	-	-	116
Disposals - depreciation	-	-	-	(80)	(1,437)	(493)	-	(2,010)
- impairment	-	-	-	(187)	(20)	-	-	(207)
Disposal of a subsidiary (Note 18(d)(iii))								
- depreciation	-	(573)	(6,448)	-	(188)	(561)	-	(7,770)
Written off	-	-	-	(6)	(3,705)	(73)	-	(3,784)
Transfer to investment property (Note 16)	-	(199)	-	(2,385)	-	-	-	(2,584)
Transfer to non-current assets held for sale (Note 13)	-	(1,670)	(11,242)	(3,611)	(388)	-	-	(16,911)
As at 30 June 2021								
Accumulated depreciation	-	4,040	35,171	10,551	104,104	475	-	154,341
Accumulated impairment losses	-	6,958	-	-	116	-	-	7,074
	-	10,998	35,171	10,551	104,220	475	-	161,415
Net carrying amount	332	24,749	34,751	28,383	54,791	2,103	1,754	146,863

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land RM'000	Bearer plants(a) RM'000	Factory and buildings RM'000	Plant, renovation, cylinders and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000
Cost								
As at 1 January 2019	332	112,721	44,039	39,878	133,947	5,598	10,107	346,622
Additions	-	11	1,588	444	15,408	-	1,883	19,334
Disposals	-	(157)	-	-	(3,536)	-	-	(3,693)
Written off	-	(119)	-	(26)	(879)	(1,007)	(1,439)	(3,470)
Reclassifications	-	-	-	6,022	4,529	-	(10,551)	-
Transfer from/(to) non-current assets held for sale (Note 13)	-	9,922	69,956	4,849	44	(449)	-	84,322
As at 31 December 2019	332	122,378	115,583	51,167	149,513	4,142	-	443,115
Accumulated depreciation and impairment								
As at 1 January 2019								
Accumulated depreciation	-	1,934	12,459	12,400	91,169	1,821	-	119,783
Accumulated impairment losses	-	18	-	-	-	-	-	18
	-	1,952	12,459	12,400	91,169	1,821	-	119,801
Depreciation charge for the year	-	496	5,154	1,233	8,138	491	-	15,512
Impairment losses charge for the year	-	6,940	-	187	20	-	-	7,147
Disposals	-	(57)	-	-	(3,528)	-	-	(3,585)
Written off – depreciation	-	-	-	(14)	(815)	(1,007)	-	(1,836)
Transfer from/(to) non-current assets held for sale - depreciation (Note 13)	-	3,563	28,098	836	22	(378)	-	32,141
As at 31 December 2019								
Accumulated depreciation	-	5,936	45,711	14,455	94,986	927	-	162,015
Accumulated impairment losses	-	6,958	-	187	20	-	-	7,165
	-	12,894	45,711	14,642	95,006	927	-	169,180
Net carrying amount	332	109,484	69,872	36,525	54,507	3,215	-	273,935

NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) The net carrying amount of bearer plant comprises of:

	Group 30.6.2021 RM'000 (18 months)	Group 31.12.2019 RM'000 (12 months)
Matured	**34,751**	64,855
Immature	**-**	5,017
	34,751	69,872

Company	Freehold buildings RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
As at 1 January 2020	13,553	8,096	468	22,117
Additions	-	2,309	-	2,309
Disposals	-	(31)	-	(31)
Written off	-	(3,617)	-	(3,617)
Transfer to investment properties (Note 16)	(13,553)	-	-	(13,553)
As at 30 June 2021	-	6,757	468	7,225
Accumulated depreciation and impairment				
As at 1 January 2020				
Accumulated depreciation	1,948	7,302	344	9,594
Accumulated impairment losses	-	-	-	-
	1,948	7,302	344	9,594
Depreciation charge for the period	307	774	124	1,205
Impairment losses charged for the period	-	116	-	116
Disposals	-	(24)	-	(24)
Written off	-	(3,429)	-	(3,429)
Transfer to investment properties (Note 16)	(2,255)	-	-	(2,255)
As at 30 June 2021				
Accumulated depreciation	-	4,623	468	5,091
Accumulated impairment losses	-	116	-	116
	-	4,739	468	5,207
Net carrying amount	-	2,018	-	2,018

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold buildings RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
As at 1 January 2019	15,742	8,078	468	24,288
Additions	-	84	-	84
Disposals	-	(66)	-	(66)
Transfer to assets held for sale (Note 13)	(2,189)	-	-	(2,189)
As at 31 December 2019	13,553	8,096	468	22,117
Accumulated depreciation				
As at 1 January 2019	1,983	6,713	251	8,947
Depreciation charge for the year	314	649	93	1,056
Disposals	-	(60)	-	(60)
Transfer to assets held for sale (Note 13)	(349)	-	-	(349)
As at 31 December 2019	1,948	7,302	344	9,594
Net carrying amount	11,605	794	124	12,523

Assets under construction

Assets under construction of the Group include construction of a storage tank facility for liquefied petroleum gas of RM1,620,000 (31.12.2019 : RMNil).

Impairment loss on assets

The impairment loss of the Company for the current period mainly relates to impairment of office equipment of RM116,000.

The impairment loss of the Group in the previous financial year ended 31 December 2019 mainly relates to a leasehold land in Klang, Selangor of RM6,940,000 after considering the market valuation of the land from an independent firm of valuer.

Assets written off

The assets that were written off by the Group in the current period are mainly in relation to renovation costs of office premises of RM522,000.

Assets pledged as security

As at 30 June 2021, the freehold and leasehold land, factory and buildings, and bearer plants of the Group and of the Company with a total carrying amount of RM79,706,000 and RMNIL (31.12.2019: RM129,196,000 and RM11,605,000) respectively are pledged to banks as securities for borrowings as disclosed in Note 27.

Assets held under hire purchase

The carrying amount of assets held under hire purchase of the Group and of the Company at the end of the reporting period were RM42,000 and RMNIL (31.12.2019: RM664,000 and RM124,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Acquisition of property, plant and equipment

Acquisition of property, plant and equipment by the Group during the financial period/year was through the following:

Group	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Payment by cash	**19,555**	19,334
Other payables and accrued expenses (Note 26)	**4,802**	-
	24,357	19,334

All acquisition of property, plant and equipment by the Company were paid by cash.

16. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
Cost			
As at 1 January 2020	**27,805**	**1,725**	**29,530**
Disposal	**(11,657)**	**-**	**(11,657)**
Transfer from property, plant and equipment (Note 15)	**11,847**	**870**	**12,717**
As at 30 June 2021	**27,995**	**2,595**	**30,590**
Accumulated depreciation and impairment losses			
As at 1 January 2020			
Accumulated depreciation	**10,665**	**213**	**10,878**
Accumulated impairment losses	**7,269**	**-**	**7,269**
	17,934	**213**	**18,147**
Depreciation charged for the period (Note 9)	**704**	**53**	**757**
Disposal - impairment	**(7,269)**	**-**	**(7,269)**
Transfer from property, plant and equipment (Note 15)	**2,385**	**199**	**2,584**
As at 30 June 2021			
Accumulated depreciation	**13,754**	**465**	**14,219**
Accumulated impairment losses	**-**	**-**	**-**
	13,754	**465**	**14,219**
Net carrying amount	**14,241**	**2,130**	**16,371**
Fair value	**26,240**	**6,700**	**32,940**

16. INVESTMENT PROPERTIES (cont'd)

Group	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
Cost			
As at 1 January 2019	29,033	1,725	30,758
Disposal of a subsidiary*	(1,228)	-	(1,228)
As at 31 December 2019	27,805	1,725	29,530
Accumulated depreciation and impairment losses			
As at 1 January 2019			
Accumulated depreciation	10,271	183	10,454
Accumulated impairment losses	7,269	-	7,269
	17,540	183	17,723
Depreciation charged for the year (Note 9)	394	30	424
As at 31 December 2019			
Accumulated depreciation	10,665	213	10,878
Accumulated impairment losses	7,269	-	7,269
	17,934	213	18,147
Net carrying amount	9,871	1,512	11,383
Fair value	26,000	2,500	28,500

* *The disposal of a subsidiary consists of property under construction that has not been depreciated.*

Company	Freehold buildings RM'000
Cost	
As at 1 January 2020	**3,664**
Transfer from property, plant and equipment (Note 15)	**13,553**
As at 30 June 2021	**17,217**
Accumulated depreciation	
As at 1 January 2020	**366**
Depreciation for the period (Note 9)	**207**
Transfer from property, plant and equipment (Note 15)	**2,255**
As at 30 June 2021	**2,828**
Net carrying amount	**14,389**
Fair value	**24,650**

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES (cont'd)

Company	Freehold buildings RM'000
Cost	
As at 1 January 2019/31 December 2019	3,664
Accumulated depreciation	
As at 1 January 2019	293
Depreciation for the year (Note 9)	73
As at 31 December 2019	366
Net carrying amount	3,298
Fair value	5,770

The following were recognised in profit or loss in respect of investment properties:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Rental income	**3,123**	2,312	**585**	700
Direct operating expenses	**2,528**	1,791	**104**	71

Valuation of investment properties

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Fair value measurement using significant unobservable inputs (Level 3)				
Fair value of investment properties	**32,940**	28,500	**24,650**	5,770

Fair value of the investment properties was arrived at by relying on the work of independent firm of valuers, determined using open-market value based on active market prices involving identical or similar property and location adjusted, if necessary, for any difference in the nature, site facilities, size and shapes, accessibility, infrastructures available, improvements made on the site, rental income, occupancy rate, operating costs and condition of the specific assets.

Investment properties pledged as security

Freehold buildings of the Group and the Company with net carrying amount of RM6,294,000 and RM14,389,000 (31.12.2019: RM4,315,000 and RM3,298,000) respectively, are pledged as security for borrowings as disclosed in Note 27.

17. LEASES

(i) As lessee

Right-of-use assets

Group	Land premises RM'000	Equipment RM'000	Office premise RM'000	Total RM'000
Cost				
As at 1 January 2020	**4,254**	**178**	**-**	**4,432**
Additions	**-**	**-**	**1,365**	**1,365**
As at 30 June 2021	**4,254**	**178**	**1,365**	**5,797**
Accumulated depreciation				
As at 1 January 2020	**(659)**	**(44)**	**-**	**(703)**
Depreciation for the period (Note 9)	**(987)**	**(89)**	**(151)**	**(1,227)**
As at 30 June 2021	**(1,646)**	**(133)**	**(151)**	**(1,930)**
Net carrying amount	**2,608**	**45**	**1,214**	**3,867**

Group	Land premises RM'000	Equipment RM'000	Total RM'000
Cost			
As at 1 January 2019	4,254	-	4,254
Additions for the year	-	178	178
As at 31 December 2019	4,254	178	4,432
Accumulated depreciation			
As at 1 January 2019	-	-	-
Depreciation for the year (Note 9)	(659)	(44)	(703)
As at 31 December 2019	(659)	(44)	(703)
Net carrying amount	3,595	134	3,729

The Group leases its office floor premise, forklifts for 3 years and two plots of lands to operate two of its bottling plants, where the lease term is 5 years and 15 years, respectively. One of the bottling plants was paid upfront for 15 years since the date of acquisition and with an option to renew the lease after that date. With the exception of short-term lease and lease of low value of underlying assets, each lease is reflected on the statements of financial position as a right-of-use asset and a lease liability.

NOTES TO THE FINANCIAL STATEMENTS

17. LEASES (cont'd)

(i) As lessee (cont'd)

Right-of-use assets (cont'd)

Company	Office premise RM'000
Cost	
As at 1 January 2020	**-**
Additions for the period	**1,365**
As at 30 June 2021	**1,365**
Accumulated depreciation	
As at 1 January 2020	**-**
Depreciation for the period (Note 9)	**(151)**
As at 30 June 2021	**(151)**
Net carrying amount	**1,214**

In the current financial period, the Company has entered into a new lease agreement for the rental of office floor. The lease term is for a period of 3 years.

Lease liabilities

Group	Land premises RM'000	Equipment RM'000	Office premise RM'000	Total RM'000
As at 1 January 2020	**2,988**	**134**	**-**	**3,122**
Additions	**-**	**-**	**1,365**	**1,365**
Finance costs	**194**	**3**	**17**	**214**
Repayments of lease liabilities	**(886)**	**(88)**	**(130)**	**(1,104)**
Repayments of finance costs	**(194)**	**(3)**	**(17)**	**(214)**
As at 30 June 2021	**2,102**	**46**	**1,235**	**3,383**
As at 1 January 2019	3,542	-	-	3,542
Additions	-	178	-	178
Finance costs	165	2	-	167
Repayments of lease liabilities	(554)	(44)	-	(598)
Repayments of finance costs	(165)	(2)	-	(167)
As at 31 December 2019	2,988	134	-	3,122

There were no lease liabilities in relation to one of the bottling plants amounting to RM715,000 (31.12.2019: RM805,000) which were paid upfront for 15 years.

17. LEASES (cont'd)

(i) As lessee (cont'd)

Lease liabilities (cont'd)

The maturity analysis of the lease liabilities is presented below:

Group 30.06.2021	Land premises RM'000	Equipment RM'000	Office premise RM'000	Total RM'000
Year 1	**719**	**46**	**457**	**1,222**
Year 2	**719**	**-**	**495**	**1,214**
Year 3	**719**	**-**	**354**	**1,073**
Year 4	**120**	**-**	**-**	**120**
	2,277	**46**	**1,306**	**3,629**
Less: unearned interest	**(175)**	**-**	**(71)**	**(246)**
	2,102	**46**	**1,235**	**3,383**

Group 31.12.2019	Land premises RM'000	Equipment RM'000	Office premise RM'000	Total RM'000
Year 1	719	61	-	780
Year 2	719	61	-	780
Year 3	719	15	-	734
Onwards	1,216	-	-	1,216
	3,373	137	-	3,510
Less: unearned interest	(385)	(3)	-	(388)
	2,988	134	-	3,122

Group 30.06.2021	Land premises RM'000	Equipment RM'000	Office premise RM'000	Total RM'000
Less than one year	**627**	**46**	**415**	**1,088**
Between 1 year and 5 years	**1,475**	**-**	**820**	**2,295**
	2,102	**46**	**1,235**	**3,383**
31.12.2019				
Less than one year	583	59	-	642
Between 1 year and 5 years	2,405	75	-	2,480
	2,988	134	-	3,122

Amounts recognised in profit or loss are as follows:

Group Leases under MFRS 16	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Depreciation expense on right-of-use assets	**1,227**	703
Interest expense on lease liabilities	**214**	167
Expense relating to leases of low value assets	**237**	127

NOTES TO THE FINANCIAL STATEMENTS

17. LEASES (cont'd)

(i) As lessee (cont'd)

Lease liabilities (cont'd)

Amounts recognised in the statements of cash flows are as follows:

Group	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Total cash outflow for leases	**1,318**	765

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of RM2,131,000 (31.12.2019: RM632,000).

