

RESETTING OUR
STRATEGIES

ANNUAL REPORT 2019



what's Inside

CORPORATE INFORMATION

Corporate Information	001
Corporate Structure	002
Board of Directors	003
Profile of Directors	004
Board Committees	009
Profile of Senior Management	010

HIGHLIGHTS

5-Year Group Financial Highlights	012
Economic Value for Shareholders	013

PERFORMANCE REVIEW

The Group Chief Executive Officer's Statement and Management Discussion & Analysis	014
Sustainability Statement 2019	020

CORPORATE GOVERNANCE

Corporate Governance Overview Statement	025
Additional Compliance Information	031
Statement on Risk Management and Internal Control	032
Board Audit Committee Report	037
Statement of Directors' Responsibility	040

FINANCIAL STATEMENTS

Financial Statements	041
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OTHER CORPORATE INFORMATION

List of Properties	159
Analysis of Shareholdings	161
Group Directory	

RESETTING OUR STRATEGIES

Remaining steadfast and with optimism to confront changes on the horizon, KUB's faith after weathering the storm is to continue thriving despite the challenges. By resetting our strategies, the Group has placed itself on a stronger foundation to reap future success.

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 www.kub.com/annualreport2019 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' Ab Rahim bin Abu Bakar
Senior 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

Tengku Zahaimi bin Tuan Hashim
Non-Independent Non-Executive
Director

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

Datuk Abdul Rahim bin Mohd Zin
President/Group Managing
Director
(resigned w.e.f. 13 December 2019)

**Tunku Alizan bin Raja Muhammad
Alias**
Non-Independent Non-Executive
Director
(resigned w.e.f. 4 March 2019)

**Datuk Hj Faisyal bin Datuk Yusof
Hamdain Diego**
Non-Independent Non-Executive
Director
(resigned w.e.f. 26 February 2019)

COMPANY SECRETARIES

Sharina binti Saidon
(LS 0006127/
SSM PC No. 201908002624)

Mohamat Yusof bin Abu Bakar
(MIA 44659/
SSM PC No. 201908002400)

REGISTERED OFFICE

**KUB Malaysia Berhad
(196501000205 (6022-D))**
Level 3A, Unit 1
Capital 3, Oasis Square
Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : +(603) 7680 9600
Fax : +(603) 7680 9777
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

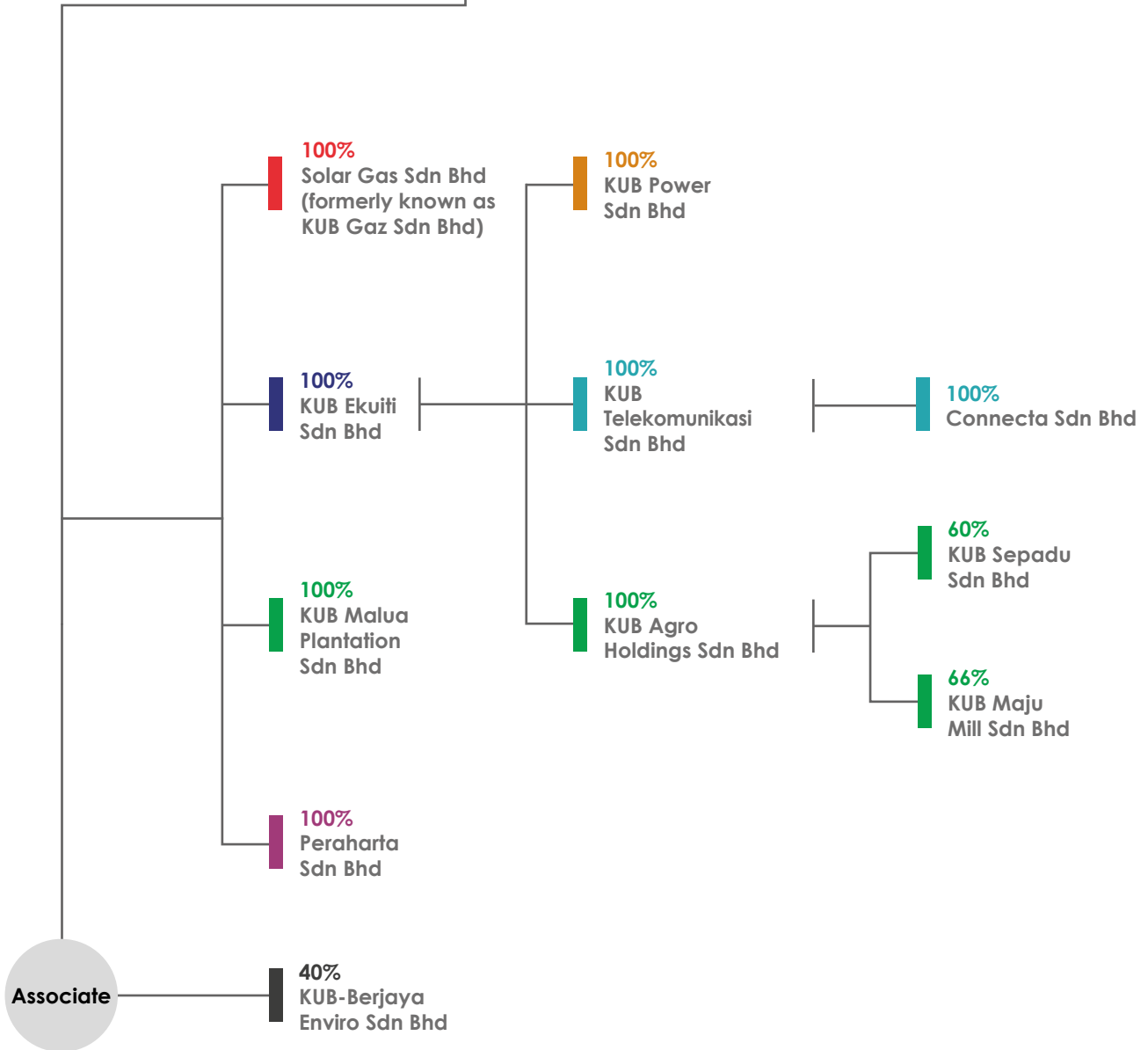
**Boardroom Share Registrars Sdn Bhd
(199601006647 (378993-D))**
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Section 13
46200 Petaling Jaya
Selangor Darul Ehsan

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

PRINCIPAL BANKERS

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

CORPORATE STRUCTURE



■ LPG Division

■ Agro Division

■ Investment Holding

■ Power Division

■ ICT Division

■ Property Management

Note: The above structure represents active companies





BOARD OF DIRECTORS



1. Datuk Seri Johari bin Abdul Ghani
2. Dato' Ab Rahim bin Abu Bakar
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. Tengku Zahaimi bin Tuan Hashim
8. Megat Joha bin Megat Abdul Rahman

PROFILE OF DIRECTORS

DATUK SERI JOHARI BIN ABDUL GHANI

Chairman, Non-Independent Non-Executive Director

 Malaysian  (56) Male

Date of Appointment

4 March 2019
(re-designated as Chairman w.e.f. 1 April 2019)

Length of Service

1 Year and 1.75 Months

Board Committee Membership

Chairman, Board Nomination Committee
Chairman, Board Remuneration Committee

Academic / Professional Qualification(s)

- Chartered Accountant, Association of Chartered Certified Accountants, United Kingdom

Working Experience(s)

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

Areas of Expertise

- Corporate Recovery/Turnaround
- Finance
- Business Management

Present Directorship(s)

Listed Entities	Public Companies
<ul style="list-style-type: none"> Director, C.I. Holdings Berhad 	<ul style="list-style-type: none"> None

Other Companies/Bodies

- Director, JAG Capital Holdings Sdn Bhd

2019 BOARD MEETING ATTENDANCE

6/6

DATO' AB RAHIM BIN ABU BAKAR

Senior Independent Non-Executive Director

 Malaysian  (68) Male

Date of Appointment

5 August 2013

Length of Service

6 Years and 9 Months

Board Committee Membership

Chairman, Board Risk Management Committee
Member, Board Nomination Committee
Member, Employee Share Option Scheme Committee

Academic / Professional Qualification(s)

- Bachelor of Electrical Engineering, NED University of Engineering and Technology

Working Experience(s)

- General Manager, Marketing and Project Division, EPE Power Corporation Berhad
- General Manager (Commercial), Schneider Electric
- General Manager, Arab Malaysian SGB
- President, Persatuan Usahawan Tenaga Malaysia
- President, Bumiputera Manufacturers and Services
- President, Pahang Malay Chamber of Commerce
- Vice President, National Malay Chamber of Commerce
- Deputy President, Pahang Malays Football Association

Areas of Expertise

- Electrical / Power Engineering
- Manufacturing
- Contracting
- Construction
- Oil and Gas

Present Directorship(s)

Listed Entities	Public Companies
<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None

Other Companies/Bodies

- Director, Subsidiary/Associate Company of KUB
- Chief Executive Officer, Nouva ASP (M) Sdn Bhd (a subsidiary of BARTEC Group International)
- Chairman, Tech-Store Sdn Bhd
- Chairman, Anzeco Power Range Sdn Bhd
- Treasurer General, Persatuan Kebajikan Anak-anak Pahang Di Ibu Kota
- Council Advisory, Bumiputera Manufacturers and Services Industry Association of Malaysia

2019 BOARD MEETING ATTENDANCE

7/7



PROFILE OF DIRECTORS

DATO' AHMAD IBNIHAJAR

Independent Non-Executive Director

 Malaysian  (70) Male

Date of Appointment

27 November 2015

Length of Service

4 Years and 5 Months

Board Committee Membership

- Member, Board Nomination Committee
- Member, Board Remuneration Committee

Academic / Professional Qualification(s)

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

Working Experience(s)

- 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

Areas of Expertise

- Banking
- Investment
- Management
- Leadership

Present Directorship(s)

Listed Entities

- None

Public Companies

- None

Other Companies/Bodies

- Director, Associate Company of KUB
- Chairman, Heirs Corporation Sdn Bhd since 1991
- Chairman, Penang Sentral Sdn Bhd

