



**Interim Financial Report on
Unaudited Consolidated Results for the
Quarter Ended
30 June 2022**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

The Board of Directors hereby announce the unaudited financial results of the Group for the financial year ended 30 June 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	CURRENT YEAR QUARTER 30/6/2022 RM'000 3 months	CURRENT YEAR TO DATE 30/6/2022 RM'000 12 months
Revenue	150,655	547,963
Cost of sales and operating expenses	(144,057)	(522,970)
Other income	2,269	10,667
Other expenses	(2,376)	(6,000)
Results from operating activities	6,491	29,660
Finance income	963	4,281
Finance costs	(130)	(853)
Share of profit of associates	85	85
Profit before tax	7,409	33,173
Income tax expense	(3,197)	(9,067)
Profit for the year	4,212	24,106
Profit attributable to :		
Owners of the parent	2,051	18,284
Non-controlling interests	2,161	5,822
	4,212	24,106
Earnings per share attributable to owners of the parent (sen) :		
Basic and diluted	0.37	3.29

There is no comparative for the quarter / financial year ended 30 June 2022 due to the change in the financial year end from 31 December to 30 June. The Unaudited Condensed Consolidated Statement of Profit or Loss for the current financial year ended 30 June 2022 (12 months) is not comparable with 30 June 2021 (18 months) which was previously reported.

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Group's Annual Audited Financial Statements for the financial period ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT YEAR QUARTER 30/6/2022 RM'000 3 months	CURRENT YEAR TO DATE 30/6/2022 RM'000 12 months
Profit for the year	4,212	24,106
Other comprehensive income that will not be reclassified subsequently to profit or loss :		
Net fair value changes in quoted share at fair value through other comprehensive income (FVTOCI)	144	(144)
Total comprehensive income for the year, net of tax	4,356	23,962
Total comprehensive income attributable to :		
Owners of the parent	2,195	18,140
Non-controlling interests	2,161	5,822
	4,356	23,962

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial period ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

KUB MALAYSIA BERHAD

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/6/2022 RM'000	AS AT PRECEDING FINANCIAL PERIOD END 30/6/2021 RM'000
Assets		
Property, plant and equipment	98,468	146,863
Investment properties	14,746	16,371
Right-of-use assets	2,794	3,867
Investment in associates	45,800	-
Finance lease receivables	956	1,145
Other investments	6,591	6,624
Total non-current assets	169,355	174,870
Inventories	5,743	4,236
Biological assets	-	1,057
Trade and other receivables	66,363	32,498
Contract assets	2,775	4,884
Finance lease receivables	194	164
Tax recoverable	1,968	2,910
Cash, bank balances and deposits	391,930	423,108
Total current assets	468,973	468,857
Non-current assets held for sale	2,711	-
Total Assets	641,039	643,727
Equity		
Share capital	228,863	228,863
Reserves	38,454	40,667
Retained earnings	225,995	213,989
Total equity attributable to owners of the parent	493,312	483,519
Non-controlling interests	(14,807)	(2,048)
Total equity	478,505	481,471
Liabilities		
Borrowings	14	1,076
Lease liabilities	1,203	2,295
Other payables	33,877	31,637
Deferred tax liabilities	10,511	15,716
Total non-current liabilities	45,605	50,724
Trade and other payables	61,625	72,141
Contract liabilities	-	617
Lease liabilities	1,177	1,088
Borrowings	54,023	37,638
Provision for tax	104	48
Total current liabilities	116,929	111,532
Total liabilities	162,534	162,256
Total equity and liabilities	641,039	643,727
Net assets per share attributable to owners of the parent (RM)	0.89	0.87