Company	Office premise RM'000
As at 1 January 2020	**-**
Additions	**1,365**
Finance costs	**17**
Repayments of finance cost	**(17)**
Repayments of lease liabilities	**(130)**
As at 30 June 2021	**1,235**

The maturity analysis of the lease liabilities is presented below:

Company 30.06.2021	Office premise RM'000
Year 1	**457**
Year 2	**495**
Year 3	**354**
	1,306
Less: unearned interest	**(71)**
	1,235

17. LEASES (cont'd)

(i) As lessee (cont'd)

Lease liabilities (cont'd)

Company **30.6.2021**	**Office premise** **RM'000**
Less than one year	**415**
Between 1 year and 5 years	**820**
	1,235

Amounts recognised in profit or loss are as follows:

Company **Leases under MFRS 16**	**1.1.2020 to 30.6.2021 (18 months)** **RM'000**	**1.1.2019 to 31.12.2019 (12 months)** **RM'000**
Depreciation expense on right-of-use assets	**151**	-
Interest expense on lease liabilities	**17**	-

Amounts recognised in the statements of cash flows are as follows:

Company	**1.1.2020 to 30.6.2021 (18 months)** **RM'000**	**1.1.2019 to 31.12.2019 (12 months)** **RM'000**
Total cash outflow for leases	**147**	-

(ii) As lessor

Finance lease receivables

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the end of the reporting period.

	30.6.2021 **RM'000**	**31.12.2019** **RM'000**
Amounts receivable under finance leases:		
Year 1	**452**	420
Year 2	**452**	420
Year 3	**452**	420
Year 4	**70**	420
Year 5	**3**	248
Undiscounted lease receivables	**1,429**	1,928
Unguaranteed residual values	**647**	932
	2,076	2,860
Less: Unearned finance lease income	**(767)**	(1,168)
Present value of lease payment receivables	**1,309**	1,692
Net investment in the lease	**1,309**	1,692

NOTES TO THE FINANCIAL STATEMENTS

17. LEASES (cont'd)

(ii) As lessor (cont'd)

Finance lease receivables (cont'd)

	30.6.2021 RM'000	31.12.2019 RM'000
Undiscounted lease receivables analysed as:		
Recoverable within 12 months	**452**	420
Recoverable after 12 months	**977**	1,508
	1,429	1,928
Net investment in the lease analysed as:		
Recoverable within 12 months	**164**	115
Recoverable after 12 months	**1,145**	1,577
	1,309	1,692

The following table presents the movements in the net investment in lease receivables:

	Group	
	30.6.2021 RM'000	31.12.2019 RM'000
As at 1 January	**1,692**	-
Reclassifications from property, plant and equipment (Note 15)	**-**	1,182
Additions during the period/year	**90**	550
Finance lease income recognised (Note 5)	**471**	131
Repayments of finance lease receivables	**(659)**	(171)
Reduction in unguaranteed residual value (Note 9)	**(285)**	-
As at 30 June/31 December	**1,309**	1,692

The Group entered into a business arrangement for the supply of liquefied petroleum gas ('LPG') via bulk tank system with the average term of 5 years.

The LPG is to be delivered and stored in the bulk tank system located at customers' location. The Group has classified this as part of finance lease considering that physical access to the bulk tank system is controlled by the customer. Generally, these lease contracts do not include extension or early termination options.

During the financial period ended 30 June 2021, the Group recognised finance lease income from the lease receivables of RM471,000 (31.12.2019: RM131,000) as part of the Group's revenue as disclosed in Note 5.

The Group estimates the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period is past due and taking into account the historical default experience and the future prospects of the industries in which the lessees operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

Operating lease

The Group has entered into commercial property leases on its properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. These leases have an average tenure of between one and three years.

17. LEASES (cont'd)

Operating lease (cont'd)

Rental income recognised in profit or loss of the Group for the current financial period are as follows:

	Group	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Rental income		
- Investment properties (Note 16)	**3,123**	2,312
- Tower infrastructure	**522**	129
	3,645	2,441

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the end of the reporting period.

Future minimum lease receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Less than one year	**1,608**	1,138
Between one and five years	**2,065**	137
	3,673	1,275

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Unquoted shares, at cost (a)	**364,485**	234,354
Less: Accumulated impairment losses (b)	**(197,063)**	(34,572)
	167,422	199,782
Advances to subsidiaries (c)	**-**	207,390
Less: Accumulated impairment losses	**-**	(145,193)
	-	62,197
Financial guarantees (f)	**10,397**	10,397
Less: Accumulated impairment losses	**(3,894)**	(3,113)
	6,503	7,284
	173,925	269,263

A list of the subsidiaries is shown in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Movement of cost of unquoted shares are as follows:

	Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**
As at 1 January	**234,354**	256,004
Additional for the period/year (Note 18(d)(i))	**141,858**	-
Share capital reduction (Note 18(e)(i))	**-**	(10,000)
Disposal of a subsidiary (Note 18(d)(iii))	**(10,000)**	-
Write-off of investment in subsidiaries (Note 18(d)(iv)) and (Note 18(e)(iii))	**(1,727)**	(11,650)
As at 30 June/31 December	**364,485**	234,354

(b) Movement in impairment account for unquoted shares are as follows:

	Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**
As at 1 January	**34,572**	46,222
Charge for the period/year (Note 9)	**27,360**	-
Transfer from impairment of advances to subsidiaries (Note 18(c))	**136,858**	-
Write-off of investment in subsidiaries (Note 18(d)(iv)) and (Note 18(e)(iii))	**(1,727)**	(11,650)
As at 30 June/31 December	**197,063**	34,572

(c) Advances to subsidiaries

The advances to subsidiaries have no fixed tenure and the Company does not expect repayment in the foreseeable future. Accordingly, the balances have been classified as part of investments in subsidiaries.

Movement in advance to subsidiaries are as follows:

	Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**
As at 1 January	**207,390**	213,468
Addition for the period/year	**9,954**	54
Transfer (to)/from amount due from subsidiaries (Note 23)	**(22,076)**	8,993
Repayment for the period/year	**(44,773)**	(15,125)
Capitalised during the period/year (Note 18(d)(i))	**(141,858)**	-
Disposal during the period/year (Note 18(d)(iii))	**(8,637)**	-
As at 30 June/31 December	**-**	207,390

Movement in impairment account for advances to subsidiaries are as follows:

	Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**
As at 1 January	**145,193**	160,272
Allowance of impairment (Note 9)	**40**	46
Transfer to impairment account for unquoted shares (Note 18(b) and (Note 18(d)(i))	**(136,858)**	-
Reversal of impairment on advances to subsidiaries (Note 18(d)(ii))	**(8,375)**	(15,125)
As at 30 June/31 December	**-**	145,193

18. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) Transactions during the financial period

(i) Subscription of new shares in the subsidiaries

The Company had increased its investment in subsidiaries amounting to RM141,858,000 by capitalising the advances made to the following subsidiaries:

Subsidiaries	Date of Allotment	No. of share (Units)	RM'000
Restoran Kualiti Sdn Bhd	11 June 2021	131,707,846	131,708
Cybertrek (Malaysia) Sdn Bhd	4 June 2020	5,149,973	5,150
KUB Malua Plantation Sdn Bhd	25 September 2020	5,000,000	5,000

Subsequently, the impairment losses provided for Restoran Kualiti Sdn Bhd and Cybertrek (Malaysia) Sdn Bhd amounting to RM136,858,000 previously, has been transferred to impaired account for unquoted shares.

(ii) Reversal during the period

During the period, there was repayment from a subsidiary namely KUB Ekuiti Sdn Bhd amounting to RM8,375,000 and the reversal of impairment has been recognised in profit or loss accordingly.

(iii) Disposal of a subsidiary

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 of RM1 per share and shareholders advances of RM8,637,000 for a total cash consideration of RM10,549,000 as determined at the completion date. Upon the disposal of KUB Malua, the amount outstanding from the said company of RM18,561,000 has been written off, which has resulted in loss on disposal of RM26,649,000 was recognised in profit or loss as disclosed in Note 9. The transaction was completed on 30 April 2021.

KUB Malua is principally involved in cultivation of oil palm and management of oil palm estates in Kinabatangan, Sabah.

Effect of disposal of KUB Malua to the financial position of the Group in the current period were as follows:

	30.6.2021 RM'000
Property, plant and equipment (Note 15)	**97,839**
Biological assets (Note 22)	**599**
Trade and other receivables	**1,189**
Cash and bank balances	**3,641**
Trade and other payables	**(4,090)**
Amount due to holding company	**(18,561)**
Borrowings (Note 27)	**(69,814)**
Net assets disposed	**10,803**
Non-recoverability of intercompany advances	**18,561**
Loss on disposal of a subsidiary (Note 9)	**(18,815)**
Proceeds from disposal	**10,549**
Less: Cash and cash equivalents	**(3,641)**
Cash flow on disposal, net of cash disposed of	**6,908**

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) Transactions during the financial period (cont'd)

(iv) Member's voluntary winding up

During the financial period, a subsidiary company, Pernida Berhad ('Pernida') which is currently dormant, had resolved by way of special resolution at its respective extraordinary general meeting held on 8 February 2021 to approve the voluntary winding-up pursuant to Section 459 (3)(4) of the Companies Act, 2016. The investment in Pernida was fully impaired in previous years.

(e) Transactions during the previous year

(i) Share capital reduction

During the previous financial year, a subsidiary company, Peraharta Sdn Bhd had undertaken a share capital reduction by RM10,000,000 or RM0.50 per share pursuant to Section 117 of the Companies Act, 2016.

(ii) Reversal of impairment on advances to subsidiaries

The Company had reversed its impairment on advances to subsidiaries i.e., KUB Ekuiti Sdn Bhd and Restoran Kualiti Sdn Bhd amounting to RM13,665,000 and RM1,460,000 respectively upon collection in the previous year. These reversals amounting to RM15,125,000 had been recognised in profit or loss during the previous year.

(iii) Strike off of dormant subsidiaries

In previous year, the Company had written-off of its investment in the following dormant subsidiaries amounting to RM11,650,000, as the said subsidiaries had been struck-off from the register pursuant to Section 550 of the Companies Act, 2016 and are accordingly dissolved.

- KUB Research Sdn Bhd
- KUB Realty (PJ) Sdn Bhd
- Utama Steel Works Sdn Bhd

(iv) Disposal of a subsidiary

On 20 December 2018, a wholly owned subsidiary of the Company, KUB Ekuiti Sdn Bhd, entered into a Share Sale Agreement with Kasmuncak Holdings Sdn Bhd for the disposal of its 100% equity interest comprising 500,000 units of ordinary shares representing RM500,000 of issued shares of KUB Tower Sdn Bhd for a total consideration of RM1,465,000.

The disposal was completed on 8 November 2019 with a gain on disposal of RM293,000 as disclosed in Note 9.

On 19 July 2019, a wholly owned subsidiary of the Company, KUB Power Sdn Bhd, had disposed of its 50% of equity interest in Kiev Energy Sdn Bhd, at a total consideration of RM1. There was no gain or loss recognised from this disposal.

(f) Financial guarantees

This amount relates to fair value of corporate guarantee provided by the Company to banks for banking facilities granted to subsidiaries in prior years and which have been capitalised as part of the investment in these subsidiary companies.

Movement in impairment:

	Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**
As at 1 January	**3,113**	3,113
Charge for the period/year (Note 9)	**781**	-
As at 30 June/31 December	**3,894**	3,113

19. INVESTMENT IN ASSOCIATES

	Group		Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**	**30.6.2021 RM'000**	**31.12.2019 RM'000**
Unquoted shares, at cost	**26,833**	26,833	**25,854**	25,854
Share of post-acquisition reserves	**42,552**	38,701	**-**	-
Disposal during the financial period/year	**(51,551)**	-	**(9,000)**	-
	17,834	65,534	**16,854**	25,854
Less: Accumulated impairment losses	**(17,834)**	(17,834)	**(16,854)**	(16,854)
	-	47,700	**-**	9,000

A list of the associates is shown in Note 43.

On 25 June 2020, the Company has disposed of 40% equity interest in KUB Berjaya Enviro Sdn Bhd ('KUBE') comprising 9,000,000 ordinary shares for a total cash consideration of RM80,000,000. The carrying amount of KUBE as at the date of disposal was RM49,482,000. The gain on disposal arising from this transaction for the Group and the Company is RM30,518,000 and RM71,000,000 respectively as disclosed in Note 9.