2019 BOARD MEETING ATTENDANCE

7/7

MOHAMMAD FARISH NIZAR BIN OTHMAN

Independent Non-Executive Director

 Malaysian  (48) Male

Date of Appointment

27 November 2015

Length of Service

4 Years and 5 Months

Board Committee Membership

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

Academic / Professional Qualification(s)

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

Working Experience(s)

- 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

Areas of Expertise

- Finance
- Accounting
- Strategic Management
- Corporate Governance

Present Directorship(s)

Listed Entities

- None

Public Companies

- None

Other Companies/Bodies

- Director, Corporate Services of Malaysian Technology Development Corporation

2019 BOARD MEETING ATTENDANCE

5/7

PROFILE OF DIRECTORS

DATUK HAJI MOHD HANIFF BIN HAJI KOSLAN

Independent Non-Executive Director

 Malaysian  (61) Male

Date of Appointment

25 August 2016

Length of Service

3 Years and 8 Months

Board Committee Membership

- Member, Board Audit Committee

Academic / Professional 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

Working Experience(s)

- 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 to 1997
- 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

Areas of Expertise

- Property Development
- Construction
- Taxation
- Business Strategies
- Management

Present Directorship(s)

Listed Entities

- None

Public Companies

- None

Other Companies/Bodies

- None

2019 BOARD MEETING ATTENDANCE

7/7

DATUK NORLIZA BINTI ABDUL RAHIM

Independent Non-Executive Director

 Malaysian  (51) Female

Date of Appointment

28 August 2018

Length of Service

1 Year and 8 Months

Board Committee Membership

- Member, Board Risk Management Committee
- Member, Board Remuneration Committee

Academic / Professional Qualification(s)

- Bachelor of Commerce and Management (majoring in accounting), Lincoln University
- Diploma in Accountancy, Politeknik Ungku Omar

Working Experience(s)

- Chairman, Mutiara.com from 2015 to 31 July 2018
- Board Member, JKP Sdn Bhd, Penang from 2013 to 31 July 2018
- Member of Dewan Negara (Senator) from May 2011 to May 2017
- Assistant Director, State Housing Office, Penang from 1992 to 1996

Areas of Expertise

- Property Development
- Construction
- Information Communication and Technology

Present Directorship(s)

Listed Entities

- None

Public Companies

- None

Other Companies/Bodies

- General Manager, Prime View Sdn Bhd
- Director, Koperasi Melayu Bukit Gelugor

2019 BOARD MEETING ATTENDANCE

6/7



PROFILE OF DIRECTORS

TENGGU ZAHAIMI BIN TUAN HASHIM

Non-Independent Non-Executive Director

 Malaysian  (51) Male

Date of Appointment

16 June 2015

Length of Service

4 Years and 10.5 Months

Board Committee Membership

- Member, Board Risk Management Committee

Academic / Professional Qualification(s)

- Bachelor of Science in Business Administration, University of Tulsa, Oklahoma, United States of America
- Associate Degree in Computer Information System, MARA Science College, Kuantan
- Professional Certificate in Financial Technical Analysis with Distinction, Open University
- Accredited full member of the Society of Technical Analyst, United Kingdom

Working Experience(s)

- Lead Advisor on Strategic Study Transformation Readiness initiative for the Governor of Al-Madinah, Saudi Arabia
- Regional Manager, Middle East and North Africa region based in Jeddah, Saudi Arabia
- Special Officer to the former Minister of Science, Technology and Innovation office
- Special Officer to the former Special Advisor in the Prime Minister's Department

Areas of Expertise

- Strategic Planning
- Consulting Services
- Information and Communication Technology
- Management

Present Directorship(s)

Listed Entities

- None

Public Companies

- None

Other Companies/Bodies

- Director, Subsidiaries of KUB
- Director, Nur Power Sdn Bhd
- Director, Nur Generation Sdn Bhd
- Director, Nur Distribution Sdn Bhd
- Director, National Aerospace and Defence Industries Sdn Bhd

2019 BOARD MEETING ATTENDANCE

4/7

MEGAT JOHA BIN MEGAT ABDUL RAHMAN

Non-Independent Non-Executive Director

 Malaysian  (57) Male

Date of Appointment

4 March 2019

Length of Service

1 Year and 1.75 Months

Board Committee Membership

- Member, Board Audit Committee

Academic / Professional Qualification(s)

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

Working Experience(s)

- 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 States of America

Areas of Expertise

- Finance
- Corporate Restructuring
- Strategic Planning

Present Directorship(s)

Listed Entities

- Group Managing Director, C.I. Holdings Berhad

Public Companies

- Chairman, Central Cables Berhad

Other Companies/Bodies

- Chairman, several subsidiaries of KUB

2019 BOARD MEETING ATTENDANCE

5/6

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
 - iii. Anchorscape Sdn Bhd, a wholly-owned subsidiary of Gaya Edisi Sdn Bhd, is also a substantial shareholder of KUB.
 - iv. The nominee Director of Gaya Edisi Sdn Bhd is Tengku Zahaimi bin Tuan Hashim.
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 year other than traffic offences, if any.
3. The details of directors' attendance at Board meetings held in the financial year ended 31 December 2019 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. Datuk Haji Mohd Haniff bin Haji Koslan	27/02/2018
3. Megat Joha bin Megat Abdul Rahman	01/04/2019
4. Dato' Ab Rahim bin Abu Bakar (resigned w.e.f. 01/04/2019)	29/06/2015
5. Datuk Hj Faisyal bin Datuk Yusof Hamdain Diego (resigned w.e.f. 26/02/2019)	27/11/2015

BOARD NOMINATION COMMITTEE

1. Datuk Seri Johari bin Abdul Ghani (Chairman)	01/04/2019
2. Dato' Ab Rahim bin Abu Bakar	01/04/2019
3. Dato' Ahmad Ibinhajar	01/04/2019

BOARD REMUNERATION COMMITTEE

1. Datuk Seri Johari bin Abdul Ghani (Chairman)	01/04/2019
2. Dato' Ahmad Ibinhajar	01/04/2019
3. Datuk Norliza binti Abdul Rahim	01/04/2019

BOARD RISK MANAGEMENT COMMITTEE

1. Dato' Ab Rahim bin Abu Bakar (Chairman)	21/10/2014
2. Datuk Norliza binti Abdul Rahim	01/04/2019
3. Tengku Zahaimi bin Tuan Hashim	01/04/2019
4. Mohammad Farish Nizar bin Othman (resigned w.e.f. 01/04/2019)	27/11/2015
5. Datuk Haji Mohd Haniff bin Haji Koslan (resigned w.e.f. 01/04/2019)	27/02/2018
6. Datuk Hj Faisyal bin Datuk Yusof Hamdain Diego (resigned w.e.f. 26/02/2019)	29/05/2012

BOARD EMPLOYEE SHARE OPTION SCHEME COMMITTEE

1. Dato' Ab Rahim bin Abu Bakar	21/10/2014
2. Mohammad Farish Nizar bin Othman	30/05/2016
3. Tunku Alizan bin Raja Muhammad Alias (Chairman) (resigned w.e.f. 04/03/2019)	28/08/2017

Note 1: The Board Nomination and Remuneration Committee was dissolved on 1 April 2019 and replaced with the Board Nomination Committee and the Board Remuneration Committee on the same date.

Note 2: The Board Investment Committee was dissolved on 1 April 2019.

PROFILE OF SENIOR MANAGEMENT



AHMED FAIRUZ BIN ABDUL AZIZ

Group Chief Executive Officer

Malaysian (42) Male

Date of Appointment

13 December 2019

Length of Service

4.5 Months

Qualification(s)

- Bachelor Degree in Accounting and Finance, London School of Economics, United Kingdom
- Chartered Accountant, Fellow of the Institute of Chartered Accountants in England and Wales
- Member, Malaysian Institute of Accountants

Working Experience(s)

- Group Chief Financial Officer, KUB Malaysia Berhad (2016 to 2019)
- Group Chief Financial Officer/Head of 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)

Areas of Expertise

- Financial Reporting
- Corporate Finance
- Treasury
- Tax
- Advisory and Audit

Present Directorship(s)

Listed Entities

- Pos Malaysia Berhad

Public Companies

- None



DR. BADRULHISHAM BIN MOHD GHAZALI

Chief Executive Officer, KUB Telekomunikasi Sdn Bhd

Malaysian (45) Male

Date of Appointment

17 March 2020

Length of Service

1.5 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

- Corporate and Strategic Planning
- Business Development Management

Present Directorship(s)

Listed Entities

- None

Public Companies

- None



PROFILE OF SENIOR MANAGEMENT



AZMAN BIN ABDULLAH

Chief Executive Officer,
Solar Gas Sdn Bhd
(formerly known as
KUB Gaz Sdn Bhd)

Malaysian (44) Male

Date of Appointment

12 March 2019

Length of Service

1 Year and 1.5 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 to 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

- Operations and General Management
- Strategic Planning
- Business Development

Present Directorship(s)

Listed Entities

- None

Public Companies

- None



MOHAMAD MAZRI BIN ZAINAL ABIDIN

Chief Executive Officer,
KUB Power Sdn Bhd

Malaysian (53) Male

Date of Appointment

15 May 2014

Length of Service

5 Years and 11.5 Months

Qualifications(s)

- Bachelor Degree in Electrical Engineering, University of Malaysia
- Member, Board of Engineers Malaysia
- Member, Institution of Engineers Malaysia

Working Experience(s)

- Consultant, Multi Discovery Sdn Bhd (2013 to 2014)
- General Manager, KUB Power Sdn Bhd (2007 to 2011)
- Senior Manager, Muhibbah Engineering Sdn Bhd (2003 to 2007)
- Project Manager, Schneider Electric (M) Sdn Bhd (2000 to 2003)

Areas of Expertise

- Construction
- Project Management
- Consultancy in High Voltage Engineering

Present Directorship(s)