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Financial Statements for the financial period ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the parent →					← Non-distributable reserves →				
	Equity, total RM'000	Equity attributable of the parent, total RM'000	Share capital RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Merger reserve RM'000	Non- controlling interests RM'000
At 1 July 2021	481,471	483,519	228,863	213,989	40,667	25,371	3,178	971	11,147	(2,048)
Profit for the year	24,106	18,284	-	18,284	-	-	-	-	-	5,822
Other comprehensive income for the year	(144)	(144)	-	-	(144)	-	(144)	-	-	-
Total comprehensive income	23,962	18,140	-	18,284	(144)	-	(144)	-	-	5,822
Transaction with owners										
Dividend paid	(8,347)	(8,347)	-	(8,347)	-	-	-	-	-	-
Deconsolidation of a subsidiary	(18,581)	-	-	-	-	-	-	-	-	(18,581)
Member's voluntary winding up of subsidiaries	-	-	-	1,229	(1,229)	-	-	(1,229)	-	-
Reduction on capital reserve upon strike off of subsidiaries	-	-	-	840	(840)	(840)	-	-	-	-
At 30 June 2022	478,505	493,312	228,863	225,995	38,454	24,531	3,034	(258)	11,147	(14,807)

There is no comparative for the quarter / financial year ended 30 June 2022 due to the change in the financial year end from 31 December to 30 June. The Unaudited Condensed Consolidated Statement of changes in equity for the current financial year ended 30 June 2022 (12 months) is not comparable with 30 June 2021 (18 months) which was previously reported.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the financial period ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE CURRENT YEAR TO DATE 30/6/2022 RM'000 12 months
Profit before taxation	33,173
Adjustments for :	
Depreciation of property, plant and equipment	15,309
Depreciation of right-of-use assets	1,203
Depreciation of investment properties	545
Gain on fair value changes in biological assets	(209)
Gain on fair value changes in unquoted shares	(111)
Loss on fair value changes of derivative instruments	5
Impairment loss on property, plant and equipment	522
Property, plant and equipment written off	105
Inventories written off	154
Allowance for impairment on receivables	875
Unrealised gain on foreign exchange	(13)
Gain on disposal of property, plant and equipment	(71)
Gain on deconsolidation of a subsidiary	(1,141)
Reversal of allowance for impairment on receivables	(3,209)
Reversal of allowance for impairment loss on refundable security deposits	(1,961)
Finance income	(4,281)
Finance costs	853
Dividend income	(282)
Share of results of associate	(85)
Operating profit before working capital changes	41,381
Changes in working capital:	
Inventories	(1,661)
Trade and other payables	(10,161)
Trade and other receivables	(19,826)
Contract assets	2,109
Contract liabilities	(617)
	11,225
Finance costs - lease liabilities	(164)
Net tax paid	(6,818)
Net cash generated from operating activities	4,243
Acquisition of property, plant and equipment	(19,119)
Dividends received	282
Finance income received	4,281
Net proceeds from disposal of property, plant and equipment	71
Net cash outflow from deconsolidation of a subsidiary	(25,593)
Net cash used in from investing activities	(40,078)
Decrease of deposits pledged with licensed banks	5,788
Finance costs paid	(853)
Dividend paid	(8,347)
Repayment of lease liabilities	(1,466)
Repayment of hire purchase	(22)
Repayment of term loans	(1,734)
Net drawdown of short term borrowings	17,079
Net cash generated from financing activities	10,445
Net decrease in cash and cash equivalents	(25,390)
Cash and cash equivalents at beginning of year	396,978
Cash and cash equivalents at end of year	371,588

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

CUMULATIVE
YEAR
CURRENT YEAR
TO DATE
30/6/2022
RM'000
12 months

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

Cash and bank balances	198,335
Deposits with licensed banks	193,595
Cash, bank balances and deposits	<u>391,930</u>
Deposits pledged with licensed banks	<u>(20,342)</u>
	<u>371,588</u>

There is no comparative for the quarter / financial year ended 30 June 2022 due to the change in the financial year end from 31 December to 30 June. The Unaudited Condensed Consolidated Statement of Profit or Loss for the current financial year ended 30 June 2022 (12 months) is not comparable with 30 June 2021 (18 months) which was previously reported.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Audited Financial Statements for the financial period ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the period ended 30 June 2021.