KUB-Berjaya Enviro Sdn Bhd

(i) Summarised statement of financial position

	25.6.2020 RM'000	**31.12.2019 RM'000**
Non-current assets	**182,212**	180,621
Current assets	**35,241**	39,693
Total assets	**217,453**	220,314
Non-current liabilities	**49,192**	47,005
Current liabilities	**44,556**	54,060
Total liabilities	**93,748**	101,065
Total equity	**123,705**	119,249

(ii) Summarised statement of profit or loss and other comprehensive income

	1.1.2020 to 25.6.2020 (6 months) RM'000	**1.1.2019 to 31.12.2019 (12 months) RM'000**
Revenue	**37,601**	79,992
Profit for the period/year	**9,627**	13,183
The Group's share of profit	**3,851**	5,273
Dividend received from the associates during the period/year	**2,070**	-

NOTES TO THE FINANCIAL STATEMENTS

19. INVESTMENT IN ASSOCIATES (cont'd)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates.

	25.6.2020 (6 months) RM'000	31.12.2019 (12 months) RM'000
Net assets as at 1 January	**119,249**	106,066
Profit for the period/year	**9,631**	13,183
Less: Dividend for the period/year	**(5,175)**	-
Net assets as at 25 June/31 December	**123,705**	119,249
Interest in associate	**40%**	40%
Carrying value of Group's interest in associates	**49,482**	47,700

(iv) There is no financial information available for the associates that are not individually material as at 30 June 2021. These associates are dormant companies and the Group and Company have fully impaired the carrying amount for these associates in profit or loss.

20. OTHER INVESTMENTS

	Group/Company	
	30.6.2021 RM'000	31.12.2019 RM'000
Investments in equity instruments designated as FVTOCI		
- quoted shares in Malaysia	**5,195**	5,339
Investments in equity instruments designated as FVTPL		
- unquoted shares	**1,429**	1,657
Total other investments	**6,624**	6,996

The investments in quoted shares are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, Company has elected to designate these investments in equity instruments as at FVTOCI as recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The fair values of the unquoted shares have been estimated using a discounted dividend model. The valuation requires management to make certain assumptions about the model inputs, including growth rates and required rate of return.

21. INVENTORIES

	Group	
	30.6.2021	**31.12.2019**
	RM'000	**RM'000**
Raw materials	**3,158**	2,796
Finished goods	**738**	1,489
Consumables	**340**	536
	4,236	4,821

Cost of inventories recognised as an expense during the period/year were RM495,444,000 (31.12.2019: RM356,805,000).

The cost of inventories recognised as an expense includes RM97,000 (31.12.2019: RM632,000) in respect of write-down of inventories to net realisable value.

22. BIOLOGICAL ASSETS

	Group	
	30.6.2021	**31.12.2019**
	RM'000	**RM'000**
As at 1 January	**1,274**	724
Gain from changes in fair value (Note 9)	**1,160**	550
Transferred to non-current assets held for sale (Note 13)	**(778)**	-
Disposal of a subsidiary (Note 18(d)(iii))	**(599)**	-
As at 30 June/31 December	**1,057**	1,274

The Group's biological assets consist of fresh fruit bunches ('FFB'). Each FFB takes approximately 6 months from pollination to reach maximum oil content to be ready for harvesting. During the period ended 30 June 2021, the Group harvested 140,558 tonnes of FFB (31.12.2019: 106,012 tonnes). The quantity of unharvested FFB of the Group as at 30 June 2021 included in the fair valuation of FFB was 1,868 tonnes (31.12.2019: 3,630 tonnes).

In determining the fair values of unharvested FFB, the management has considered the oil content of the unripe FFB from the week after pollination to the week prior to harvest and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible. Therefore, quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost and transport.

FFB valuation have been classified as level 3 in the fair value hierarchy. The fair value of FFB is determined using a discounted cash flow model with reference to the market value of crude palm oil at the date of harvest, adjusted for extraction rates, transportation and other costs to sell at the point of harvest. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

NOTES TO THE FINANCIAL STATEMENTS

23. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Non-current		
Amount due from subsidiaries	**13,478**	13,982
Less: Allowance for impairment losses	**(13,478)**	(13,982)
	-	-
Current		
Amount due from subsidiaries	**3,051**	9,946
Less: Allowance for impairment losses	**(1,107)**	(2,075)
	1,944	7,871
Amount due to subsidiaries	**589**	715

During the financial period, amount due from subsidiaries of RM22,076,000 (31.12.2019: RM8,993,000) has been transferred from/(to) advances to subsidiaries as disclosed in Note 18(c).

Upon the disposal of KUB Malua Plantation Sdn Bhd, the amount outstanding from the said company of RM18,561,000 has been written off.

The amount due from/(to) subsidiaries are unsecured and bears interest at the market Base Lending Rate ('BLR') of 5.4% (31.12.2019: 6.90%) per annum and repayable on demand.

Movement in allowance for impairment accounts are as follows:

	Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**
As at 1 January	**16,057**	15,169
Charged for the period/year (Note 9)	**-**	1,249
Reversal for the period/year (Note 9)	**(1,472)**	(361)
As at 30 June/31 December	**14,585**	16,057

24. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	Group		Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**	**30.6.2021 RM'000**	**31.12.2019 RM'000**
Trade				
Trade receivables (a)	**24,125**	28,826	**-**	-
Less: Allowance for impairment losses				
Lifetime ECL				
- Non credit-impaired	**(1,081)**	(681)	**-**	-
Lifetime ECL				
- Credit-impaired	**(6,193)**	(2,494)	**-**	-
	(7,274)	(3,175)	**-**	-
	16,851	25,651	**-**	-
Non-trade				
Government subsidy receivable	**10,000**	10,386	**-**	-
Deposits	**3,672**	3,829	**332**	253
Good and service tax receivables	**69**	2,773	**-**	-
Prepayments	**967**	712	**66**	15
Other receivables	**4,339**	4,123	**142**	1,503
Less: Allowance for impairment losses (b)	**(3,400)**	(1,400)	**-**	-
	15,647	20,423	**540**	1,771
Total trade and other receivables (net)	**32,498**	46,074	**540**	1,771
Net retention sum on contract included within trade receivables	**1,160**	5,252	**-**	-

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.12.2019: 30 to 90 days) terms.

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and finance lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., nature of project undertaking, product type, customer type and rating, and coverage by bank guarantee or other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The Group has recognised a loss allowance of 100% (31.12.2019: 100%) on individually credit-impaired trade receivables over 1 year past due with no realistic prospect of recovery as historical experience has indicated that these receivables are generally not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

24. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS (cont'd)

(a) Trade receivables (cont'd)

The ageing analysis of the Group's trade receivables is as follows:

	Group			
	30.6.2021		31.12.2019	
	Gross carrying amount RM'000	Lifetime ECL RM'000	Gross carrying amount RM'000	Lifetime ECL RM'000
Days past due:				
Not past due	**12,451**	**45**	19,853	368
< 30 days	**1,930**	**99**	2,656	64
31 - 60 days	**1,272**	**109**	2,383	138
61 - 90 days	**200**	**20**	964	92
91 - 180 days	**2,079**	**808**	476	19
> 1 year	**6,193**	**6,193**	2,494	2,494
Total	**24,125**	**7,274**	28,826	3,175

Movement in allowance for impairment that has been recognised for trade receivables are as follows:

	Group	
	30.6.2021 RM'000	31.12.2019 RM'000
As at 1 January	**3,175**	3,352
Charged for the period/year (Note 9)	**4,387**	393
Reversal during the period/year (Note 9)	**(288)**	(570)
As at 30 June/31 December	**7,274**	3,175

(b) Other receivables

Movement in allowance for impairment that has been recognised for other receivables are as follows:

	Group	
	30.6.2021 RM'000	31.12.2019 RM'000
As at 1 January	**1,400**	1,226
Charged for the period/year (Note 9)	**2,094**	174
Written off during the period/year	**(94)**	-
As at 30 June/31 December	**3,400**	1,400

24. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS (cont'd)

(c) Contract assets

	Group	
	30.6.2021 RM'000	31.12.2019 RM'000
As at 1 January	**(641)**	1,827
Revenue recognised during the period/year (Note 5)	**13,553**	6,495
Progress billing during the period/year	**(8,534)**	(9,057)
Allowance for impairment during the period/year	**(111)**	-
Reversal of impairment during the period/year	**-**	94
As at 30 June/31 December	**4,267**	(641)
Analyse as:		
Contract assets	**4,884**	340
Contract liabilities	**(617)**	(981)
Net contract assets/(liabilities)	**4,267**	(641)

Included in additions to aggregate costs incurred to-date are the following amounts charged during the period:

	30.6.2021 RM'000	31.12.2019 RM'000
Interest capitalised	**13**	-
Staff costs	**1,463**	1,271
Rental	**64**	-

Movement in the allowance for impairment losses of contract assets are as follows:

	30.6.2021 RM'000	31.12.2019 RM'000
As at 1 January	**531**	1,283
Charged for the period/year (Note 9)	**111**	-
Reversal during the period/year (Note 9)	**-**	(94)
Write off during the period/year	**(522)**	(658)
As at 30 June/31 December	**120**	531

Construction contracts revenue and costs are disclosed in Note 5 and Note 6 respectively.

25. CASH AND BANK BALANCES

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Cash and bank balances	**24,225**	25,875	**1,962**	3,187
Deposits with licensed banks	**398,883**	119,752	**306,307**	44,732
	423,108	145,627	**308,269**	47,919

Included in cash at banks of the Group is an amount of RM6,849 (31.12.2019: RM6,776) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which is restricted from use in other operations.

Included in deposits with licensed banks of the Group is an amount of RM26,130,000 (31.12.2019: RM32,018,000) which has been pledged as security for borrowings of the Group as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

25. CASH AND BANK BALANCES (cont'd)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Cash and bank balances	**423,108**	145,627	**308,269**	47,919
Less : Deposits pledged with licensed banks	**(26,130)**	(32,018)	**-**	-
Cash and cash equivalents	**396,978**	113,609	**308,269**	47,919

The weighted average effective interest rates ('WAEIR') of the Group's and of the Company's non-pledged deposits with licensed banks as at the end of the reporting period are as follows:

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
WAEIR (%)	**2.0**	3.2	**2.0**	3.1
Maturity period (days)	**41**	29	**51**	29

The currency profile of cash and bank balances is as follows:

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Malaysia Ringgit	**423,108**	145,398	**308,269**	47,919
Bangladeshi Taka	**-**	229	**-**	-
	423,108	145,627	**308,269**	47,919

26. TRADE AND OTHER PAYABLES, REFUNDABLE CYLINDER DEPOSITS AND CONTRACT LIABILITIES

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Non-current				
Non-trade:				
Refundable cylinder deposits (b)	**31,637**	17,778	**-**	-
Current				
Trade:				
Trade payables (a)	**25,690**	43,774	**-**	-
Non-trade:				
Other payables	**19,815**	13,099	**1,767**	9,050
Deposits	**3,135**	1,951	**156**	276
Real property gains tax	**9,087**	-	**-**	-
Refundable cylinder deposits (b)	**11,724**	22,604	**-**	-
Provisions (c)	**2,672**	316	**-**	-
	46,433	37,970	**1,923**	9,326
	72,123	81,744	**1,923**	9,326

26. TRADE AND OTHER PAYABLES, REFUNDABLE CYLINDER DEPOSITS AND CONTRACT LIABILITIES (cont'd)

Included in other payables are amounts owing to property, plant and equipment creditor and accrued expenses amounting to RM2,029,000 and RM2,773,000 respectively.

(a) Trade payables

These amounts are non-interest bearing and normally settled between 60 to 90 days (31.12.2019: 60 to 90 days) terms.

(b) Refundable cylinder deposits

	Group	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Current	**11,724**	22,604
Non-current	**31,637**	17,778
	43,361	40,382

The refundable cylinder deposits are deposits received in exchange of gas cylinders which has no scheduled repayment term and refundable upon return of the cylinders in good working condition. The Group has classified RM31,637,000 (31.12.2019: RM17,778,000) into non-current liabilities based on the Group's long-term experiences with the customers in prior years which are currently still active.

(c) Provisions

Movement of provision for liquidated ascertained damages during the period/year is as follows:

	Group	
	30.6.2021 RM'000	**31.12.2019 RM'000**
As at 1 January	**316**	316
Additions (Note 9)	**2,356**	-
As at 30 June/31 December	**2,672**	316

The provision for liquidated ascertained damages is made based on the approved contract terms and is computed on the agreed penalty charges per delay multiplied by the number of days delayed.

Contract liabilities

	Group	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Construction contracts (Note 24)	**617**	981

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise if a particular milestone billing exceeds the revenue recognised to date.

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Long-term borrowings				
Secured				
Term loans (a)	**1,039**	70,667	**-**	-
Hire purchase payables (b)	**37**	366	**-**	24
	1,076	71,033	**-**	24
Short-term borrowings				
Secured				
Term loans (a)	**695**	4,933	**-**	-
Revolving credits	**10,000**	8,000	**-**	-
Bankers acceptances	**25,000**	20,000	**-**	-
Trust receipts	**1,921**	-	**-**	-
Hire purchase payables (b)	**22**	236	**-**	92
	37,638	33,169	**-**	92
Total borrowings				
Term loans (a)	**1,734**	75,600	**-**	-
Revolving credits	**10,000**	8,000	**-**	-
Bankers acceptances	**25,000**	20,000	**-**	-
Trust receipts	**1,921**	-	**-**	-
Hire purchase payables (b)	**59**	602	**-**	116
	38,714	104,202	**-**	116

The range of weighted average effective of interest rates ('WAEIR') (% per annum) of the borrowings at the end of the reporting period are as follows:

	Group		Company	
	30.6.2021 WAEIR %	31.12.2019 WAEIR %	30.6.2021 WAEIR %	31.12.2019 WAEIR %
Term loans	**5.50**	4.35 - 5.37	**-**	-
Hire purchase	**4.79**	4.77 - 6.97	**-**	5.41
Revolving credits	**3.92**	4.99 - 6.30	**-**	-
Trust receipts	**5.56**	-	**-**	-
Bankers acceptances	**3.31**	3.79	**-**	-

The secured borrowings of the Group and of the Company are secured by way of fixed and floating charges over certain assets of the Group and of the Company including deposits with licensed banks of RM26,130,000 (31.12.2019: RM32,018,000) which has been pledged as security as disclosed in Note 15, Note 16 and Note 25 respectively.