Listed Entities

- None

Public Companies

- None

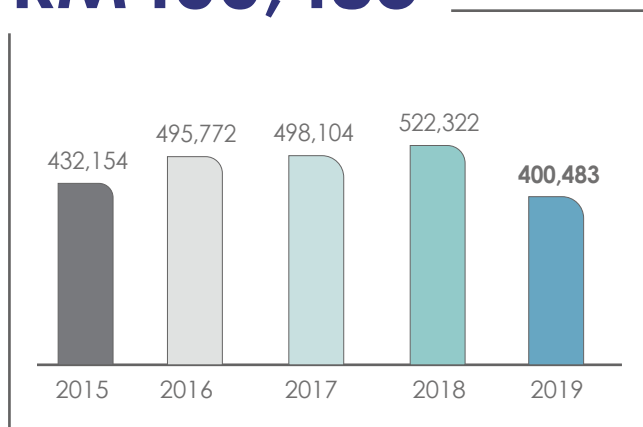
Additional Information

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 in 2019 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

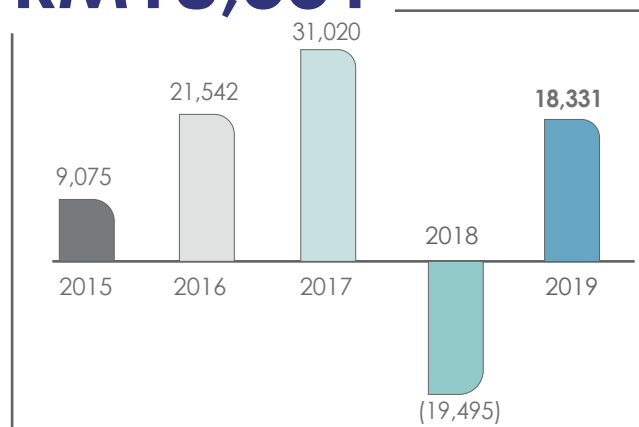
REVENUE (RM'000)*

RM400,483



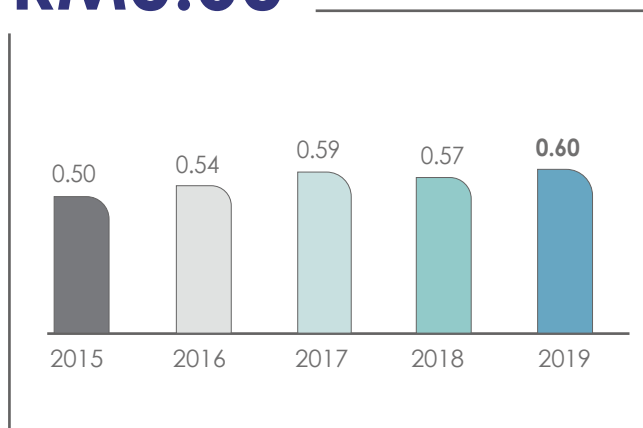
PROFIT/(LOSS) FOR THE YEAR (RM'000)

RM18,331



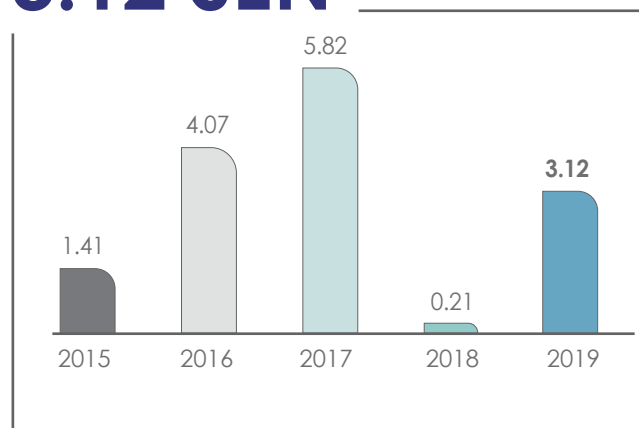
NET ASSETS PER SHARE (RM)

RM0.60



BASIC EARNINGS PER SHARE (SEN)

3.12 SEN



RM'000	2015	2016	2017	2018	2019
Revenue*	432,154	495,772	498,104	522,322	400,483
Profit/(Loss) before taxation*	50,303	32,334	38,975	(30,169)	20,590
Profit/(Loss) for the year	9,075	21,542	31,020	(19,495)	18,331
Profit attributable to owners of the parent	7,854	22,628	32,395	1,177	17,355
Shareholders' fund#	277,153	299,398	327,672	315,480	335,132
Basic earnings per share (sen)	1.41	4.07	5.82	0.21	3.12
Net assets per share attributable to owners of the parent (RM)	0.50	0.54	0.59	0.57	0.60
Dividend declared per share (sen)	0.5	1.0	1.0	1.0	-
Gearing ratio (times)	0.21	0.21	0.17	0.54	0.31

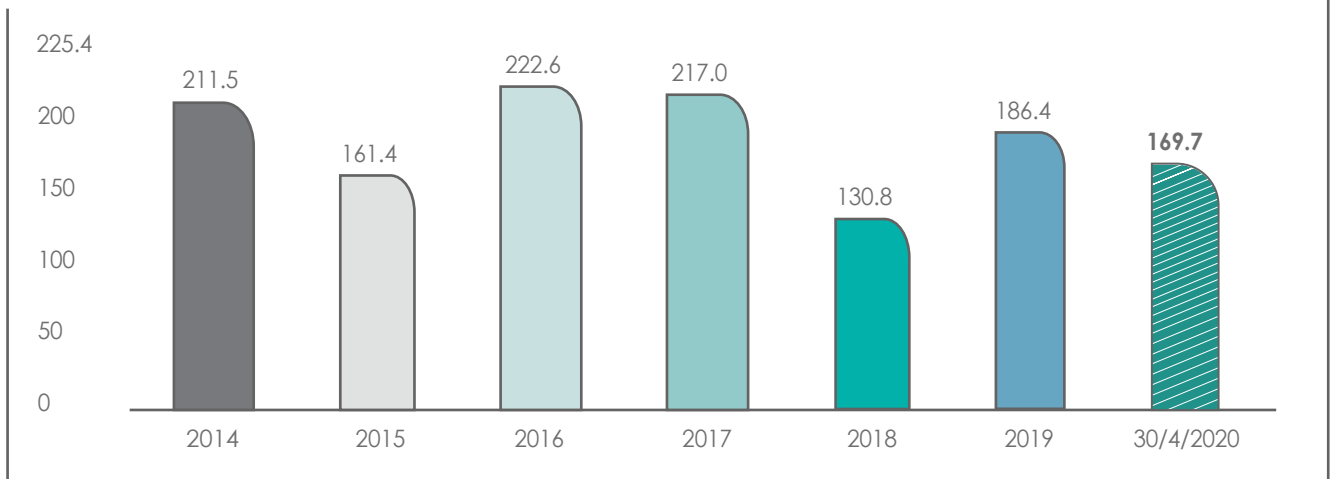
* Continuing Operations

Restated FY2016, FY2017 and FY2018



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 STATISTIC

Month	May'19	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20
Volume ('000)	19,163	5,439	41,423	8,190	4,367	7,264	10,004	4,760	5,512	20,944	27,962	51,184
High (RM)	0.405	0.355	0.400	0.370	0.350	0.350	0.375	0.350	0.340	0.360	0.360	0.330
Low (RM)	0.290	0.300	0.320	0.315	0.310	0.315	0.325	0.330	0.305	0.295	0.150	0.185
Closing Price (RM)	0.320	0.320	0.365	0.330	0.320	0.345	0.325	0.335	0.305	0.310	0.200	0.305

THE GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholder,

2019 was the continuation of an undeniably challenging period for the Group. While dealing with the spillover of operational issues from the previous financial year, we also had to contend with changing market realities that affected key divisions of our business.

With the COVID-19 pandemic substantially impacting the Malaysian and global economy in 2020, downward pressure will continue to be exerted on our revenue generating abilities. However, by significantly streamlining our operations during the year in review, we are confident that we will emerge from this disruption on firm footing to build towards a sustainable future. The theme of our annual report for FY2019 - **'Resetting Our Strategies'** - reflects this understanding of our current reality, and an optimism towards opportunities yet to come.

Financial Performance Review

In the year in review, the Group registered revenue of RM400.5 million, amounting to a decrease of 23.3% compared to a topline of RM522.3 million in FY2018. However, this was compensated by a profit after zakat and tax ('PAT') of RM18.3 million which compares favourably to the previous year's loss after zakat and tax ('LAT') of RM19.5 million.

Our improved profitability for the year was bolstered by a one-off gain on disposal of a leasehold land in Petaling Jaya, Selangor amounting to RM25.3 million.

At the divisional level, we have witnessed a drop in revenue across most areas of our business, driven by a combination of adverse market conditions including depressed commodity prices, and delays in contract fulfilment and commencement. However, by anticipating these issues early in the year in review, we were able to mitigate against the worse effects of this downturn through two (2) key measures.