The accounting policies and methods of computation adopted by the Group for the interim financial statements are consistent with those adopted for the audited financial statements for the period ended 30 June 2021, except for the adoption of the following amendments to MFRSs:

Amendments to MFRS 7, 9, 16 and 139	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Leases (COVID-19 Related Rent Concessions beyond 30 June 2021)

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

New MFRSs that have been issued but not yet effective

The standards and amendments that are issued but not yet effective up to the date of this interim report are disclosed below:

		Effective for financial periods beginning on or after
MFRSs	Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3	Business Combinations	
	- Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment	
	- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	
	- Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements	
	- Classification of Liabilities as Current or Non-Current	1 January 2023
	- Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	
	- Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes	
	- Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

2. Seasonal or cyclicity of operations

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

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

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2022**

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

3. Items of unusual nature, size or incidence

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

- (i) The imposition of the several Movement Control Orders (MCOs) by the Government in response to the COVID-19 pandemic in the current financial period had an adverse impact on business operations across all divisions (as disclosed in Note 13).
- (ii) On 15 June 2022, the Court granted a winding up order filed by the minority shareholders against a subsidiary, KUB Sepadu Sdn Bhd ("KUBS") as disclosed in Note 24. Upon the winding up of KUBS and the appointment of liquidators, the Group has lost control over KUBS. Following this, KUBS accounts have been deconsolidated from the Group as of 15 June 2022 and has been classified as an associate company pending the conclusion of the hearing of the Stay Application and Winding Up Appeal.

The financial effect of deconsolidation of KUBS to the Group's results is explained in Note 8.

4. Changes in estimates

There were no major changes in estimates that have had a material effect on the financial statements of the current quarter under review and financial year to-date.

5. Debt and equity securities

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

6. Dividends paid

During the financial year 2022, a final single tier dividend of 1.5 sen per share in respect of the financial year ended 30 June 2021 was paid on 17 December 2021.

7. Subsequent events

There were no other items, transactions or events of a material and unusual nature which have arisen since 30 June 2022 to the date of this announcement that have not been reflected in the condensed financial statements.

8. Changes in the composition of the Group

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

Struck off of dormant subsidiaries

During the current period under review, the following dormant subsidiaries had been struck off pursuant to section 550 of the Companies Act 2016 and ceased to be the subsidiaries of the Group.

- (i) Restoran Kualiti Sdn Bhd
- (ii) Credensoft Solutions Sdn Bhd

Member's voluntary winding up

The following subsidiaries which are dormant and inactive, have been placed under member's voluntary winding-up procedures and accordingly dissolved as at 30 June 2022.

- (i) Peramining Sdn Bhd
- (ii) Perumahan KUB Sdn Bhd
- (iii) Kesina Development Sdn Bhd
- (iv) KFT International (M) Sdn Bhd

The financial results of the abovementioned subsidiaries are insignificant and did not have any material impact on the earnings and net assets of the Group for the financial year ended 30 June 2022.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2022**

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

8. Changes in the composition of the Group (cont'd)

Deconsolidation of a subsidiary

Following the Court winding up order as well as the appointment of liquidator on 15 June 2022 (as disclosed in Note 24), the Group has lost control in KUB Sepadu Sdn Bhd ("KUBS"). Accordingly, KUBS has been deconsolidated from the Group as of 15 June 2022. Pending the hearing of Stay Application and the Winding Up Appeal, KUBS has been reclassified as an associate of the Group :

The deconsolidation had the following effects on the Group's assets and liabilities :

	RM'000
Property, plant and equipment	49,930
Right of use assets	1,394
Stocks	1,279
Biological assets	1,266
Trade and other receivables	3,073
Deposits, cash and bank balances	25,593
Trade and other payables	(10,833)
Amount due to holding company	(16,892)
Lease liabilities	(1,408)
Deferred taxation	(6,400)
Provision for tax	(739)
Total net assets of KUBS as at 15 June 2022	46,263
Derecognition of non-controlling interest	(18,581)
Net assets of KUBS deconsolidated from the books of the Group	27,682