The bank facilities of the Group except for hire purchase amounting to RM38,655,000 (31.12.2019: RM103,600,000) are also secured by corporate guarantee from the Company. In the event of default in any of the facilities, the maximum exposure of the Company would be amounting to RM16,427,000 (31.12.2019: RM78,769,000) as per explained in Note 38(b).

27. BORROWINGS (cont'd)

(a) Term loans

	Group	
	30.6.2021	**31.12.2019**
	RM'000	**RM'000**
The maturity profile of the Group's term loans are as follows:		
Less than 1 year	**695**	4,933
Between 1 year and 5 years	**1,039**	20,726
More than 5 years	**-**	49,941
	1,734	75,600

(b) Hire purchase payables

	Group		Company	
	30.6.2021	**31.12.2019**	**30.6.2021**	**31.12.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Future minimum hire purchase payables				
Less than 1 year	**24**	244	**-**	95
Between 1 year and 5 years	**38**	391	**-**	25
Total future minimum lease payments	**62**	635	**-**	120
Less: Future finance charges	**(3)**	(33)	**-**	(4)
	59	602	**-**	116
Analysis of present value of hire purchase payables				
Less than 1 year	**22**	236	**-**	92
Between 1 year and 5 years	**37**	366	**-**	24
	59	602	**-**	116
Less: Due within 12 months	**(22)**	(236)	**-**	(92)
Due after 12 months	**37**	366	**-**	24

NOTES TO THE FINANCIAL STATEMENTS

27. BORROWINGS (cont'd)

The table below details changes in the Group's liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's statements of cash flows as cash flow from financing activities.

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
As of 1 January:				
Term loans	**75,600**	123,156	**-**	-
Hire purchase payables	**602**	831	**116**	203
Short term borrowings	**28,000**	46,941	**-**	1,000
	104,202	170,928	**116**	1,203
Drawdown during the financial period/year:				
Short term borrowings	**36,921**	40,000	**-**	-
Repayment during the financial period/year:				
Term loans	**(4,052)**	(47,556)	**-**	-
Hire purchase payables	**(543)**	(229)	**(116)**	(87)
Short term borrowings	**(28,000)**	(58,941)	**-**	(1,000)
	(32,595)	(106,726)	**(116)**	(1,087)
Disposal of a subsidiary (Note 18)				
Term loan	**(69,814)**	-	**-**	-
As at 30 June/31 December:				
Term loans	**1,734**	75,600	**-**	-
Hire purchase payables	**59**	602	**-**	116
Short term borrowings	**36,921**	28,000	**-**	-
Total	**38,714**	104,202	**-**	116

28. DEFERRED TAX LIABILITIES

	Group	
	30.6.2021 RM'000	31.12.2019 RM'000
As at 1 January	**13,203**	12,532
Recognised in profit or loss (Note 12)	**2,513**	671
As at 30 June/31 December	**15,716**	13,203

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	30.6.2021 RM'000	31.12.2019 RM'000
Deferred tax assets	**(994)**	(382)
Deferred tax liabilities	**16,710**	13,585
	15,716	13,203

28. DEFERRED TAX LIABILITIES (cont'd)

The components and movements of deferred tax liabilities and assets during the financial period/year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
As at 1 January 2019	12,532
Recognised in profit or loss	1,053
As at 31 December 2019/1 January 2020	13,585
Recognised in profit or loss	3,125
As at 30 June 2021	**16,710**

Deferred tax assets of the Group:

	Provisions RM'000	Others RM'000	Total RM'000
As at 1 January 2019	-	-	-
Recognised in profit or loss	(313)	(69)	(382)
As at 31 December 2019/1 January 2020	(313)	(69)	(382)
Recognised in profit or loss	313	(925)	(612)
As at 30 June 2021	**-**	**(994)**	**(994)**

Deferred tax assets have not been recognised in respect of the following items due to the uncertainty of their recoverability:

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Unutilised tax losses	**96,272**	94,813	**14,566**	16,975
Unabsorbed capital allowances	**25,109**	27,539	**3,204**	3,204
Other deductible temporary differences	**112**	811	**-**	-
	121,493	123,163	**17,770**	20,179
Effect of disposal of a subsidiary on unutilised business losses and unabsorbed capital allowances	**(15,593)**	-	**-**	-
	105,900	123,163	**17,770**	20,179

The benefits of these tax losses and tax credits will only be obtained if the relevant subsidiaries derive future assessable income of a nature and amount sufficient for the benefits to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

28. DEFERRED TAX LIABILITIES (cont'd)

Under the Malaysian Finance Act 2018 which was gazetted on 27 December 2018, the Group's and the Company's unutilised tax losses will be imposed with a time limit of utilisation. Effective from the year of assessment 2018, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. Expiry date of the Group and the Company unutilised tax losses is summarised below:

	Group		Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**	**30.6.2021 RM'000**	**31.12.2019 RM'000**
Tax losses YA 2018 and before – will expire in 2025	**67,806**	70,220	**8,496**	10,905
Tax losses YA2019 (CY) – expire in 2026	**11,980**	24,593	**6,070**	6,070
Tax losses YA2020 (CY) – expire in 2027	**1,217**	-	**-**	-
Tax losses YA2021 (CY) – expire in 2028	**1,217**	-	**-**	-
Total	**82,220**	94,813	**14,566**	16,975

29. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	Contract notional amount RM'000	**Fair value of derivative liabilities RM'000**
30.6.2021		
Forward currency contracts	**18,001**	**(18)**
31.12.2019		
Forward currency contracts	22,309	(21)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Forward currency contracts are used to hedge the Group's purchases denominated in United States Dollar ('USD') for which firm commitments existed at the end of the reporting period, extending to July 2021.

During the financial period, the Group recognised a loss of RM17,760 (31.12.2019: loss of RM20,924) arising from fair value changes of derivative as at the end of the reporting period. The fair value changes are attributable to changes in foreign exchange spot and forward rate. Forward currency contracts are valued using valuation obtained from counterparties.

30. SHARE CAPITAL

	Number of ordinary shares		Amount	
	30.6.2021	**31.12.2019**	**30.6.2021**	**31.12.2019**
	'000	**'000**	**RM'000**	**RM'000**
Issued and fully paid	**556,465**	556,465	**228,863**	228,863

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

31. RESERVES

		Group		Company	
		30.6.2021	**31.12.2019**	**30.6.2021**	**31.12.2019**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Capital reserve	(a)	**25,371**	34,016	**-**	-
Fair value adjustment reserve	(b)	**3,178**	3,322	**3,178**	3,322
Merger reserve	(c)	**11,147**	11,147	**-**	-
Discount paid on acquisition of non-controlling interest	(d)	**971**	971	**-**	-
Total		**40,667**	49,456	**3,178**	3,322

(a) Capital reserve arose from the capitalisation of bonus shares issued by certain subsidiaries in prior years. A reduction of capital reserve amounting to RM8,645,000 was in relation to subsidiaries that were struck off in the current financial period.

(b) Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial asset fair value through other comprehensive income.

	Group/Company	
	30.6.2021	**31.12.2019**
	RM'000	**RM'000**
As at 1 January	**3,322**	872
(Loss)/Gain on fair value	**(144)**	2,450
As at 30 June/31 December	**3,178**	3,322

(c) Merger reserve amounting to approximately RM11,147,000 arose from the acquisition of KUB Ekuiti Sdn Bhd in 1997.

(d) Discount on acquisition of non-controlling interest amounting to RM971,000 arose from the acquisition of remaining equity interest of KFT International (Malaysia) Sdn Bhd in 2011 of RM1,229,000 less premium paid on acquisition of Empirical Systems (M) Sdn Bhd of RM258,000 in 2014.

32. RETAINED EARNINGS AND DIVIDENDS

The Company may distribute dividends out of its entire retained earnings as at 30 June 2021 under the single tier system.

The Directors have recommended the first and final single tier dividend of 1.5 sen on 556,464,690 ordinary shares amounting to RM8,346,970 in respect of the financial period ended 30 June 2021. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

33. NON-CONTROLLING INTERESTS

Details of non-wholly owned subsidiaries that have material non-controlling interests:

	Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	1.1.2020 to 30.6.2021 (18 months) RM'000	**1.1.2019 to 31.12.2019 (12 months) RM'000**	**30.6.2021 RM'000**	**31.12.2019 RM'000**
Name of subsidiaries				
KUB Sepadu Sdn Bhd	**4,064**	1,507	**11,466**	7,402
KUB Maju Mill Sdn Bhd	**(14)**	(531)	**(18,503)**	(18,489)
KUB Telekomunikasi Sdn Bhd	**(1,035)**	-	**4,989**	-
Others	**(2)**	-	**-**	595
	3,013	976	**(2,048)**	(10,492)

Proportion of ownership held by non-controlling interests in KUB Sepadu Sdn Bhd: 40% (31.12.2019: 40%), KUB Maju Mill Sdn Bhd: 33.9% (31.12.2019: 33.9%) and KUB Telekomunikasi Sdn Bhd ('KUBTel'): 40% (31.12.2019: Nil).

On 7 August 2020, a wholly-owned subsidiary of the Company namely KUB Ekuiti Sdn Bhd ('KUBE'), had entered into a joint venture arrangement with HFR, Inc., in relation to 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 cash consideration of RM7,200,000.

Included in non-controlling interests balances for KUBTel is RM6,024,000 arriving from the disposal of the Group's interest in KUBTel.

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations and consolidation adjustments.

(i) Summarised statement of financial position

30.6.2021	**KUB Sepadu RM'000**	**KUB Maju Mill RM'000**	**KUBTel RM'000**
Non-current assets	**50,084**	**-**	**1,675**
Current assets	**16,925**	**71**	**19,736**
Total assets	**67,009**	**71**	**21,411**
Non-current liabilities	**7,266**	**-**	**589**
Current liabilities	**31,079**	**54,653**	**8,349**
Total liabilities	**38,345**	**54,653**	**8,938**
Total equity/(capital deficiency)	**28,664**	**(54,582)**	**12,473**
Non-controlling interests	**11,466**	**(18,503)**	**4,989**
Equity attributable to owners of the Company	**17,198**	**(36,079)**	**7,484**

33. NON-CONTROLLING INTERESTS (cont'd)

(i) Summarised statement of financial position (cont'd)

31.12.2019	**KUB Sepadu RM'000**	**KUB Maju Mill RM'000**
Non-current assets	50,534	18
Current assets	6,449	961
Total assets	56,983	979
Non-current liabilities	7,831	-
Current liabilities	30,645	55,519
Total liabilities	38,476	55,519
Total equity/(capital deficiency)	18,507	(54,540)
Non-controlling interests	7,402	(18,489)
Equity attributable to owners of the Company	11,105	(36,051)

(ii) Summarised statement of profit or loss and other comprehensive income

1.1.2020 to 30.6.2021 (18 months)	**KUB Sepadu RM'000**	**KUB Maju Mill RM'000**	**KUBTel RM'000**
Revenue	**43,065**	**-**	**38,344**
Profit/(Loss) for the period	**10,160**	**(42)**	**(3,157)**
Profit/(Loss) for the period attributable to owners of the Company	**6,096**	**(28)**	**(2,122)**
Profit/(Loss) for the period to the non-controlling interests	**4,064**	**(14)**	**(1,035)**

1.1.2019 to 31.12.2019 (12 months)	**KUB Sepadu RM'000**	**KUB Maju Mill RM'000**
Revenue	18,193	-
Profit/(Loss) for the year	3,768	(1,566)
Profit/(Loss) for the period attributable to owners of the Company	2,261	(1,035)
Profit/(Loss) for the period to the non-controlling interests	1,507	(531)

(iii) Summarised statement of cash flows

1.1.2020 to 30.6.2021 (18 months)	**KUB Sepadu RM'000**	**KUB Maju Mill RM'000**	**KUBTel RM'000**
Net cash inflows/(outflows) from:			
- Operating activities	**14,953**	**(1,948)**	**(3,447)**
- Investing activities	**(5,085)**	**11**	**53**
- Financing activities	**(1,390)**	**1,260**	**2,267**
Net cash inflows	**8,478**	**(677)**	**(1,127)**

NOTES TO THE FINANCIAL STATEMENTS

33. NON-CONTROLLING INTERESTS (cont'd)

(iii) Summarised statement of cash flows (cont'd)

1.1.2019 to 31.12.2019 (12 months)	KUB Sepadu RM'000	KUB Maju Mill RM'000
Net cash inflows/(outflows) from:		
- Operating activities	108	(3,158)
- Investing activities	1,631	42,932
- Financing activities	(644)	(39,438)
Net cash inflows	1,095	336

34. DEFERRED INCOME

Deferred income refers to a Facilitation Grant (Dana Mudahcara) received by a subsidiary company from Unit Peneraju Agenda Bumiputera (Teraju Corporation) for the construction of a mill. The deferred income is recognised as income in profit or loss over 25 years from the commencement of mill operations.

During the previous financial year, the deferred income was transferred to assets held for sale following the disposal of the mill.

	Group	
	30.6.2021 RM'000	31.12.2019 RM'000
As at 1 January	**-**	2,513
Addition	**-**	2,298
Transfer to assets held for sale (Note 13)	**-**	(4,811)
As at 30 June/31 December	**-**	-

35. COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION

(a) Capital commitments

Authorised capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Property, plant and equipment				
- Contracted	**11,446**	1,054	**-**	-
- Not contracted	**17,620**	6,353	**-**	-
	29,066	7,407	**-**	-

35. COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION (cont'd)

(b) Contingent Liabilities

On 19 November 2018, a subsidiary, KUB Telekomunikasi Sdn Bhd ('KUBTel') received a letter of demand from a sub-contractor claiming additional costs incurred, payment on outstanding invoices, and a retention sum amounting to RM3,595,000. This demand was due to an early termination of its services to complete an automatic fare collection system project.

On 29 August 2019, the sub-contractor has revised their claims to RM2,883,000. KUBTel has denied all the disputed claims and similarly seeks to set-off and/or counterclaim RM3,306,000 being the costs incurred by KUBTel to complete the works which the sub-contractor had failed to complete and other related charges.