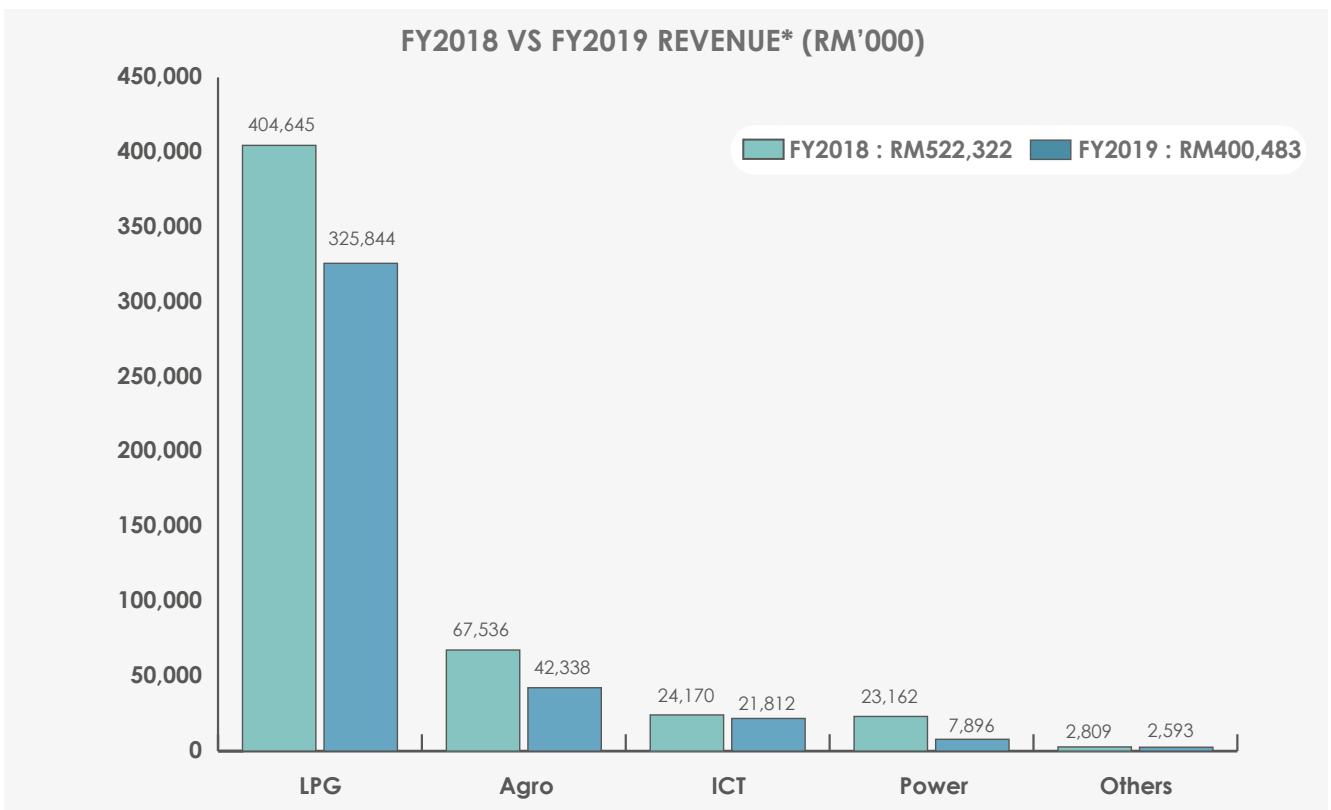
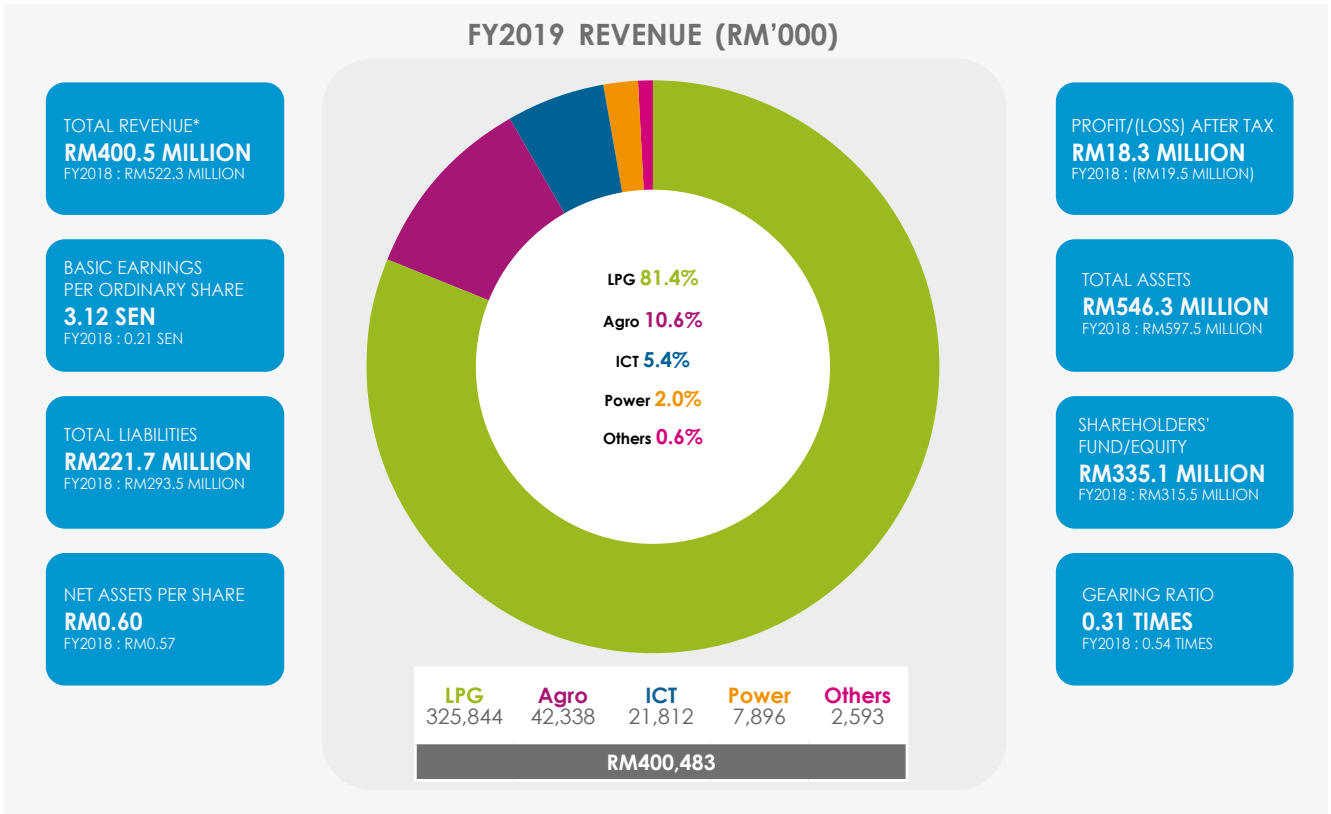
Firstly, we attained a more streamlined cost base as the result of a necessary manpower rationalisation exercise, involving a staff voluntary separation scheme ('VSS') totalling RM5.2 million in costs. Secondly, we re-evaluated and refocused our capital expenditure ('CAPEX') plans in order to leverage on our best performing divisions and assets, thus protecting the Group against potential financial losses.

Accordingly, capital investment during the year in review has been largely restricted to our LPG and Agro divisions which collectively contributed 92% of the Group's revenue in FY2019. In FY2020, we are continuing to invest in core divisions while implementing operational improvement and strategic cost management initiatives across all divisions, with the aim of ensuring that the Group's business remain self-sustaining in the medium to long term.

Encouragingly, green shoots of recovery can be seen in the form of increased earnings per share of 3.12 sen, reduced gearing ratio to 0.31 times and strengthened net assets per share of 60 sen. Our cash position, meanwhile, has risen from RM123.4 million to RM145.6 million.

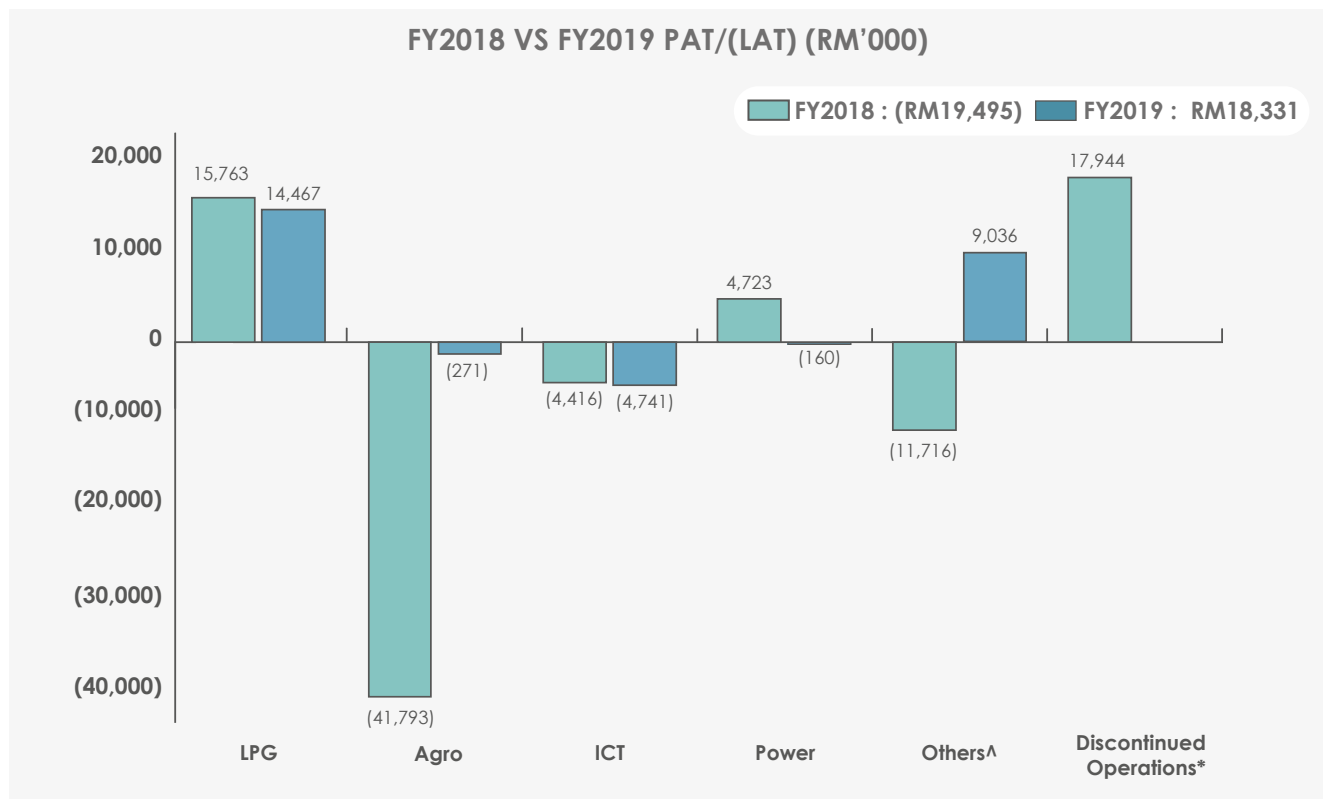


THE GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



* Note : Continuing Operations

THE GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



Notes: ^A PAT for 'Others' division include contribution from property management, group corporate expenses and share of profit from associate company
^{*} Discontinued operations include gain on disposal and financial results from A&W (Malaysia) Sdn Bhd



LPG Division

Our LPG division is the largest contributor to the Group's revenue and earnings, and encompasses 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 (formerly known as KUB Gaz Sdn Bhd). Solar Gas has successfully penetrated the residential, commercial and industrial gas markets, and the Group is actively exploring opportunities for vertical integration into the upstream LPG industry.