The gain on deconsolidation and the effect to net cashflow were determined as follows :

Fair value of investment retained as an associate	45,715
Less : Intercompany advances to associate	(16,892)
Net assets of KUBS deconsolidated from the books of the Group	(27,682)
Gain on deconsolidation of KUBS*	1,141
Net cash received	-
Less : Cash and cash equivalents of KUBS upon deconsolidation	(25,593)
Net cash outflow from deconsolidation of KUBS	(25,593)

* The Group recognised a gain of RM1.1 million as a result of remeasuring its equity interests retained in KUBS at fair value upon initial recognition as an associate. The gain is included in profit or loss for the year ended 30 June 2022.

9. Changes in contingent liabilities

There were no changes in contingent liabilities of the Group since the last reported in the audited financial statements and financial year to-date.

10. Capital commitments

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

	As at 30/6/2022 RM'000	As at 30/6/2021 RM'000
Property, plant and equipment		
Approved and contracted for	6,675	11,446
Approved but not contracted for	14,662	17,620
	21,337	29,066

11. Related Party Transactions

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

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2022**

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

12. Segmental reporting

The Group's primary format for reporting segmental information is business segments based on the Group's management and internal reporting structure which are organised into several divisions i.e. importation, bottling, marketing and distribution of Liquefied Petroleum Gas ("LPG"), oil palm plantation ("Agro") and Others. Others includes the business related to infrastructure solutions, supply, maintenance and ancillary services in information, communications and technology (ICT), engineering civil works in the power sector, property management services for several properties owned by the Group and corporate expenses.

The division's head of each business unit reports directly to the Group Managing Director who regularly reviews the divisions' results with regards to performance assessment and resource allocations.

Segment information for the current financial year ended 30 June 2022 is as follows:

	LPG	Agro	Others	Eliminations	Total
<i>RM'000</i>					
Revenue					
External sales	483,197	44,233	20,533	-	547,963
Inter-segment sales	-	-	10,943	(10,943)	-
Total revenue	483,197	44,233	31,476	(10,943)	547,963
Results					
Profit/(Loss) from operating activities	9,463	24,079	(3,882)	-	29,660
Finance income	876	265	3,140	-	4,281
Finance costs	(620)	(155)	(78)	-	(853)
Share of results of associates	-	85	-	-	85
Profit before tax	9,719	24,274	(820)	-	33,173
Income tax expense	(2,802)	(5,758)	(507)	-	(9,067)
Profit/(Loss) for the year	6,917	18,516	(1,327)	-	24,106

All of the Group's revenue are derived from Malaysia.

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

There is no comparative for the quarter / financial year ended 30 June 2022 due to the change in the financial year end from 31 December to 30 June. The Unaudited Condensed Consolidated Statement of Profit or Loss for the current financial year ended 30 June 2022 (12 months) is not comparable with 30 June 2021 (18 months) which was previously reported.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2022**

12. Segmental reporting (cont'd)

Segmental assets and liabilities as 30 June 2022 as compared with the last annual financial statements:

As at 30 June 2022	LPG	Agro	Others	Total
<i>RM'000</i>				
Assets				
Segment assets	213,520	2,506	376,502	592,528
Investment in associate	-	45,800	-	45,800
Non-current assets held for sale	-	2,711	-	2,711
Total Assets	213,520	51,017	376,502	641,039
Liabilities				
Segment liabilities	149,770	1,786	10,978	162,534
As at 30 June 2021	LPG	Agro	Others	Total
<i>RM'000</i>				
Assets				
Segment assets	172,956	81,173	389,598	643,727
Liabilities				
Segment liabilities	113,778	31,627	8,607	162,256

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2022**

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

13. Group's Financial Performance Review and Segmental Analysis

For the financial year ended 30 June 2022 ("FY2022"), the Group registered revenue of RM547.96 million and a profit after tax ("PAT") of RM24.1 million.