KUBTel has made an assessment and based on the legal advice in respect of this matter, the Group believes that it has good grounds to defend and contest against the claim.

(c) Material Litigation

On 28 November 2019, a winding up petition was filed in the High Court at Shah Alam against a subsidiary company, KUB Sepadu Sdn Bhd ('KUB Sepadu'), a subsidiary, 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 2021 ('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 8 September 2021 has been adjourned by the Court to 22 November 2021.

The Group has made and assessment and sought legal advice in respect of this matter. The Group believes that it has good grounds to defend and contest against the case and accordance with MFRS 10, there was no loss of control in KUB Sepadu as the Order for IL has been put aside until the court hearing.

36. RELATED PARTY DISCLOSURES

A related party of the Company refers to:

(i) a person or a close member of that person's family who:

  (a) has control or joint control over the Company;

  (b) has significant influence over the Company; or

  (c) is a member of the key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

(ii) a subsidiary or associate of the Company and its subsidiaries;

(iii) an entity of which the Company or its subsidiaries are an associate or joint venture to;

(iv) an entity, together with the Company are joint ventures of the same third party;

(v) an entity controlled or jointly controlled by a person identified in (i); and

(vi) an entity of which a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

36. RELATED PARTY DISCLOSURES (cont'd)

(a) During the financial period, significant transactions undertaken on basis agreed with related parties are as follows:

	Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Management fees from subsidiaries	**4,972**	5,406
Rental income from subsidiaries	**458**	291
IT services rendered by a subsidiary	**(164)**	(227)
Interest income from subsidiaries	**759**	864
Interest expense charged by subsidiaries	**-**	(808)
Advances to subsidiaries (net)	**-**	(5,577)

Information regarding outstanding balances arising from related party transactions as at 30 June 2021 and 31 December 2019 are disclosed in Notes 18 and 23.

(b) Remuneration of key management personnel other than the Directors of the Group and of the Company:

	Group		Company	
	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000	1.1.2020 to 30.6.2021 (18 months) RM'000	1.1.2019 to 31.12.2019 (12 months) RM'000
Other key management personnel				
Salaries, allowances and bonuses	**5,138**	3,463	**2,716**	2,114
Defined contribution plan	**578**	424	**303**	260
Social security contributions	**11**	8	**6**	5
Other benefits	**168**	429	**168**	100
	5,895	4,324	**3,193**	2,479

Key management personnel comprise persons of the Group entities having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

Details of the Company's Directors remuneration for the Group and of the Company are disclosed in Note 11. Other key management personnel include persons other than the Directors within the Group.

(c) Transactions between the Group and the Company with a company/firm in which certain Directors of the Group have substantial interest:

	Transactions amount for period ended 30 June 2021 RM'000	Transactions amount for year ended 31 December 2019 RM'000
Company		
Provision for management services	**240**	-
Group		
Provision for management services	**240**	-
Provision of legal services	**-**	50

There were no outstanding balances arising from the related party transactions above as at 30 June 2021.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business under commercial terms mutually agreed between the parties involved.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities of the Group and of the Company as at 30 June 2021 and 31 December 2019 are not materially different from their carrying values due to the relatively short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period except for:

	Group			
	30.6.2021		31.12.2019	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities at amortised cost				
Term loans (Note 27)	**1,734**	**1,643**	75,600	72,156
Hire purchase payables (Note 27)	**59**	**58**	602	591

	Company			
	30.6.2021		31.12.2019	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities at amortised cost				
Hire purchase payables (Note 27)	**-**	**-**	116	115

Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
As at 30 June 2021				
Financial assets:				
Fair value through other comprehensive income				
- investment in quoted shares (Note 20)	**5,195**	**-**	**-**	**5,195**
Fair value through profit or loss				
- investment in unquoted shares (Note 20)	**-**	**-**	**1,429**	**1,429**
Financial liabilities:				
Derivatives - Forward currency contracts (Note 29)	**-**	**18**	**-**	**18**
Group				
As at 31 December 2019				
Financial assets:				
Fair value through other comprehensive income				
- investment in quoted shares (Note 20)	5,339	-	-	5,339
Fair value through profit or loss				
- investment in unquoted shares (Note 20)	-	-	1,657	1,657
Financial liabilities:				
Derivatives - Forward currency contracts (Note 29)	-	21	-	21

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the financial period ended 30 June 2021 and financial year ended 31 December 2019.

Categories of financial instruments:

	Group		Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**	**30.6.2021 RM'000**	**31.12.2019 RM'000**
Financial assets				
At amortised costs:				
Finance lease receivables (Note 17)	**1,309**	1,692	**-**	-
Trade and other receivables	**31,462**	42,589	**474**	1,756
Amount due from subsidiaries (Note 23)	**-**	-	**1,944**	7,871
Cash and bank balances (Note 25)	**423,108**	145,627	**308,269**	47,919
At FVTOCI:				
Other investments				
- investment in quoted shares (Note 20)	**5,195**	5,339	**5,195**	5,339
At FVTPL:				
Other investments				
- investment in unquoted shares (Note 20)	**1,429**	1,657	**1,429**	1,657

	Group		Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**	**30.6.2021 RM'000**	**31.12.2019 RM'000**
Financial liabilities				
At amortised costs:				
Trade and other payables (Note 26)	**48,640**	58,824	**1,923**	9,326
Lease liabilities (Note 17)	**3,383**	3,122	**1,235**	-
Amount due to subsidiaries (Note 23)	**-**	-	**589**	715
Borrowings (Note 27)	**38,714**	104,202	**-**	116
Refundable cylinder deposits (Note 26)	**43,361**	40,382	**-**	-
At FVTPL:				
Derivative financial liabilities (Note 29)	**18**	21	**-**	-

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current period and the previous year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, contract assets and finance lease receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade receivables and finance lease receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimise exposure to bad debts.

<u>Exposure to credit risk</u>

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group does not have any major concentration of credit risk related to any financial instruments except for the concentration of credit risk arising from exposures to the Government of Malaysia and Government Linked Corporations amounting to RM14,884,000 and RM3,018,000 (31.12.2019: RM10,465,000 and RM11,701,000) representing 47% and 10% (31.12.2019: 23% and 25%) of the Group's trade and other receivables, respectively.

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and finance lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., nature of project undertaking, product type, customer type and rating, and coverage by bank guarantee or other forms of credit insurance). Note 24 includes further details on the loss allowance for these assets respectively.

The Company has no default experiences on amount due from subsidiaries and corporate guarantee provided to the bank for banking facilities granted to subsidiaries. The Company monitors the cash flow position of the subsidiaries regularly.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

		Group				
	Weighted average effective interest rate %	Carrying amount RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 June 2021						
Financial liabilities:						
Refundable cylinder deposits	**-**	**43,361**	**11,724**	**31,637**	**-**	**43,361**
Trade and other payables	**-**	**48,640**	**48,640**	**-**	**-**	**48,640**
Lease liabilities	**3.88 - 4.00**	**3,383**	**1,222**	**2,407**	**-**	**3,629**
Borrowings	**3.31- 5.56**	**38,714**	**37,817**	**1,061**	**-**	**38,878**
Total undiscounted financial liabilities		**134,098**	**99,403**	**35,105**	**-**	**134,508**
As at 31 December 2019						
Financial liabilities:						
Refundable cylinder deposits	-	40,382	22,604	17,778	-	40,382
Trade and other payables	-	58,824	58,824	-	-	58,824
Lease liabilities	4.16	3,122	780	2,730	-	3,510
Borrowings	3.79 - 6.97	104,202	37,223	34,545	62,347	134,115
Total undiscounted financial liabilities		206,530	119,431	55,053	62,347	236,831

		Company				
	Weighted average effective interest rate %	Carrying amount RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 June 2021						
Financial liabilities:						
Trade and other payables	**-**	**1,923**	**1,923**	**-**	**-**	**1,923**
Lease liabilities	**4.0**	**1,235**	**457**	**849**	**-**	**1,306**
Amount due to subsidiaries	**-**	**589**	**589**	**-**	**-**	**589**
Total undiscounted financial liabilities		**3,747**	**2,969**	**849**	**-**	**3,818**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity risk (cont'd)

	Weighted average effective interest rate %	Company Carrying amount RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2019						
Financial liabilities:						
Trade and other payables	-	9,326	9,326	-	-	9,326
Amount due to subsidiaries	-	715	715	-	-	715
Borrowings	5.41	116	96	24	-	120
Total undiscounted financial liabilities		10,157	10,137	24	-	10,161

For the financial period ended 30 June 2021, the Company has assessed the existing financial guarantee in relation to guarantee provided by the Company to banks for banking facilities granted to subsidiaries amounting to RM16,427,000 (31.12.2019 RM78,769,000) and determined that the guarantees are more likely not to be called upon by the financiers. However, this estimate is subject to change depending on the probability of the financier claiming under the guarantee. The amounts for the financial guarantee are the maximum amount that the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the financiers.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The information on the weighted average effective interest rates ('WAEIR') as at the end of the reporting period and the maturities of the Group's financial instruments that are exposed to interest rate risk is disclosed in Notes 27.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit for the period/year would have been RM3,000 (31.12.2019: RM129,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept at an acceptable level.

The Group has entered into forward currency contracts for certain transactions to manage the exposures in foreign currencies as disclosed in Note 29. The Board is of the opinion that the unhedged foreign currencies exposures are minimal and can be efficiently managed.

The amounts of trade payables denominated in foreign currencies as at the end of the reporting period is as follows:

	Group	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Trade payables hedged using forward currency contracts	**18,001**	22,309

39. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios in order to support their business and maximise shareholders value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions by maintaining or adjusting the capital structure, i.e., the Company may issue new shares, adjust the dividend payment to shareholders or obtain funding through external borrowings. No changes were made in the objectives, policies or processes during the period ended 30 June 2021 and year ended 31 December 2019.

The Group and the Company monitor their capital using a gearing ratio, which is total borrowings divided by shareholders' fund. The Group's and the Company's gearing ratio as at 30 June 2021 and 31 December 2019 are as follows:

	Group		Company	
	30.6.2021 RM'000	**31.12.2019 RM'000**	**30.6.2021 RM'000**	**31.12.2019 RM'000**
Borrowings - long-term	**1,076**	71,033	**-**	24
Borrowings - short-term	**37,638**	33,169	**-**	92
Total borrowings	**38,714**	104,202	**-**	116
Total shareholders' fund	**483,519**	335,132	**505,176**	350,324
Gearing ratio	**8.00%**	31.09%	**N/A**	0.03%

40. SEGMENT INFORMATION

The Group has four reportable divisions, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately as they required different business strategies. For each of strategic business units, the chief executive officer reviews internal management reports on a regular basis.

The four reportable divisions are as follows:

(i) LPG

- Importation, bottling and trading of liquefied petroleum gas ('LPG')

(ii) Agricultural businesses ('Agro')

- Oil palm plantations and estate management

(iii) Information and communications technology ('ICT')

- Supply of ICT products and services, equipment and maintenance and leasing of telecommunication towers

(iv) Others

- Engineering and civil works in the power sectors, property management, investment holding and provision of management services

Division performance is evaluated based on operating profit or loss which, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT INFORMATION (cont'd)

Business segments

1.1.2020 to 30.6.2021 (18 months)	LPG RM'000	Agro RM'000	ICT RM'000	Others RM'000	Eliminations RM'000	Note	Total RM'000
Revenue							
External sales	451,026	82,756	38,290	11,965	-		584,037
Inter division sales	-	-	51	131,042	(131,093)	A	-
Total revenue	451,026	82,756	38,341	143,007	(131,093)		584,037
Results							
Profit/(Loss) from operations	14,096	151,543	(2,085)	(126)	-		163,428
Finance income	1,522	697	260	3,234	-		5,713
Finance costs	(717)	(4,462)	(1)	(21)	-		(5,201)
Share of results of associates	-	-	-	3,851	-		3,851
Profit/(Loss) before zakat and taxation	14,901	147,778	(1,826)	6,938	-		167,791
Zakat	96	-	-	-	-		96
Taxation	(3,982)	(5,053)	(202)	(75)	-		(9,312)
Segment profit/(loss)	11,015	142,725	(2,028)	6,863	-		158,575

40. SEGMENT INFORMATION (cont'd)

Business segments (cont'd)

1.1.2020 to 30.6.2021 (18 months)	**LPG RM'000**	**Agro RM'000**	**ICT RM'000**	**Others RM'000**	**Note**	**Total RM'000**
Other information						
Depreciation	(14,922)	(9,643)	(320)	(2,484)	B	(27,369)
Allowance for impairment on trade and other receivables	-	-	(144)	(6,337)		(6,481)
Allowance for impairment on contract assets	-	-	-	(111)		(111)
Impairment losses on property, plant and equipment	-	-	-	(116)		(116)
Property, plant and equipment written off	-	(30)	(304)	(188)		(522)
Inventories written down	-	(97)	-	-		(97)
Provision for liquidated ascertained damages	-	-	-	(2,356)		(2,356)
Loss on disposal of a subsidiary	-	-	-	(18,815)		(18,815)
Loss on fair value changes in investment unquoted shares	-	-	-	(228)		(228)
Gain on disposal of property, plant and equipment	149	9	-	10		168
Gain on disposal of non-current assets held for sale	-	122,521	-	969		123,490
Gain on disposal of associate	-	-	-	30,518		30,518
Gain on disposal of investment property	-	-	-	8,237		8,237
Gain on fair value changes on biological assets	-	1,160	-	-		1,160
Reversal of allowance for impairment on trade and other receivables	168	-	-	120		288

30.6.2021	**LPG RM'000**	**Agro RM'000**	**ICT RM'000**	**Others RM'000**	**Total RM'000**
Assets					
Segment assets	172,956	81,173	22,073	367,525	643,727
Liabilities					
Segment liabilities	113,778	31,627	8,244	8,607	162,256
Additions to non-current assets:					
- Property, plant and equipment	15,388	6,182	193	2,594	24,357