In FY2019, the total revenue of the LPG division was RM325.8 million, a 19.5% decrease year on year. This was mainly due to the significant decline in the average LPG contract price ('CP') compared to FY2018. In terms of PAT, the decrease was a more moderate 8.2% (PAT of RM14.5 million in FY2019 compared to RM15.8 million in FY2018). However, the

previous year's results included a gain on disposal of property in Georgetown, Penang amounting to RM2.7 million. If the impact of this one-off event is excluded, the PAT for the current year stands at 10.7% higher.

From a long-term business standpoint, FY2019 offers much room for encouragement within the division. Having entered the year under pressure in the residential and commercial markets due to increased competition, a combination of successful supply side initiatives, product improvement initiatives and an active investment in rebranding has enabled us to bounce back, placing us on strong footing as the year ended.

On the supply side, we were able to reduce LPG purchase costs through improvements in procurement practices, alongside effective supply chain and inventory management, resulting in improved overall operating margins.

FY2019 also saw a more modern and approachable brand image launched for Solar Gas, personified by a new gold cylinder for C14 (Domestic 14kg) that successfully positions us against our competitors. The rebranding coincided with the progressive execution of our cylinder management initiatives, a RM13.8 million exercise that involved the reconditioning (RC) and requalification (RQ) of approximately 390,000 of our existing cylinders, the repainting of approximately 128,000 existing cylinders, and the injection of approximately 36,000 new cylinders to our range, in order to enhance our competitive advantage.

Marketing will continue to be an area of focus during FY2020 and beyond, and we are set to launch rebranded transport vehicles for LPG distribution, a revamped and more customer friendly website and online ordering system, as well as strategic local store marketing campaigns.

Moving on to operational improvements, we invested in the upkeep and



THE GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

upgrading of existing facilities and equipment during FY2019, including the acquisition of buffer cylinder stock and the installation of a Production Data System at our Westport plant for enhanced quality assurance practices. These maintenance activities will continue apace in FY2020, alongside the continuous upgrading of machinery and equipment at all of our plants.

Looking forward, our distribution network has been boosted by the opening of a new satellite bottling plant in Beranang, Selangor, in December 2019. The bottling plant allows us to expand our market base and build market share, brings us closer to key markets, and also reduces our dealers' costs relating to distribution, thus enhancing overall efficiency.

To leverage on these opportunities, we are actively consolidating and expanding our dealership network across the nation, while also making a concerted effort at increasing our number of bulk LPG dealers. In order to further expand our presence in the bulk LPG market, we will also consider initiatives that will enhance our storage capacity.

In summation, developments in FY2019 proved that the LPG division will continue to be the major driver of the Group's revenue and growth, justifying our decision to amplify investment in this division of our business. While the COVID-19 pandemic has created uncertainty regarding the supply chain and sales of LPG, compounding the effect of a softer economy in general, the infrastructural and brand-related investments we made in FY2019 have rectified longstanding systemic disadvantages that we have faced. We believe this stands us in good stead to compete in this fast changing sector over the medium to long term.



Agro Division

Traditionally a core driver of the Group's revenue, our Agro division has suffered from substantial

operational challenges in the preceding few years which have included the impairment of our mill in Mukah, Sarawak, and a general decline in crude palm oil ('CPO') prices.

In FY2019, the Agro division was not spared from the impact of these challenges. In fact, the conditions faced have pushed us into such a vicarious state that it became necessary for us to review our position, strategies and plans moving forward. Having reduced our cost base in the division through a manpower rationalisation exercise and by disposing of loss-making assets, we believe that our plantation-based businesses are now in a much more stable position. Accordingly, we ended the year in review with total revenue of RM42.3 million (a 37.3% decrease year-on-year) but a vastly reduced LAT of RM0.3 million (compared to RM41.8 million in FY2018).

Our efforts to increase efficiencies in the Agro division in FY2019 were wide-ranging. Firstly, we took the decision to dispose of the aforementioned mill in Mukah. The asset had become a drag on earnings, having entailed a RM26.1 million impairment loss in the previous year, and the deal to sell the mill was completed in November 2019.

Further to this, in September 2019, we decided to move forward with a plan to outsource the management of all our estates to a third party who have a large presence in plantation estate management. The outsourced partner benefits from economies of scale that enable them to manage our estates at a lower cost, a strong network for the procurement of necessary inputs for production, and the expertise to lower production costs and fixed costs associated with estate operations. Furthermore, this partner also brings valuable plantation management expertise to the table which will help improve our overall estate management practices. With this new arrangement, we will reduce our business risk associated with the Agro division while improving productivity and profitability.

Separately to the above, we have also initiated yield enhancement initiatives throughout our portfolio. In FY2019, we commenced the upgrading, repair and resurfacing of 21km of estate main roads at our Sarawak plantation, while also introducing operational efficiency measures such as structured block harvesting and more stringent monitoring practices across all our estates. The net effect of these yield enhancement initiatives will be seen across our portfolio, resulting in an uptick in production in the years to come.

Looking forward, our capital expenditure plans will place focus on upgrading facilities and equipment at our estates to ensure steady revenue generation in the medium to long term. Among the initiatives currently in the pipeline are the upgrading, repairing and resurfacing of field and collection roads to ensure ease of fresh fruit bunches ('FFB') evacuation, the installation of new infrastructure such as fertilizer stores, genset houses and workshops, improvements to water treatment plants, and the upgrading of workers' quarters to enhance living conditions.

These proactive capital expenditure initiatives, in line with a cautiously optimistic outlook on CPO prices in FY2020, give us reason to believe that our Agro division will continue to push through the challenges ahead and make a larger contribution to group revenue and earnings in time to come.



ICT Division

KUB supplies ICT products and services spanning infrastructure solutions, maintenance support and services, ancillary services and supply of ICT equipment to major players in the Malaysian telecommunications and transportation industries through our fully-owned subsidiary, KUB Telekomunikasi Sdn Bhd ('KUB Telekomunikasi'). KUB Telekomunikasi is also a holder of the MCMC, Network Facility Provider ('NFP') license.

THE GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

During the year in review, divisional revenue stood at RM21.8 million (a decline of 9.8%) while the division sustained a LAT of RM4.7 million. This can be largely explained by a costly voluntary separation scheme ('VSS') which reduced our manpower burden, in combination with delays in contract fulfilment and a reduction in the value of contracts recognised in FY2019. In totality, this amounted to a squeeze on operating margins.

Downward pressure on divisional revenue can be primarily attributed to delays in the execution of plans in line with the National Fibreisation and Connectivity Plan ('NFCP'), a strategic initiative by the Malaysian Government to improve the country's economic competitiveness through connectivity. Due to these delays in the rollout of the NFCP, the ICT division revenues in FY2019 largely relied on maintenance contracts related to projects carried out in previous years. Therefore, we took the decision to accelerate strategic cost management initiatives within the ICT division that would lower our cost base and streamline our operations while maintaining readiness for the anticipated fulfilment of plans related to the NFCP.

Simultaneously, we are acting upon a strategy that will enable us to access new growth opportunities across the spectrum of Malaysia's ICT ecosystem. At the core of this new strategy is the aim of leveraging upon the nation's transition to 5G telecommunications technology by supplying mission critical equipment to and constructing new telecommunications towers.

Via a joint venture with a global telecommunications access network product company, we will supply access network products within the country, and at a later stage to other Southeast Asian countries, with the aim of supporting 5G network infrastructure covering Broadband Access, Mobile Fronthaul, In-Building and Private 5G Network solutions. We also aim to work closely with state governments and experienced telecommunications infrastructure

firms to build telecommunication tower infrastructure. Leveraging on our network maintenance and support capabilities, we aim to expand our services to support broadcasting networks as well.

In the meantime, we will constantly seek further sizeable contracts whenever the opportunity arises to enhance our order book in the division, while accelerating operational improvement and strategic cost management initiatives already in place.



Power Division

The Group's Power division primarily involves the construction of substations and transmission lines, supplying and installing electrical infrastructure for private companies, and electrical maintenance contracts, via our subsidiary company KUB Power Sdn Bhd ('KUB Power').

During the year in review, the Power division recorded a LAT of RM0.2 million as compared to the previous year's PAT of RM4.7 million. This was largely driven by a declining order book as most projects were already completed or nearing completion while new projects progressed slower than expected, encumbered by sluggish market and consumer sentiment. It is also to be noted that divisional profits in the previous year were lifted by the reversal of over provision of costs totalling RM4.4 million relating to projects performed in previous years.

In addition to necessary cost optimisation and operational improvement initiatives, our efforts in mitigating the downturn experienced in the year in review also include the ongoing exploration of new niches within the power industry including Energy Management and Energy Efficient Systems, with the long term aim of developing a foothold in the growing field of renewable energy. We will also continue to leverage our expertise in engineering and construction to secure civil and

electrical works contracts with other market players in the industry.



Aside from our core divisions of business, the Group also maintains a property management business that actively operates several owned properties. In FY2019, our non-core businesses which also include our associate company, KUB Berjaya Enviro were responsible for a PAT of RM9.0 million, driven largely the gain on disposal of a leasehold land in Petaling Jaya amounting to RM25.3 million. Our financial results were hampered, however, by a RM6.9 million impairment loss recognised on the Group's land in Klang, Selangor, and related capitalised assets of RM1.3 million.

Prospects

2019 was a sluggish year for the Malaysian economy, typified by GDP growth of 4.3%, the country's lowest figure in a decade. Chief amongst the reasons for this relatively poor performance was lower overall output of palm oil, crude oil and natural gas, as well as a fall in exports due in part to the US-China trade war. Looking ahead, and with the uncertainty brought about by the COVID-19 pandemic, the Group foresees that economic uncertainty, weak consumer sentiment and market volatility will remain as key factors in the short to medium term.

The Group has admittedly suffered due to these issues in the past few years. Therefore, we took a holistic and wide-ranging decision in FY2019 to reset our strategies across our spectrum of business interests, with the aim of reducing unnecessary costs and optimising capital expenditure towards our core assets and divisions.