The Group's results in the current financial year were largely driven by the increase in average LPG contract price ("CP") and strong uptrend in CPO prices. The Group's sales demand and operations, on the other hand, continues to experience the impact from the COVID-19 pandemic in the first quarter of the financial year as a result of several containment measures taken by the Government. The effects, however, slowly recovered upon the gradual opening of the business activities nationwide.

The segmental performance review by divisions for the year under review are as follows:

LPG Division : The division recorded a revenue of RM483.2 million on the back of a high average CP despite a lower than projected average monthly sales volume due to adverse market conditions resulting from the pandemic in the first quarter of the financial year. The intense market competition has also caused further margin compression which negatively impacted the division's core operating performance.

Overall, the division recorded a profit of RM6.9 million due to the above factors.

Agro Division : The Agro division's revenue and profitability are entirely from the plantation estates in Mukah, Sarawak held by KUB Sepadu Sdn Bhd ("KUBS"). The division posted a revenue of RM44.2 million supported by the continued uptrend in CPO prices in the current financial year. The sales volume, however, saw a lower than anticipated fresh fruit bunches ("FFB") production due to heavy rainfall as well as acute labour shortage in the estates that have impacted the efficiency in harvesting. Additionally, the division also experienced a relatively high cost of production as a result of the global increase in fertiliser cost.

Following the winding up order by the Court, KUBS accounts have been deconsolidated from the Group as of 15 June 2022 and has been reclassified as an associate. The Group recognised a gain of RM1.1 million after taking into consideration the net fair value of the retained investment in KUBS of RM45.7 million.

With all the above factors, the PAT of the division stood at RM18.5 million in the current financial year.

Others : The loss was mainly attributable to the loss incurred in the ICT business amounting to RM2.7 million resulting from low revenue and staff rationalisation exercise cushioned by the reversal of impairment loss on receivables and provision of cost in prior years recorded by the other businesses.

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

	Individual Quarter		%
	3 months 30/6/2022 RM'000	3 months 31/3/2022 RM'000	
Revenue	150,655	141,015	6.8
Results			
Profit from operations	6,491	7,023	(7.6)
Finance income	963	1,033	
Finance costs	(130)	(177)	
Share of profit of associate	85	-	
Profit before tax	7,409	7,879	(6.0)
Income tax expense	(3,197)	(1,777)	
Profit for the period	4,212	6,102	(31.0)

The quarterly revenue rose 6.8% or RM9.6 million from the preceding quarter largely contributed by the higher average CP and CPO prices despite similar LPG sales volume and lower FFB production by 6%.

During the current quarter, the full financial results of the Group's plantation arm, KUBS, was recognised up to 15 June 2022, the date it was deconsolidated. Thereafter, the Group recognised the remaining financial results through its share of profit.

Resulting from the above coupled with higher cost of production, administrative and tax expenses, the Group's profit for the current quarter was relatively lower by 31% than the previous quarter.

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2022**

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

15. Prospects

The Group expects market conditions remain challenging for the next financial year in view of the uncertainties due to the effect of post-pandemic and continuing geopolitical conflicts, inflationary pressures, rising interest rates and our foreign exchange exposure due to the strengthening US Dollar.

As the primary revenue and earnings driver of the Group, the LPG division will continue to embark on various initiatives to build its market share while preserving its operational margins which have been impacted by stiff competition. With the aggressive marketing strategies, improvement in supply chain management and the cost containment efforts that have been carried out since previous year, the Group anticipates next year's performance for the LPG division to be better. Hedging is also being done to minimise the impact of the fluctuations in US Dollars.

For Agro division, although the Group has deconsolidated its plantation subsidiary in FY2022, it will, barring any unforeseen circumstances, continue to realise its financial results through equity accounting method. Apart from the softening commodity prices and unresolved situation with the labour shortages in Malaysia, the operating environment for the plantation segment in the next financial year will continue to be challenging with supply chain disruptions and inflationary pressures on fertiliser, agrochemicals and fuel prices.