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT INFORMATION (cont'd)

Business segments (cont'd)

1.1.2019 to 31.12.2019 (12 months)	**LPG RM'000**	**Agro RM'000**	**ICT RM'000**	**Others RM'000**	**Eliminations RM'000**	**Note**	**Total RM'000**
Revenue							
External sales	325,844	42,338	21,812	10,489	-		400,483
Inter division sales	-	-	310	30,106	(30,416)	A	-
Total revenue	325,844	42,338	22,122	40,595	(30,416)		400,483
Results							
Profit/(Loss) from operations	16,593	5,623	(5,072)	2,216	-		19,360
Finance income	1,914	71	325	889	-		3,199
Finance costs	(842)	(6,198)	(18)	(184)	-		(7,242)
Share of results of associates	-	-	-	5,273	-		5,273
Profit/(Loss) before zakat and taxation	17,665	(504)	(4,765)	8,194	-		20,590
Zakat	(155)	-	-	-	-		(155)
Taxation	(3,043)	233	24	682	-		(2,104)
Segment profit/(loss)	14,467	(271)	(4,741)	8,876	-		18,331

40. SEGMENT INFORMATION (cont'd)

Business segments (cont'd)

1.1.2019 to 31.12.2019 (12 months)	**LPG RM'000**	**Agro RM'000**	**ICT RM'000**	**Others RM'000**	**Note**	**Total RM'000**
Other information						
Depreciation	(7,483)	(7,129)	(228)	(1,799)	B	(16,639)
Allowance for impairment on trade and other receivables	(5)	-	(209)	(353)		(567)
Impairment losses on property, plant and equipment	(112)	(95)	-	(6,940)		(7,147)
Property, plant and equipment written off	(3)	(37)	(36)	(1,558)		(1,634)
Inventories written down	-	(632)	-	-		(632)
Loss on fair value changes in investment unquoted shares	-	-	-	(17)		(17)
Gain on disposal of property, plant and equipment	479	1,536	2	21		2,038
Gain on disposal of non-current assets held for sale	-	3,507	-	25,265		28,772
Gain on disposal of a subsidiary	-	-	-	293		293
Gain on fair value changes on biological assets	-	550	-	-		550
Reversal of allowance for impairment on trade and other receivables	-	50	-	520		570
Reversal of allowance for impairment losses on contract assets	-	-	-	94		94

31.12.2019	**LPG RM'000**	**Agro RM'000**	**ICT RM'000**	**Others RM'000**	**Total RM'000**
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
Additions to non-current assets:					
- Property, plant and equipment	16,678	1,856	196	604	19,334

40. SEGMENT INFORMATION (cont'd)

A Inter-segment revenues are which eliminated on consolidation is as follows:

	Group	
	30.6.2021 RM'000	**31.12.2019 RM'000**
Dividend income	**126,070**	24,700
Management fees	**4,972**	5,406
ICT services	**51**	310
	131,093	30,416

B Depreciation relates to property, plant and equipment, investment properties and right-of-use assets.

Geographical information

All of the Group's revenue are derived from Malaysia.

Information on major customers

Included in revenues arising from the major customers are contract with Government and Government Linked Companies amounting to RM185,967,000 (31.12.2019: RM130,313,000).

41. SIGNIFICANT EVENTS

Significant events during the financial period

(a) The emergence of the Coronavirus Disease 2019 ('COVID-19') outbreak in early 2020 has brought about significant economic uncertainties in Malaysia within which the Group operates.

Like any other businesses, certain divisions within the Group's operations have been affected by the pandemic as a result of several measures taken by the Government to prevent the spread of COVID-19 through implementation of movement control order ('MCO') such as introduction of various standard operating procedures, closure of non-essential services as well as restricted domestic and international travelling.

Notwithstanding the above, the Group is of the view that the results for the financial period ended 30 June 2021 have largely remained resilient and were not materially impacted by COVID-19. In addition, the healthy levels of solvency and liquidity of the Group and the Company are sufficient to sustain both their operational and financial requirements.

The Group and the Company will continue monitoring the situation closely and will make appropriate decisions to undertake necessary measures to minimise the impact on the Group's and the Company's operations.

(b) 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 the Company, had entered into a conditional Sale and Purchase Agreement 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.

(c) On 25 June 2020, the Company has disposed of 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 RM80,000,000.

(d) On 7 August 2020, a wholly-owned subsidiary of the Company, namely KUB Ekuiti Sdn Bhd ('KUBE'), had entered into a joint venture arrangement with HFR, Inc., in relation to KUB Telekomunikasi Sdn Bhd (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 cash consideration of RM7,200,000.

(e) 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 comprising 10,000,000 ordinary shares for a total cash consideration of RM10,549,000 as determined at the completion date. The transaction was completed on 30 April 2021.

42. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group** 30.6.2021 %	% of ownership interest and voting power held by the Group** 31.12.2019 %	% of ownership interest and voting power held non-controlling** 30.6.2021 %	% of ownership interest and voting power held non-controlling** 31.12.2019 %	Principal activities
Held by the Company:						
KUB Ekuiti Sdn Bhd	Malaysia	**100**	100	**-**	-	Investment holding
Empirical Systems (M) Sdn Bhd	Malaysia	**100**	100	**-**	-	Information and communication technology infrastructure and consultation
Restoran Kualiti Sdn Bhd*	Malaysia	**100**	100	**-**	-	Investment holding
Solar Gas Sdn Bhd	Malaysia	**100**	100	**-**	-	Importation, bottling and trading of LPG
Peraharta Sdn Bhd	Malaysia	**100**	100	**-**	-	Property management
Perbiba Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
Pernida Berhad^^	Malaysia	**-**	86	**-**	14	Dormant
Peramining Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
Gerik Timber Industries Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
KUB Malua Plantation Sdn Bhd^	Malaysia	**-**	100	**-**	-	Cultivation and management of oil palm estates
Cybertrek (Malaysia) Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
Held through KUB Ekuiti Sdn Bhd:						
KUB Agro Holdings Sdn Bhd	Malaysia	**100**	100	**-**	-	Cultivation and management of oil palm estates
KUB Telekomunikasi Sdn Bhd	Malaysia	**60**	100	**40**	-	Assembly and commissioning of telecommunication equipment

NOTES TO THE FINANCIAL STATEMENTS

42. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group** 30.6.2021 %	31.12.2019 %	% of ownership interest and voting power held non-controlling** 30.6.2021 %	31.12.2019 %	Principal activities
Held through KUB Ekuiti Sdn Bhd: (cont'd)						
KUB Power Sdn Bhd	Malaysia	**100**	100	**-**	-	Supply and erection of electrical substations and transmission lines
KUB Realty Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
KUB Development Berhad*	Malaysia	**100**	100	**-**	-	Dormant
ITTAR Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
KUB Hotel and Resort Management Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
KUB Teknologi Sdn Bhd#	Malaysia	**-**	100	**-**	-	Dormant
KUB Gas Sdn Bhd#	Malaysia	**-**	100	**-**	-	Dormant
KUB Microelectronics Sdn Bhd*	Malaysia	**78**	78	**22**	22	Dormant
Perumahan KUB Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
KUB Gas Terminal Sdn Bhd*	Malaysia	**100**	100	**-**	-	Liquefied petroleum gas storage
KFT International (Malaysia) Sdn Bhd	Malaysia	**100**	100	**-**	-	Assembly and installation of telecommunication equipment

42. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by non-controlling**		Principal activities
		30.6.2021 %	31.12.2019 %	30.6.2021 %	31.12.2019 %	
Held through Empirical Systems (M) Sdn Bhd:						
Credensoft Solutions Sdn Bhd*	Malaysia	**70**	70	**30**	30	Dormant
Held through KUB Agro Holdings Sdn Bhd:						
KUB Sepadu Sdn Bhd##	Malaysia	**60**	60	**40**	40	Cultivation and management of oil palm estates
Held through KUB Agro Holdings Sdn Bhd and KUB Sepadu Sdn Bhd:						
KUB Maju Mill Sdn Bhd	Malaysia	**66**	66	**34**	34	Processing of palm oil products
Held through ITTAR Sdn. Bhd.:						
ITTAR-IPP (PJ) Sdn Bhd#	Malaysia	**-**	100	**-**	-	Dormant
Held through KUB Development Berhad:						
Kesina Development Sdn Bhd*	Malaysia	**100**	100	**-**	-	Dormant
Held through KUB Hotel and Resort Management Sdn Bhd:						
KUB Singgahsana (PJ) Sdn Bhd#	Malaysia	**-**	100	**-**	-	Dormant

* *Audited by firms other than Deloitte PLT*
** *Equals to the proportion of voting rights held*
\# *The subsidiaries have been struck off the Register pursuant to Section 550 of the Companies Act, 2016 in the current financial period*
\## *Winding up petition filed by minority shareholders as disclosed in Note 35(c)*
^ *The subsidiary was disposed in the current period*
^^ *Wound up by way of member's voluntary winding-up in the current period*

NOTES TO THE FINANCIAL STATEMENTS

43. INVESTMENTS IN ASSOCIATES

Details of associates are as follows:

Name of associates	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group 30.6.2021 %	31.12.2019 %	Principal activities
Held by the Company:				
KUB-Berjaya Enviro Sdn Bhd^	Malaysia	**-**	40	Sanitary waste management
Progas Holding Limited	Pakistan	**38**	38	Investment holding
Held through KUB Telekomunikasi Sdn Bhd:				
Sphairon (Malaysia) Sdn Bhd	Malaysia	**49**	49	Dormant

^ *Disposed in the current period*

STATEMENT BY DIRECTORS

The Directors of **KUB MALAYSIA BERHAD**, state that, in their opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and its cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DATUK SERI JOHARI BIN ABDUL GHANI

AHMED FAIRUZ BIN ABDUL AZIZ

23 September 2021

DECLARATION BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **AHMED FAIRUZ BIN ABDUL AZIZ**, the Director primarily responsible for the financial management of **KUB MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

AHMED FAIRUZ BIN ABDUL AZIZ

Subscribed and solemnly declared by the abovenamed **AHMED FAIRUZ BIN ABDUL AZIZ** on 23rd day of September, 2021.

Before me,

KAPT (B) AFFANDI BIN AHMAD (W678)
Commissioner for Oaths

LIST OF PROPERTIES
AS AT 30 JUNE 2021

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 30/06/2021 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB MALAYSIA BERHAD							
Parcel Nos. 249, 254, 274, 279 and 284 held under Strata Title Nos. Geran 313839/M1-D/4/249, Geran 313839/M1-D/5/254, Geran 313839/M1-D/9/274, Geran 313839/M1-D/10/279 and Geran 313839/M1-D/11/284, Lot 81136 Mukim Damansara District of Petaling	Office space	Commercial	39,514.62 sq. feet	Freehold	14,389	10	24 May 2010
KUB AGRO HOLDINGS SDN BHD							
Unit No. G-30, 1-30, 2-30, 3-30 and 4-30, Block 4, No. 7, Laman Seri Business Park, Persiaran Sukan, Seksyen 13 District of Petaling Mukim Bandar Shah Alam	Office space	Commercial	7,653 sq.feet	Leasehold (99 years expiring 2109)	2,871	7	15 Apr 2013
KUB SEPADU SDN BHD							
SUNGAI BULOH ESTATE Lot 221, 252, 261 Block No. 7 Lot 642, Block No. 363 Oya Dalat Land District Sarawak	Oil Palm Plantation	Agricultural	2,375.3 hectares	Leasehold (60 years expiring 2050)	13,354	-	10 May 1999
SUNGAI NAPE ESTATE Lot 135, Block No. 48 Lot 8, Block No. 109 Oya Dalat Land District Sarawak	Oil Palm Plantation	Agricultural	2,240.9 hectares	Leasehold (60 years expiring 2050)	30,870	-	10 May 1999
KUB DEVELOPMENT BERHAD							
Lot 12701 Mukim of Serting Ulu District of Jempol Negeri Sembilan	Vacant Development Land	Industrial	80,430 sq. meters	Leasehold (99 years expiring 2086)	663	-	1999
PERAHARTA SDN BHD							
Lot 4180N, Bangunan Sri Kinta Jalan Sultan Idris Shah Ipoh, Perak	4-Storey Podium Block and 9-Storey Tower Block	Commercial	11,115 sq. meters	Strata Title	5,076	37	1983 (4 Aug 2006)
Lot No. 373, Seksyen 16 District of Kota Bharu Kelantan	5-Storey Office Building	Commercial	637 sq. meters	Leasehold (66 years expiring 2061)	1,242	30	4 Dec 2012

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 30/06/2021 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
SOLAR GAS SDN BHD							
PTD 40053 Mukim of Tebrau District of Johor Bahru Johor	Land, Office & Plant	Industrial	143,609 sq.feet	Freehold	1,034	33	1 Jul 1998
KUB GAS TERMINAL SDN BHD							
HS(D) 67801, PT 64539 Mukim Klang Klang, Selangor	Vacant land	Industrial	31,014.61 sq. meters	Leasehold (99 years expiring 2097)	19,024	-	25 Sep 2018

ANALYSIS OF SHAREHOLDINGS

AS AT 15 SEPTEMBER 2021

Issued Shares	:	RM228,862,797.00 of 556,464,690 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share (On a Poll)

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	7,733	14.94	320,638	0.06
100 – 1,000	25,588	49.43	16,230,982	2.92
1,001 – 10,000	16,328	31.55	44,470,200	7.99
10,001 – 100,000	1,853	3.58	57,899,871	10.40
100,001 to less than 5%	257	0.50	195,539,940	35.14
5% and above	2	0.00	242,003,059	43.49
Total	**51,761**	**100.00**	**556,464,690**	**100.00**

DIRECT AND INDIRECT INTERESTS OF DIRECTORS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 the Directors' Interest in the Company and its subsidiaries are as follows:

No.	Names	Direct Shareholdings	Indirect Shareholdings	% of Issued Capital
1.	Datuk Seri Johari bin Abdul Ghani	-	183,400,000*	32.96*
2.	Dato' Ahmad Ibnihajar	-	-	-
3.	Mohammad Farish Nizar bin Othman	-	-	-
4.	Datuk Haji Mohd Haniff bin Haji Koslan	-	-	-
5.	Datuk Norliza binti Abdul Rahim	-	-	-
6.	Megat Joha bin Megat Abdul Rahman	-	-	-
7.	Kasinathan a/l Tulasi	370,000	-	0.07
8.	Tee Beng Thong	-	-	-
9.	Ahmed Fairuz bin Abdul Aziz	-	-	-

Notes:

* Deemed interest by virtue of his interest in JAG Capital Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

SUBSTANTIAL SHAREHOLDERS

No.	Names	Direct Shareholdings		Indirect Shareholdings	
		No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1.	JAG Capital Holdings Sdn Bhd <u>Shares held in the name of:</u> Cimsec Nominees (Tempatan) Sdn Bhd Datuk Seri Johari bin Abdul Ghani*	 183,400,000 -	 32.96 -	 - 183,400,000	 - 32.96
2.	Anchorscape Sdn Bhd	58,603,059	10.53	-	-

Notes:
* Deemed interest by virtue of his interest in JAG Capital Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares Held	% of Issued Capital
1.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for JAG Capital Holdings Sdn Bhd	183,400,000	32.96
2.	Anchorscape Sdn Bhd	58,603,059	10.53
3.	Casa Biz Sdn Bhd	25,000,000	4.49
4.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leasing Corporation Sdn Bhd	25,000,000	4.49
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Hock Fatt	18,100,000	3.25
6.	Geo-Mobile Asia Sdn Bhd	12,450,000	2.24
7.	Camasia Limited	5,001,000	0.90
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah	5,000,000	0.90
9.	Lim Gaik Bway @ Lim Chiew Ah	4,747,500	0.85
10.	Leong Kong Min	4,200,000	0.75
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng	4,100,000	0.74
12.	Rubber Thread Industries (M) Sdn Berhad	3,404,400	0.61
13.	Grand Terrace Sdn Bhd	3,246,400	0.58
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Aik	2,700,000	0.49
15.	Wong Wai Kong	2,700,000	0.49

ANALYSIS OF SHAREHOLDINGS

AS AT 15 SEPTEMBER 2021

TOP THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Names	No. of Shares Held	% of Issued Capital
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Bee Lian	2,464,400	0.44
17.	Md Anwar bin Mamood	2,100,000	0.38
18.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak	2,000,000	0.36
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Aik	1,363,100	0.24
20.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong June Wei	1,300,000	0.23
21.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah	1,100,000	0.20
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Cheong Poon	1,075,000	0.19
23.	Yap Mei Lian	1,050,000	0.19
24.	Chee Sok Mee	1,046,800	0.19
25.	Olive Lim Swee Lian	1,040,000	0.19
26.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Syarifah Anita Ibrahim	1,015,000	0.18
27.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Han Keong	1,000,000	0.18
28.	Azri bin Abdul Ghani	959,300	0.17
29.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	910,900	0.16
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Vincent Tan Chee Yioun	900,000	0.16

NOTICE OF 56TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Sixth ('56th') Annual General Meeting ('AGM') of KUB Malaysia Berhad ('KUB' or 'the Company') will be held **FULLY VIRTUAL** through live streaming from the Board Room, KUB Malaysia Berhad, Suite A-22-1, Level 22, Hampshire Place Office, 157 Hampshire, No. 1 Jalan Mayang Sari, 50450 Kuala Lumpur on Thursday, 28 October 2021 at 10.00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 30 June 2021 together with the Reports of the Directors and Auditors thereon. **Please refer to Note 2**

2. To re-elect the following Directors who retire in accordance with Clause 100 of the Company's Constitution, and being eligible have offered themselves for re-election:

   (i) Kasinathan a/l Tulasi **Resolution 1**
   (ii) Tee Beng Thong **Resolution 2**
   (iii) Ahmed Fairuz bin Abdul Aziz **Resolution 3**

   Please refer to Note 3

3. To re-elect the following Directors who retire by rotation in accordance with Clause 94 of the Company's Constitution, and being eligible have offered themselves for re-election:

   (i) Dato' Ahmad Ibnihajar **Resolution 4**
   (ii) Datuk Haji Mohd Haniff bin Haji Koslan **Resolution 5**

   Please refer to Note 4

4. To approve a first and final single-tier dividend of 1.5 sen per ordinary share for the financial period ended 30 June 2021. **Resolution 6** **Please refer to Note 5**

5. To approve the payment of the following Directors' Remuneration:

   (i) Directors' Fees of RM600,000 for the Non-Executive Directors for the period from 28 October 2021 until the conclusion of the 57th AGM; and **Resolution 7**

   (ii) Benefits payable up to an amount of RM350,000 to the Non-Executive Directors (excluding the Directors' Fees) for the period from 28 October 2021 until the conclusion of the 57th AGM. **Resolution 8** **Please refer to Note 6**

6. To re-appoint Deloitte PLT as Auditors of the Company for the ensuing financial year and to authorise the Directors to fix their remuneration. **Resolution 9** **Please refer to Note 7**

As Special Business

To consider, and if thought fit, to pass with or without any modifications, the following Ordinary Resolution:

7. Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 ('CA 2016').

   'THAT subject to Sections 75 and 76 of the CA 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised to issue and allot shares in the Company, at any time upon passing of this resolution until the conclusion of the next AGM and upon such terms and conditions, for such purposes and to persons whomsoever the Directors may, in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ('Bursa Malaysia').' **Resolution 10**

NOTICE OF 56TH ANNUAL GENERAL MEETING

8. To transact any other business for which due notice shall have been given.

   FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 56th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 67 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 21 October 2021. Only a depositor whose name appears on the Record of Depositors as at 21 October 2021 shall be entitled to attend the said Meeting or appoint proxy(ies) to attend and/or vote on his/her stead.

By Order of the Board

AZLEEN BINTI ABDULLAH (MAICSA 7057423/SSM PC NO. 201908002775)
NORITA BINTI MISRA (LS 0010426/SSM PC NO. 202008002369)

Company Secretaries
Kuala Lumpur
29 September 2021

NOTES:

1. Appointment of Proxy

(i) A member of the Company entitled to attend, speak and vote at the above-mentioned Meeting may appoint a maximum of two (2) proxies, to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company.

(ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ('omnibus account') as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.

(iv) The Proxy Forms must be deposited at the office of the Company's share registrar, **Boardroom Share Registrars Sdn Bhd (Company Reg. No: 199601006647 (378993-D)), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** by hand or by fax to **+(603) 7890 4670** or by e-mail to bsr.helpdesk@boardroomlimited.com or lodge electronically at https://investor.boardroomlimited.com not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.

(v) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all resolutions set out in the Notice of the 56th AGM will be put to vote on a Poll.

(vi) **No shareholders/proxies shall be physically present at the broadcast venue**. Please refer to the Administrative Details of the 56th AGM on remote participation and voting facilities for the virtual meeting.

(vii) In disclosing the proxy's personal data, you as shareholder warrant that the proxy (ies) has/have given his/her consent for the disclosure and processing of personal data under the Personal Data Protection Act 2010.

2. Audited Financial Statements for the Financial Period Ended 30 June 2021

This Agenda is meant for discussion only and will not be put for voting. The approval from shareholders is not required in accordance with Section 340(1)(a) of the CA 2016.

3. Re-election of Directors who retire in accordance with Clause 100 of the Constitution of the Company

Clause 100 of the Company's Constitution states that any Director so appointed shall hold office only until the next following annual general meeting when he shall retire but shall then be eligible for re-election. The said Director shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

The following Directors who have been appointed on 1 October 2020 being eligible, have offered themselves for re-election at the 56th AGM:

(i) Kasinathan a/l Tulasi, Independent Non-Executive Director;
(ii) Tee Beng Thong, Independent Non-Executive Director; and
(iii) Ahmed Fairuz bin Abdul Aziz, Group Managing Director.

4. Re-election of Directors who retire in accordance with Clause 94 of the Constitution of the Company

Clause 94 of the Constitution of the Company provides that at the AGM, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office. All Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election and shall retain office until the conclusion of the AGM at which he retires. Out of the Board size of nine (9) (to exclude three (3) Directors who are subject to Clause 100 of the Company's Constitution), two (2) Directors are to retire in accordance with Clause 94 of the Company's Constitution.

The Board Nomination and Remuneration Committee ('BNRC') has assessed each of the retiring Directors' performance and, contributions based on the Board Effectiveness Assessment for 2020/2021 and the ability to act in the best interest of the Company. Being satisfied with the assessment results, the Board approved the BNRC's recommendation that the Directors who retire are eligible to stand for re-election.

The retiring Directors had abstained from deliberations and decisions on their eligibility to stand for re-election at the relevant Board and Committee meetings.

5. Declaration of a First and Final Single-Tier Dividend

In accordance with Article 146 of the Company's Constitution, the Board is recommending that the shareholders approve the payment of a first and final single-tier dividend. Pursuant to Paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia, the first and final single-tier dividend, if approved, will be paid not later than three (3) months from the date of the shareholders' approval.

In accordance with Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 25 August 2021, the Board has considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debt as and when the debts become due within twelve (12) months immediately after the distribution is made in accordance with the requirements under Sections 132(2) and (3) of the CA 2016.

6. Directors' Remuneration

Pursuant to Section 230(1) of the CA 2016, the fees of the Directors and any benefits payable to the Directors of a public listed company and its subsidiaries shall be approved at a general meeting. Therefore, the Board agreed that the shareholders' approval shall be sought at the 56th AGM on the Directors' Remuneration in two (2) separate resolutions as follows:

(i) **Resolution 7** - Payment of Directors' Fees for the period from 28 October 2021 until the conclusion of the 57th AGM; and

On 23 September 2021, the Board agreed to seek the shareholders' approval for the Company to pay the Directors' Fees of up to RM600,000 for the period from 28 October 2021 until the conclusion of the 57th AGM. In the event of a new appointment or resignation of the Directors, the Directors' Fees will be pro-rated accordingly. Resolution 7, if passed, will authorise the payment of the Directors' Fees to the Directors on a quarterly basis effective 28 October 2021.

NOTICE OF 56TH ANNUAL GENERAL MEETING

(ii) **Resolution 8** - Benefits payable to the Non-Executive Directors ('NEDs') (excluding the Directors' Fees) for the period from 28 October 2021 until the conclusion of the 57th AGM ('the Relevant Period').

On 23 September 2021, the Board agreed to seek the shareholders' approval for the Company to pay the Directors' Benefits of RM350,000 for the Relevant Period. Resolution 8, if passed, will authorise the payment of the Directors' Benefits up to RM350,000 ('the Proposed Amount') to the NEDs by the Company for the Relevant Period. The estimated amount payable is based on the assumption that the Company maintain its existing Board composition. The payment of the Directors' Benefits will be made by the Company as and when incurred. In the event the Proposed Amount is insufficient, approval will be sought at the 57th AGM for the additional benefits.

7. Re-appointment of Deloitte PLT as Auditors of the Company

On 23 September 2021, the Board approved the recommendation by the Audit Committee on the re-appointment of Deloitte PLT as Auditors of the Company. The Board and the Audit Committee have collectively agreed that Deloitte PLT had met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia.

8. Statement Accompanying Notice of Annual General Meeting of the Company

This statement contains additional information required under Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS:

1. Resolution 10 - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016

Resolution 10, which is for the purpose of granting a renewal of General Mandate ('General Mandate'), if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued shares of the Company for such purposes and to such person or persons whomsoever as the Directors consider would be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for any possible fund-raising activities including but not limited to further placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 55th AGM held on 24 September 2020 and which will lapse at the conclusion of the 56th AGM.

STATEMENT ACCOMPANYING NOTICE OF 56TH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of Bursa Malaysia Main Market Listing Requirements

The name of the Director who is due for retirement and seeking re-election pursuant to the Constitution is listed in the Notice of the 56th AGM. Their profiles are set out in the Profile of Directors in the Annual Report 2021.

Directors' securities holdings are provided under the Analysis of Shareholdings section of the Annual Report 2021.

ADMINISTRATIVE DETAILS

FOR THE 56TH ANNUAL GENERAL MEETING ('AGM') KUB MALAYSIA BERHAD ('KUB' or 'the Company')

DATE	:	THURSDAY, 28 OCTOBER 2021
TIME	:	10.00 A.M.
ONLINE MEETING PLATFORM	:	https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657)
BROADCAST VENUE	:	BOARD ROOM, KUB MALAYSIA BERHAD, SUITE A-22-1, LEVEL 22, HAMPSHIRE PLACE OFFICE, 157 HAMPSHIRE, NO. 1 JALAN MAYANG SARI, 50450 KUALA LUMPUR

1. FULLY VIRTUAL AGM

(i) The AGM will be conducted on a **fully virtual** basis through live streaming and online remote voting using the **REMOTE PARTICIPATION AND ELECTRONIC VOTING ('RPEV')** facilities pursuant to Section 327 of the Companies Act, 2016 ('CA 2016') and Clause 63(c) of the Constitution of the Company.

(ii) **No shareholders/proxies shall be physically present at the broadcast venue**. The Meeting is in compliance with Section 327(2) of the CA 2016 which provides that the main venue of the AGM shall be in Malaysia and the chairperson must be present at the main venue of the AGM. The **fully virtual** Meeting will enable the shareholders/proxies to participate in the proceedings without the need to be physically present, given the current circumstances relating to COVID-19 and best health practices.

(iii) The Company will be using the online meeting platform of Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my ('the Meeting Portal'). With this RPEV facility, you may exercise your right as a shareholder of the Company to participate (including to pose questions to the Board/Management of the Company) and vote at the comfort of your home.