In undertaking this 'resetting of strategies', we first looked at the core structure of the Group and examined ways to reduce avoidable operating expenditure. This led us to effect a Group-wide manpower rationalisation



THE GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

exercise in the form of a VSS that significantly reduced our manpower burden. The exercise also meant that we were able to effectively scale back on general administrative related expenditure, in particular at our headquarters in Ara Damansara, Selangor.

At the same time, resetting our strategies also entailed cutting our losses on initiatives which had become a drain on resources. In particular, our Agro division had sustained sizeable operational losses due to the impairment and subsequent repair of our former mill in Mukah, Sarawak. By disposing of the mill in Q4 2019, we were able to stem the flow of these losses and transition towards a sustainable operating strategy.

After streamlining our businesses of unnecessary expenditure, we then thoroughly re-evaluated our capital expenditure plans to align with our core revenue generating divisions. By utilising our cash position strategically in these areas, we continued apace with investment into the LPG and Agro divisions, with our business activities in the LPG division in particular benefitting from a complete rebranding of our Solar Gas asset in addition to an increase in supply and distribution capacity bolstered by the opening of a new satellite bottling plant in Beranang, Selangor in Q4 2019.

These measures reflect a focus on maximising the potential and preserving the value of our assets that will stand us in good stead for the future. Our aim is to ensure that each of our business divisions is self-sustaining to reduce reliance on cross-subsidisation.

Looking beyond near term uncertainties, positive signs for the Group include rising CPO prices, which will increase margins in the Agro division, and the fulfilment of contracts which have been negotiated in the ICT division. In order to fully exploit the latter opportunity, we will continue to pursue strategic partnerships in this sector involving the development of infrastructure and services in line with the plans of the Malaysian government, such as in the nationwide rollout of 5G telecommunications infrastructure.

The COVID-19 pandemic was unexpected at a global level and creates disruption for our businesses in terms of our supply chains, operational procedures and distributional processes. While we face a fluid situation that is contingent on health outcomes around the world, we are continuing to actively monitor the situation on a daily basis in order to optimise our response and maximise business potential during these times.

In summation, the reality that the Group faces today is undeniably different from what we have experienced in the past, but by committing to fresh strategies that leverage on our strengths, we have every reason to be confident that stronger overall performance is around the corner.

Appreciation

As the Group Chief Executive Officer, allow me to express my deepest gratitude to our valued shareholders for their continued trust and support of the Group during the year in review. Thank you for your faith in the initiatives we have implemented and your shared belief in a more positive future ahead.

To our valued business partners, advisers and clients, thank you for your support, loyalty and unrelenting assistance to the Group.

I would also like to take this opportunity to offer my appreciation to the Board of Directors for their contributions in leading KUB forward through strategy, expertise and firm oversight. In particular, let me extend my personal thanks to our former members of the Board of Directors, Datuk Hj Faisyal bin Datuk Yusof Hamdain Diego, Tunku Alizan bin Raja Muhammad Alias and Datuk Abdul Rahim bin Mohd Zin.

Last but not least, I would like to acknowledge our management team and employees for their tireless efforts, contributions and unrelenting commitment throughout the year.

Ahmed Fairuz bin Abdul Aziz

Group Chief Executive Officer

SUSTAINABILITY STATEMENT 2019

BOUNDARY AND SCOPE

In steering the business towards future sustainable practices, KUB Malaysia Berhad ('KUB' or 'the Group') is pleased to present its Sustainability Statement ('the Statement') for the financial year of 2019. The Statement functions as a summary of the Group's sustainability initiatives and is prepared in line with the Main Market Listing Requirements ('Listing Requirements') and Sustainability Reporting Guidelines issued by Bursa Malaysia Securities Berhad ('Bursa Malaysia').

As part of the initiative to streamline reporting mechanisms, the Global Reporting Initiative ('GRI') Standards (Core Option) is referred to as recommended by Bursa Malaysia.

The scope of the Statement shall cover only the Group's main business operations which include investment holding, LPG, Agro and ICT divisions. It however excludes the practices and processes adopted by associated companies where the Group does not have control over its respective operations.

Sustainability Governance

The aim of the Statement is to outline how the Group's sustainability practices cover its key economic, environmental and social ('EES') focus areas while laying the groundwork for realisation of greater business value and long term continuous growth.

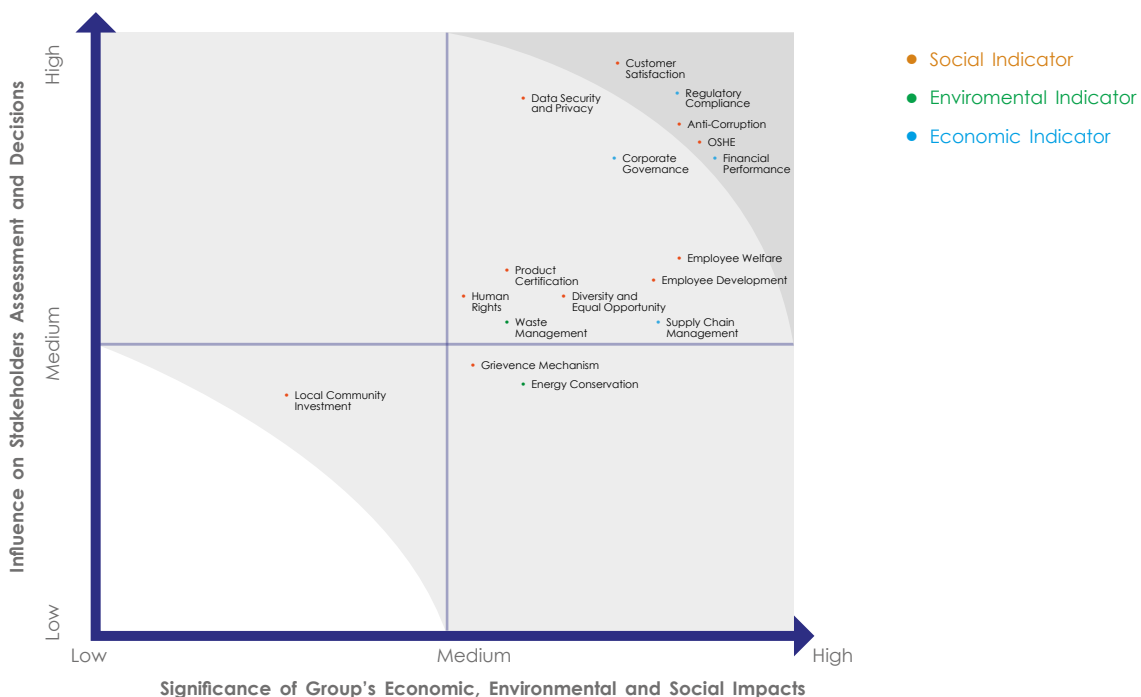
In all divisions of KUB, based on "Think Sustainably, Act Responsibly" philosophy, sustainability practices are embedded into daily business activities for informed decision making process guided by the Sustainability Governance Structure and Sustainability Policy and Framework, which were approved in 2018. This is in line with the Group's core values, reflecting the corporate vision of owning businesses with sustainable profit generation potential for premium returns to shareholders.

Stakeholder Engagement & Materiality Matrix

The Group's varied stakeholders include customers, employees, suppliers, regulators, industry players, investors, partners, NGOs and medias.

Maintaining regular engagement with these internal and external stakeholders is the key to understanding their interests and in turn meeting their expectations. These engagements, which may take place via meetings, surveys, reviews and evaluations and also update through social media that provide valuable feedback on business practices, thus informing future decision making.

From these engagements, a wide range of economic, environmental and social material sustainability matters have been assessed and subsequently ranked using a weighted ranking method. The result of this undertaking is reflected in the Sustainability Materiality Matrix.





Delivering Material Sustainability Matters

In its *2030 Agenda for Sustainable Development*, the United Nations identified 17 Sustainable Development Goals ('SDGs'), each formulated to address key global challenges with the cooperation of the private and public sectors. Guided by these SDGs, the Group has undertaken various practices and initiatives that actively improve environmental, economic and societal footprint.

Economic

While generating profit for the shareholders is the primary concern, the Group also closely considers how the business activities affect the economic conditions of other stakeholders. In particular, as part of the responsibility to ensure sustainability beyond the business interests, the Group is fully conscious of the roles to play through the employment and procurement practices.

Employment Practices

With the purpose of maximising economic sustainability and security in the sphere of the employment market, the Group's employment practices are built on a firm belief in the quality of Malaysian talent. This closely reflects the corresponding split in the senior management, where 100% of staff are Malaysian citizens.

Procurement Practices

Accordingly, local suppliers are given priority in all procurement activities, with over 90% of the Group purchases having local suppliers as counterparties. Furthermore, the Group is committed to executing a procurement strategy that supports the principles of environmental sustainability. By way of careful and regular monitoring on the procurement supply chain, the Group aims to reduce the consumption of resources and minimise waste by (i) encouraging or preferring eco-friendly products which are more power efficient, (ii) selecting energy, fuel and water efficient products, (iii) preferring to purchase from a source which is less polluting or uses clean technology, and (iv) considering the provision of re-usable products and recycling as part of the project planning process, including the consideration of whole life costs and disposal considerations.

Customer Satisfaction-Product Assurance, Quality Control and Certification

The Group ensures high product assurance standards are met through strict quality control measures that apply across all areas of business, enhancing the long term reputation amongst the stakeholders. In particular, customers are assured on the commitment by ensuring respective certifications remained up to date and in line with global standards.

<p>LPG</p> <p>Occupational Health and Safety Management System (OHSAS 18001-2007)</p> <p>Validity Period: Apr 2018 - Mar 2021</p> <p>MS 830:2013 LPG Storage, Handling and transportation</p>	<p>ICT</p> <p>Quality Management System (ISO 9001:2015)</p> <p>Validity Period: Nov 2018 - Sep 2021</p> <p>Business Continuity Management System (BCMS ISO 22301:2012)</p> <p>Validity Period: Nov 2018 - Nov 2021</p>	<p>Agro</p> <p>Malaysian Sustainable Palm Oil (MPSO)</p> <p>Validity Period: Feb 2019 - Mar 2024</p>
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The Group reiterates its commitment to delivering products and services at the highest standard to customers, in the knowledge that product quality and reliability are essential to maintaining a sustainable business model. The Group has implemented stringent quality control measures which apply to all products. Collectively, these measures both maximise quality of respective business while enhancing reputation amongst business partners, customers and other stakeholders alike.