Overall, the Group maintain a cautious stance on the overall market and industry outlook, while remaining flexible in executing strategic plans in expanding our existing business and identifying new business opportunities as and when they arise. The Group will also continue to be vigilant and take appropriate and timely measures to sustain the Group's profitability for the FY2023.

16. Profit forecast / profit guarantee

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

17. Audit Report of preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the period ended 30 June 2021.

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

	Current Quarter 3 months ended 31/3/2022 RM'000	Cumulative Quarter 12 months ended 30/6/2022 RM'000
Profit before tax is arrived after crediting/(charging) - continuing operations:		
Finance income	963	4,281
Other income including investment income	1,961	9,237
Finance costs	(130)	(853)
Depreciation and amortisation	(4,361)	(17,057)
(Impairment)/Reversal on receivables (net)	(277)	373
Impairment on property, plant and equipment	(522)	(522)
Assets written off	(102)	(105)
Inventories written off	(154)	(154)
Gain on disposal of property, plant and equipment	48	71
Gain on deconsolidation of a subsidiary	1,141	1,141
Foreign exchange gain/(loss)		
- realised	15	(1)
- unrealised	41	8

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

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
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**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

19. Gains or losses arising from fair value changes of financial liabilities

There were no material gains or losses arising from changes on the fair values of financial liabilities for the current quarter under review.

20. Tax

	3 months ended 30/6/2022 RM'000	12 months ended 30/6/2022 RM'000
Malaysian income tax:		
Current tax	2,537	7,768
Under provision in prior year	114	107
	<u>2,651</u>	<u>7,875</u>
Deferred tax:		
Current	546	1,187
Under provision in prior year	-	5
	<u>546</u>	<u>1,192</u>
	<u>3,197</u>	<u>9,067</u>

The effective tax rate for the current financial year under review is higher than the statutory tax rate as the profits of certain subsidiaries cannot be offset against losses of other subsidiaries for income tax purposes.

21. Group borrowings and debt securities

<i>RM'000</i>	As at 30 June 2022		
	Long Term	Short Term	Total Borrowings
Secured			
Bankers Acceptances	-	44,000	44,000
Invoice Financing	-	10,000	10,000
Hire purchase payables	14	23	37
	14	54,023	54,037

22. Status of corporate proposals

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

23. Dividend Declared

On 30 August 2022, the Board of Directors approved and declared a first and final dividend in respect of the financial year ended 30 June 2022 of 1.5 sen per share on 556,464,690 ordinary shares amounting to approximately RM8,346,970.

The final dividend is payable on 13 October 2022 to shareholders whose names appear in the Record of Depositors at the close of business on 15 September 2022.

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FOR THE QUARTER ENDED 30 JUNE 2022**

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

24. Material litigation

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

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

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

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

On 18 December 2019, KUB Agro Holdings Sdn Bhd ("KUB Agro"), 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.

On 15 June 2022, the Court granted the winding up order filed by the Minority Shareholders and dismissed the application of KUB Agro to set aside the appointment of the Interim Liquidators.

On 17 June 2022, KUB Agro filed a Notice of Appeal ("Winding Up Appeal") as well as an application for stay of execution of the winding up order ("Stay Application"). The Stay Application has been fixed to be heard before the High Court on 7 September 2022 and the case management for the Winding Up Appeal has been fixed on 6 October 2022.

25. Earnings per share

(a) Basic earnings per share

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

		3 months ended	12 months ended
		30/6/2022	30/6/2022
		RM'000	RM'000
Earnings for the period attributable to owners of the parent		2,051	18,284
Weighted average number of ordinary shares	('000)	556,465	556,465
Basic earnings per share	sen	0.37	3.29

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the quarter under review and financial year to-date.

By Order of the Board

Azleen Abdullah

Norita Misra

Company Secretaries

30 August 2022