2. REMOTE PARTICIPATION AND ELECTRONIC VOTING ('RPEV')

Before you can access the Meeting portal, please follow the steps below to register for the RPEV facilities:

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration)
[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 and Submit request for Remote Participation user ID and password].

(a) Access the website https://investor.boardroomlimited.com
(b) Click **<<Register>>** to sign up as a user.
(c) Complete registration and upload softcopy of MyKAD or Passport (front and back in **JPG**, **PNG** or **PDF** format).
(d) Please enter a valid email address and wait for Boardroom's email verification.
(e) Your registration will be verified and approved within (1) one business day and an email notification will be provided.

Step 2 – Submit Request for Remote Participation User ID and Password for the AGM
*[Note: The registration for remote access will be opened on **Wednesday, 29 September 2021 at 10.00 a.m.** and closed on **Tuesday, 26 October 2021 at 10.00 a.m.**]*

ADMINISTRATIVE DETAILS

FOR THE 56TH ANNUAL GENERAL MEETING ('AGM') KUB MALAYSIA BERHAD
('KUB' or 'the Company')

Individual Members

(a) Login to https://investor.boardroomlimited.com using your user ID and password above.
(b) Select '**KUB Virtual AGM**' from the list of Corporate Meetings and click '**Enter**'.
(c) Click on '**Register for RPEV**'.
(d) Read and agree to the Terms & Condition and click '**Next**'.
(e) Enter your CDS Account Number and thereafter submit your request.

Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

(a) Write in to bsr.helpdesk@boardroomlimited.com and provide the name of Member and CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
(b) Please provide a softcopy of the Corporate Representative's MyKad/Identification Card (Front and Back) or Passport in **JPG, PNG or PDF format** as well as his/her email address.

Thereafter:

(a) You will receive a notification via email from Boardroom that your request has been received and is being verified.
(b) Upon system verification against the AGM's Record of Depositories, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
(c) You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved after **Tuesday, 26 October 2021 at 10.00 a.m.** being the closing date of the registration date.

Step 3 – Login to Virtual Meeting Portal (https://meeting.boardroomlimited.my)

[Please note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users].

(a) The Virtual Meeting Portal will be open for login starting one (1) hour before the commencement of AGM at 9.00 a.m. on **Thursday, 28 October 2021**.
(b) Follow the steps given to you in the email (Refer to Step 2 above) along with your remote access user ID and password to login to the Virtual Meeting Portal.
(c) The steps will also guide you how to view live webcast, ask questions and vote.
(d) The live webcast will end and the Messaging window will be disabled once the Chairman announce the closure of the AGM.
(e) You can now logout from the Virtual Meeting Portal.

3. PROXY

(i) A shareholder who is entitled to remotely participate and vote at the Meeting is entitled to appoint proxy(ies) to remotely participate and vote in his/her stead. If you are not able to participate in the AGM remotely, you are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form.

(ii) The Proxy Form must be deposited to the office of the Company's share registrar, **Boardroom Share Registrars Sdn Bhd, (Company Reg. No.: 199601006647 (378993-D)), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** by hand or by e-mail at bsr.helpdesk@boardroomlimited.com or by fax to **+(603) 7890 4670** not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.

(iii) You may also opt to submit your Proxy Form via e-Proxy system, which procedures are mentioned below:

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration)
[Note: Please refer to Item 2, Step 1 above for the procedures]

Step 2 – e-Proxy Lodgement

(a) Login to https://investor.boardroomlimited.com using your user ID and password.
(b) Select '**KUB Virtual AGM**' from the list of Corporate Meetings and click '**Enter**'.
(c) Click on '**Submit eProxy Form**'.
(d) Read and accept the General Terms and Conditions by clicking '**Next**'.
(e) Enter your CDS Account Number and number of securities held.
(f) Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).
(g) Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.
(h) Review and confirm your proxy appointment.
(i) Click '**Apply**'.
(j) Download or print the eProxy form as acknowledgement.

(iv) Please do not submit any Proxy Form if you wish to participate in the Meeting yourself. A shareholder will not be allowed to participate if he/she has appointed a proxy.

(v) If you have submitted the Proxy Form and subsequently decide to participate in the Meeting, please write to bsr.helpdesk@boardroomlimited.com to revoke the appointment of your proxy(ies) not less than forty-eight (48) hours before the AGM which is on **Tuesday, 26 October 2021 at 10.00 a.m.**. Your proxy(ies) on revocation would not be allowed to participate in the Meeting. In such event, you should advise your proxy(ies) accordingly.

4. VOTING PROCEDURES

(i) The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting ('E-Voting'). A Scrutineer will be appointed to verify the poll results.

(ii) The E-Voting may be carried out using personal smart mobile phones, tablets or laptops. There are two (2) methods to access the facilities, namely:

- Scan the QR Code provided in the email notification; OR
- Navigate to the website at https://meeting.boardroomlimited.my

(iii) Please note that the above options are available to **(i) Individual Members (ii) Corporate Shareholder (iii) Authorised Nominee and (iv) Exempt Authorised Nominee**.

(iv) You will be able to view a live webcast of the Meeting, ask questions and submit your votes in real time whilst the meeting is in progress.

(v) Shareholders can vote on the resolution at any time from the commencement of the AGM at 10.00 a.m. until the end of the voting session which will be announced by the Chairman of the meeting.

(vi) Upon completion of the voting session, the Scrutineer will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or not.

ADMINISTRATIVE DETAILS

FOR THE 56TH ANNUAL GENERAL MEETING ('AGM') KUB MALAYSIA BERHAD
('KUB' or 'the Company')

5. PROCEDURES OF THE AGM

(i) The Login User Guide for participation, posing questions and voting at the AGM will be emailed together with user ID and password once your registration has been approved.

(ii) No recording or photography of the Meeting proceedings is permitted.

(iii) Please ensure that you are connected to the internet at all times in order to participate and vote when the AGM has commenced. It is your responsibility to ensure that connectivity for the duration of the Meeting is not interrupted.

(iv) You will be able to view the Company's presentation or slides via the live webcast.

(v) The Board will endeavour to respond to all questions related to the resolutions, financial performance and business prospects within the time available. The questions may be submitted via the messaging window one (1) hour before the AGM.

6. NO DOOR GIFTS OR FOOD VOUCHER

No distribution of door gifts or food vouchers will be given to the shareholders/proxy(ies).

7. ENQUIRY

Kindly contact the following persons during office hour between 8.30 a.m. to 5.30 p.m., Monday to Friday if you have any question on the AGM:

(i) **Group Secretarial Division, KUB Malaysia Berhad**

Telephone : +(603) 2721 9600
Facsimile : +(603) 2721 9610

Azleen binti Abdullah/Norita binti Misra

(ii) **Boardroom Share Registrars Sdn Bhd (Company Reg. No.: 199601006647 (378993-D))**
(RPEV registration, proxy lodgement and technical assistance)

Telephone : +(603) 7890 4700
Facsimile : +(603) 7890 4670
E-mail : bsr.helpdesk@boardroomlimited.com

PROXY FORM

CDS Account No.	
No. of Shares Held	

KUB MALAYSIA

(COMPANY NO: 196501000205 (6022-D))

I/We ______________________ NRIC/Passport No. ______________________
(Block Letters)

of ____
(Full Address)

Telephone No.: ______________________ Email Address: ______________________

being a member/members of KUB Malaysia Berhad ('Company'), hereby appoint Chairman of the Meeting* or

______________________ NRIC/Passport No. ______________________
(Block Letters)

of ____
(Full Address)

Telephone No.: ______________________ Email Address: ______________________

and/or failing him ______________________ NRIC/Passport No. ______________________
(Block Letters)

of ____
(Full Address)

Telephone No.: ______________________ Email Address: ______________________

as my/our proxy(ies) to vote for me/us on my/our behalf at the 56th Annual General Meeting of the Company to be held **FULLY VIRTUAL** through live streaming from the **Board Room, KUB Malaysia Berhad, Suite A-22-1, Level 22, Hampshire Place Office, 157 Hampshire, No. 1 Jalan Mayang Sari, 50450 Kuala Lumpur** on **Thursday, 28 October 2021** at **10.00 a.m.** or at any adjournment thereof.

**If you wish to appoint other person(s) as your proxy/proxies, kindly delete the phrase 'Chairman of the Meeting' and insert name(s) of the desired person(s).*

My/our proxy(ies) is/are to vote as indicated by an 'X' in the appropriate spaces below:

		FIRST PROXY		SECOND PROXY	
RESOLUTIONS		**FOR**	**AGAINST**	**FOR**	**AGAINST**
ORDINARY RESOLUTIONS					
1.	Re-election of Kasinathan a/l Tulasi				
2.	Re-election of Tee Beng Thong				
3.	Re-election of Ahmed Fairuz bin Abdul Aziz				
4.	Re-election of Dato' Ahmad Ibnihajar				
5.	Re-election of Datuk Haji Mohd Haniff bin Haji Koslan				
6.	Approval of the First and Final Single-Tier Dividend of 1.5 sen per Ordinary Share				
7.	Approval of the Directors' Fees of RM600,000 for the Non-Executive Directors for the period from 28 October 2021 until the conclusion of the 57th AGM				
8.	Approval of the Non-Executive Directors' Benefits up to an amount of RM350,000 to the Non-Executive Directors (excluding the Directors' Fees) for the period from 28 October 2021 until the conclusion of the 57th AGM				
9.	Re-Appointment of Deloitte PLT as Auditors				
SPECIAL BUSINESS					
10.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016				

The proportion of my/our holding to be represented by my/our proxy/proxies is as follows:

First Proxy	%
Second Proxy	%
Total	**100%**

Dated this ______________ day of ______________ of 2021.

____

Signature of Member/Common Seal/Attorney/Authorised Officer

***Strike out whichever is not desired. (Unless otherwise instructed, the Proxy/(ies) may vote as he/she thinks fit)*

NOTES:

(i) A member of the Company entitled to attend, speak and vote at the above-mentioned Meeting may appoint a maximum of two (2) proxies, to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company.

(ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ('omnibus account') as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

(iv) The Proxy Forms must be deposited at the office of the Company's share registrar, **Boardroom Share Registrars Sdn Bhd (Company Reg. No.: 199601006647 (378993-D)), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** by hand or by fax to **+(603) 7890 4670** or by e-mail to bsr.helpdesk@boardroomlimited.com or lodge electronically at https://investor.boardroomlimited.com not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.

(v) **No shareholders/proxies shall be physically present at the broadcast venue**. Please refer to the Administrative Details of the 56th AGM on remote participation and voting facilities for the virtual meeting.

(vi) In disclosing the proxy's personal data, you as shareholder warrant that the proxy (ies) has/have given his/her consent for the disclosure and processing of personal data in accordance to the Notice of AGM under the Personal Data Protection Act 2010.

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AFFIX STAMP

KUB MALAYSIA BERHAD (196501000205 (6022-D))
c/o THE REGISTRAR
BOARDROOM SHARE REGISTRARS SDN BHD
(Company Reg. No.: 199601006647 (378993-D))

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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GROUP DIRECTORY

LPG DIVISION
- **Solar Gas Sdn Bhd** (196901000777 (9189-U))
- **KUB Gas Terminal Sdn Bhd** (201801025164 (1287184-A))

Business Address

Corporate Office:

Level 3, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7610 9488
Fax: +(603) 7610 9489

Operations Center:

(Westport Branch)
Lot 55710
Lorong Kenanga 8
Liquid Bulk Terminal
Westport, Pulau Indah
42009 Port Klang
Selangor Darul Ehsan
Tel : +(603) 3101 1799
Fax: +(603) 3101 1791

(Beranang Branch)
No. 2, Jalan Perusahaan 3
Kawasan Perusahaan Beranang
43700 Beranang
Selangor Darul Ehsan
Tel : +(603) 8725 6660
Fax: +(603) 8725 6855

(Johor Bahru Branch)
16A-16C, Jalan Sri Purnama 5
Kawasan Perindustrian Sri Purnama
81100 Johor Bahru
Johor Darul Takzim
Tel : +(607) 333 1351
Fax: +(607) 332 6527

INFORMATION AND COMMUNICATION TECHNOLOGY DIVISION
- **KUB Telekomunikasi Sdn Bhd** (199101019684 (230021-D))
- **Connecta Sdn Bhd** (202001002285 (1358604-W))

Business Address

Level 9 & 10, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7623 6400
Fax: +(603) 7623 6403

AGRO DIVISION
- **KUB Agro Holdings Sdn Bhd** (197901002890 (47135-V))
- **KUB Sepadu Sdn Bhd** (199601019820 (392172-H))

Business Address

Suite A-22-1, Level 22
Hampshire Place Office
157 Hampshire
No. 1 Jalan Mayang Sari
50450 Kuala Lumpur
Tel : +(603) 2721 9600
Fax: +(603) 2721 9610

OTHER DIVISION
- **KUB Power Sdn Bhd** (199201004834 (236338-P))
- **Peraharta Sdn Bhd** (197401002041 (19250-X))

Business Address

KUB Power Sdn Bhd
Level 3, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7610 0018
Fax: +(603) 7610 0017

Peraharta Sdn Bhd
Suite A-22-1, Level 22
Hampshire Place Office
157 Hampshire
No. 1 Jalan Mayang Sari
50450 Kuala Lumpur
Tel : +(603) 2721 9600
Fax: +(603) 2721 9610

Note: Registered Office of all Companies located at:

KUB Malaysia Berhad (196501000205 (6022-D))
Suite A-22-1, Level 22
Hampshire Place Office
157 Hampshire
No. 1 Jalan Mayang Sari
50450 Kuala Lumpur
Tel : +(603) 2721 9600
Fax: +(603) 2721 9610
Website: www.kub.com

www.kub.com

KUB Malaysia Berhad (196501000205 (6022-D))

Suite A-22-1, Level 22, Hampshire Place Office, 157 Hampshire
No. 1 Jalan Mayang Sari, 50450 Kuala Lumpur

Tel: +603-2721 9600 **Fax: +603-2721 9610**