Division	Quality Control Measures
LPG	<ul style="list-style-type: none"> • Inspection as governed by the Ministry of Domestic Trade and Consumer Affairs. • Adhered to MS 830:2013 – Storage, Handling and Transportation of LPG in storing, handling and transporting LPG.
ICT	Periodical preventive maintenance : <ul style="list-style-type: none"> • IP Digital Subscriber Line Access Multiplexer (DSLAM) infrastructure is maintained twice a year. • Adaptive Safety Analysis and Monitoring (ASAM) and Metro-Ethernet (METRO-E) infrastructures are maintained once a year.
Agro	<ul style="list-style-type: none"> • MSPO certification which was obtained in February 2019 • Detailed FFB grading process and control measures • All FFBs are processed within 24 hours of extraction to maintain freshness and ensure a high CPO extraction rate.

Anti-Corruption and Corporate Governance

The ability to mitigate the risk of corruption is a major determinant of a truly sustainable business, and with the anti-corruption policies, the Group continues to address a matter that is of a high degree of importance to the stakeholders. The anti-corruption policies build upon the signing of the Corporate Integrity Pledge ('CIP') with the Malaysian Anti-Corruption Commission in October 2016, which commits the Group to preventing corruption or any dishonest or fraudulent behaviour in any area of the businesses.

A total of 13 policies have been approved to combat corruption, and where appropriate, respective policies are extended to external parties including vendors, contractors and consultants. On top of the above, appropriate internal controls have been established to ensure that corporate governance standards and business integrity are maintained at all times. Among the controls are the Whistleblowing Policy that is made accessible to all Group employees. To ensure the policy is executed to its full potential, measures have been taken to ensure that whistleblowing is possible.

Environment

Environmental stewardship is a major material matter faced by companies around the world, and requires a suitably strong response that balances resource consumption needs with that of environmental protection for future generations.

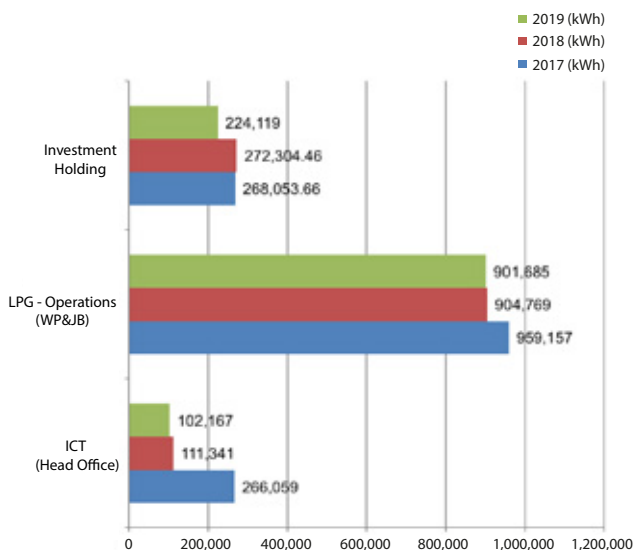
As part of a wide-ranging environmental management policy, the Group is committed to driving awareness of present-day environmental challenges while simultaneously leading by example in adopting best practices in the context of the key objectives below.

Increasing Energy Efficiency

In mitigating the increasing threat of climate change, the Group aims to achieve optimum energy utilisation in the long-term while also reducing energy costs. Among the initiatives that is helping the Group to reach the goal include energy saving reminders to encourage employees to conserve water and electricity and use of energy efficient LED bulbs within the LPG bottling plant and KUB offices. The result of the initiatives can be seen from the Chart.

Managing Waste

The disposal of scheduled waste is managed by DOE registered vendors with the aim of minimising disruption to society at large as well as earmarking the Group as a leader in this important subset of environmental protection. The activities were then updated in the DOE's system, Electronic Scheduled Waste Information System (eSWIS).





Regulatory Compliance - Environmental Laws & Regulations

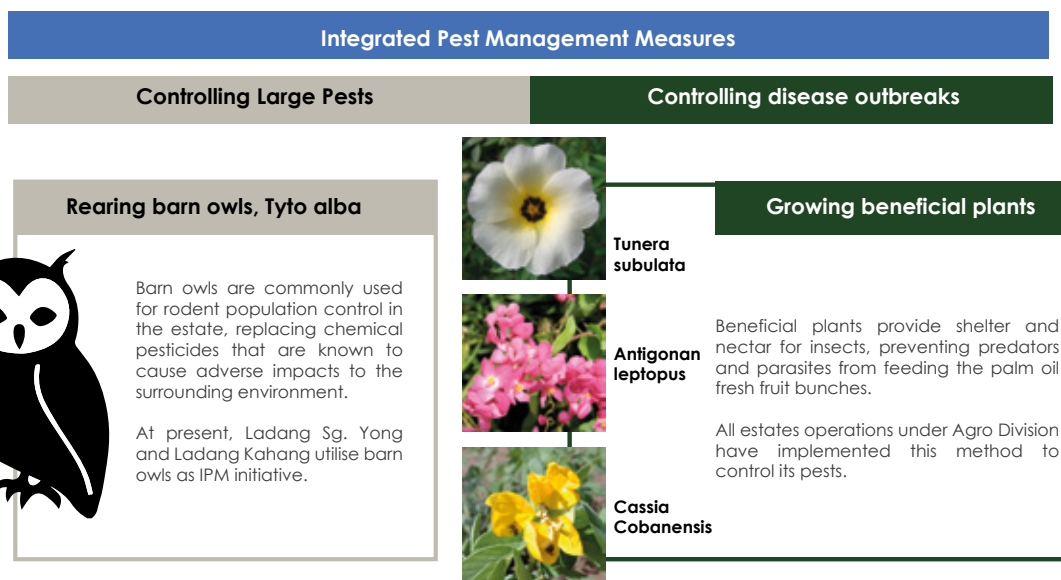
Certification of Malaysian Sustainable Palm Oil ('MSPO')

The demand for palm oil has led to unsustainable resource consumption as well as social conflicts arising due to land clearings and plantation workers' rights. In the Agro division, estate operations are adhering to the national laws and regulations outlined for the palm oil industry which include the Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977, Pesticide Act 1974 and Malaysia Protection of Wildlife Act 1972.

Furthermore, in 2019, estates within the Group have obtained the MSPO certification which is mandatory for oil palm producers. The MSPO certifies that the Group's estates have consistently maintained high standards in estate operation procedures.

Integrated Pest Management ('IPM')

The IPM program is implemented to manage the challenges associated with pests, which are common at plantation sites. IPM is a prevent, control and monitor based program that uses pesticides minimally via biological control methods. As a result, the program minimises environmental impact whilst ensuring the quality of pest control at the plantations is not compromised.



Social

The Group is committed to being a responsible and caring organisation, and invest continuously in showing appreciation to the dedicated workforce as well as giving back to the communities. The contribution as a socially sustainable organisation also encompasses the implementation of leading-edge safety practices, training program and benefits.

Occupational Health and Safety ('OHS')

The Group is committed in providing a safe and healthy working environment for its employees, partners, suppliers and visitors. As of 2019, the Group follows international Health, Safety and Environment ('HSE') standards and controls on safety management, with the aim of minimising accident rates and improving safety awareness at all office and site locations.

OHS Committee

In compliance with the Occupational Safety and Health Act 1994 Regulation 30, Occupational Safety and Health Committees have been established at the key KUB offices. The function of OHS Committees is to discuss safety issues on a regular basis with appropriate representation from both employers and employees, thus ensuring that key stakeholders are listened to.

Appointed committee members are trained in important OHS competencies such as first aid, evacuation and rescue, firefighting, and accident investigation and reporting. Trainings are conducted by either external or internal trainers, all of whom are fully qualified in the latest OHS practices.

Responsible Chemical Management

The use of chemicals including pesticides or herbicides in managing pest or weed outbreaks is the norm in the palm oil industry. To manage the dangers of chemical handling, several measures have been adopted that limit unnecessary human and environmental contact with chemicals. These measures include distributing handling manuals and Personal Protective Equipment ('PPE') to the estate workforce, and conducting special training to ensure correct chemical handlings during the operations.

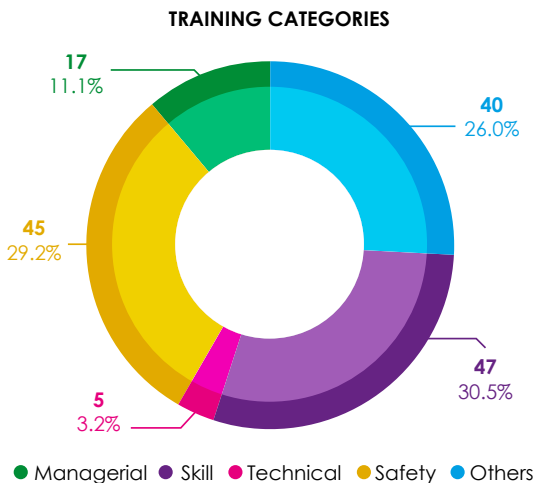
 <p>Examples of Chemicals Used By KUBAH Group</p> <ul style="list-style-type: none"> • Glyphosate • Weedgard • Itonik • Arakus • Metsulfuron-methyl • Cypermethrin 	 <p>PPE Provided to Employees</p> <ul style="list-style-type: none"> • Gloves • Boots • Face mask • Apron • Respirator • Goggles • Ear plug 	 <p>Chemical Handling Control Measures</p> <ul style="list-style-type: none"> • MSDS in English and Malay • Chemical handling training • Labeling on chemical bodies • Logbook to maintain chemical records
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Training and Education

Through extensive employee development program, the Group regularly demonstrates belief in human capital investment. The strategy in maximising this opportunity involves identifying employee's potential and cultivating their talent through specific training programs designed to improve skillsets and knowledge relevant to their job description.

During 2019, the staff undertook a broad variety of training programs covering managerial, safety, skill-based, soft skill-based and technical fields, with management, executive and non-executive staff enjoying an average of at least 12 hours of training during the year.

Moving forward, the Group will continue to actively review new training courses that are related to job scopes. By building loyalty amongst the employees, the Group will continue to retain top talent and improve service and product delivery across our divisions.



Investment on Infrastructures and Services

In addition to employee development, the Group also continues to focus on human investment in the form of facilities and services that contribute towards improving social wellbeing. Among the facilities invested during the year within the Group's plantation estates are staff quarters, surau, grocery shops, daycare centre and recreation facilities.

The Group also continue to prioritise the financial support of underprivileged communities via effective and meaningful programs that are designed to create a lasting, sustainable and positive impact.

In 2019, via the wholly-owned subsidiary, Solar Gas made business tithe payments to the well-established religious bodies. These included payments of RM 176,394 to Majlis Agama Islam Johor ('MAIJ') and RM 411,585 to Jabatan Agama Islam Selangor ('JAIS') respectively.

Other local community enrichment investments made include:

- Ramadhan contributions - Solar Gas contributed to Masjid Sultan Abdul Aziz, Pulau Indah for the preparation of iftar;
- Facility donations - KUB Telekomunikasi donated a number of air-conditioning units to Surau Ubudiah in Port Dickson; and
- Sponsorships by Solar Gas for the publishing of the Malaysian Fire and Rescue Department ('BOMBA')'s 70th edition news publication, and financial contribution to the Veterans Association of the Fire and Rescue Department of Malaysia.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of KUB Malaysia Berhad ('the Board') is committed in ensuring that the process and structure relating to the affairs of KUB Malaysia Berhad ('KUB') and its subsidiaries ('KUB Group') promote sustainability and accountability with the objective of enhancing shareholder value and the interests of stakeholders.

KUB has won the MSWG-Asean Corporate Governance Award 2018 for the following categories:

- 1st for "Excellence Award for Overall CG & Performance (Market capitalisation between RM100 Million to RM300 Million)";
- 2nd for "Industry Excellence Award (Industrial Products & Services)"; and
- 13th for "Excellence Award for CG Disclosure".

The Board continues to review its Corporate Governance practices and policies to ensure full application of the key principles set out in Bursa Malaysia Securities Berhad ('Bursa Malaysia') Main Market Listing Requirements ('Listing Requirements'), the Malaysian Code on Corporate Governance 2017 ('the Code') and other statutory requirements.

This Corporate Governance Overview Statement ('the Statement') must be read together with the Corporate Governance Report ('CG Report') of the Company, which is available on the Company's website. The CG Report explains how KUB Group applies the recommended practices under the Code taking into consideration the circumstances in which the Group operates, including alternative measures to achieve the intended outcomes.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Duties and Responsibilities

The Board is responsible to ensure that the shareholder value and stakeholder 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. Its 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), the President/Group Managing Director (who resigned on 13 December 2019), the Senior Independent Non-Executive Director, four (4) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

Chairman

Datuk Seri Johari bin Abdul Ghani, a Non-Independent Non-Executive Director, was re-designated as the Chairman on 1 April 2019. He has vast experience in the corporate sector and is the former Second Finance Minister. Prior to 1 April 2019, the position of Chairman had been held by Dato' Ahmad Ibhijajar since 27 November 2015.

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, Listing Requirements and Constitution of KUB ('Constitution'). The decisions passed by way of circular resolutions are tabled to the Board on a quarterly basis for notation.

President/Group Managing Director/Group Chief Executive Officer

The positions of the Chairman and the President/Group Managing Director/Group Chief Executive Officer are held by different individuals. The latter is responsible to implement the policies and strategies approved by the Board. On 13 December 2019, the position of President/Group Managing Director was abolished and replaced by the Group Chief Executive Officer.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 the Board meetings in order to provide information and professional advice.

All deliberations and decisions at the 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 President/Group Managing Director/Group Chief Executive Officer. Unscheduled meetings may be convened when specific decisions are required.

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 latest Code and Listing Requirements. The Charter is available at www.kub.com. It was revised in August 2019 following the separation of the Board nomination and remuneration committees.

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 Listing Requirements and the Code. It governs the terms, conditions and benefits for the services rendered by the Directors.

Integrity, Anti-Corruption and Whistleblowing Policy

The Company has implemented a Whistleblowing Policy since 2017 providing the employees with communication channels for reporting illegal and immoral conduct to the appropriate parties within KUB Group and protect these employees against reprisals. It is an avenue for independent investigations. The Whistleblowing Policy is available on the Company's website.

Independent Directors

Independent Directors make up fifty-six per cent (56%) of the Board membership in compliance with Paragraph 15.02(1) of the Listing Requirements and Practice 4.1 of the Code.

Tenure of Independent Directors

On 29 March 2018, the Board limited the tenure of an Independent Director (inclusive of re-designation) to nine (9) years only as recommended under Practice 4.2 and Step up 4.3 of the Code. The Independent Director is to relinquish Directorship once the nine (9) year limit is reached.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Committee ('BNC') and Board Remuneration Committee ('BRC')

The Board Nomination and Remuneration Committee ('BNRC') had been chaired by Tunku Alizan bin Raja Muhammad Alias, who was a Non-Independent Non-Executive Director, until 4 March 2019. Effective 1 April 2019, the BNRC was dissolved and separated into Board Nomination Committee ('BNC') and Board Remuneration Committee ('BRC').

The BNC comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors, in accordance with the Listing Requirements. Similarly, the BRC comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors.

Effective 1 April 2019, the Chairman of BNC and BRC is Datuk Seri Johari bin Abdul Ghani, 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 BNC recommends the appointment of new Directors, reviews succession plans, determines the training needs and identifies 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 BNC 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 BNC.

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 year under review, Directors attended a few training programmes as set out in the Corporate Governance Report.

Remuneration Policies

The BRC 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 that has been implemented is designed 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.

The Terms of Reference of the BNC and BRC

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration of Directors

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

Executive Director	Remuneration				
	Company				
	Salary (RM)	Ex-gratia (RM)	EPF (RM)	Benefits in Kind (RM)	Total (RM)
Datuk Abdul Rahim bin Mohd Zin [^]	1,130,477	200,000	176,788	115,566	1,622,831

Non-Executive Directors	Remuneration							
	Company				Subsidiaries			Grand Total (Total A + B)
	Fees (RM)	Allowance (RM)	Benefits in Kind (RM)	Total A (RM)	Allowance (RM)	Benefits in Kind (RM)	Total B (RM)	
Datuk Seri Johari bin Abdul Ghani [*]	64,355	11,500	822	76,677	-	-	-	76,677
Dato' Ab Rahim bin Abu Bakar	60,000	22,750	21,060	103,810	35,250	6,000	41,250	145,060
Dato' Ahmad Ibnihajar	60,000	73,500	27,952	161,452	-	-	-	161,452
Mohammad Farish Nizar bin Othman	60,000	35,500	3,217	98,717	-	-	-	98,717
Datuk Haji Mohd Haniff bin Haji Koslan	60,000	19,250	21,516	100,766	8,500	-	8,500	109,266
Datuk Norliza binti Abdul Rahim	60,000	13,500	4,899	78,399	-	-	-	78,399
Tengku Zahaimi bin Tuan Hashim	60,000	10,250	4,947	75,197	10,250	-	10,250	85,447
Megat Joha bin Megat Abdul Rahman [*]	49,355	10,500	2,078	61,933	2,000	-	2,000	63,933
Tunku Alizan bin Raja Alias [#]	10,657	4,000	7,060	21,717	15,072	-	15,072	36,789
Datuk Haji Faysal bin Datuk Yusof Hamdain Diego ^{##}	9,274	3,250	5,354	17,878	1,500	-	1,500	19,378
TOTAL	493,641	204,000	98,905	796,546	72,572	6,000	78,572	875,118

Note:

- * Appointed w.e.f. 4 March 2019
- [^] Resigned w.e.f. 13 December 2019
- [#] Resigned w.e.f. 4 March 2019
- ^{##} Resigned w.e.f. 26 February 2019

Payment for services rendered by a firm in which a Director is deemed interested:

Tunku Alizan bin Raja Muhammad Alias
Provision of legal services

RM'000

Company	RM -
Subsidiaries	RM 50
Group Total	RM 50



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 are cash-based and exclude 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 Senior Management of KUB Group for financial year ended 31 December 2019 is shown below:

Key Management Personnel	Group (RM'000)	Company (RM'000)
Short Term Employee Benefits:		
•Salary, allowances and bonuses	3,463	2,114
•Other benefits	429	100
Post-Employment Benefits:		
•Defined contribution plan - EPF	424	260
•Social security contributions	8	5
TOTAL	4,324	2,479

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

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 the committee's 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Risk Management and Internal Control Framework

The Board Risk Management Committee ('BRMC') oversees the risk management activities of KUB Group. It comprises one (1) Senior Independent Non-Executive Director, one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director. The BRMC reviews the Enterprise Risk Management Framework ('Framework') and processes to ensure their continued relevance. The BRMC also monitors the effectiveness of risk mitigation action plans and control of significant risk exposures. The design of this Framework is guided by the principles and processes outlined in MS ISO 31000: 2010 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 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 the 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 Listing Requirements.

The Notice outlines the resolutions to be tabled, accompanied by explanatory notes and background information, where applicable. Under the Listing Requirements, 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 AGMs 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 26 March 2020.



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 year ended 31 December 2019.

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 year ended 31 December 2019 are as follows:

Particulars	Group RM	Company RM
Statutory Audit Fees	360,000	132,000
Non-Audit Fees		
- Tax related services	110,600	13,200
- Others	92,750	53,500

c. Material Contracts

During the financial year, 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 the interests of Directors or Chief Executive Officer 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 31 December 2019, the Company has not granted any ESOS option.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ('the Board') is pleased to provide the Statement on Risk Management and Internal Control ('the Statement') pursuant to the Main Market Listing Requirements ('Listing Requirements') 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 ('the Code').

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 function effectively and form as part of the corporate culture that safeguards the stakeholders' interests and the Group's assets as prescribed by the Code.

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 and compliance of operation with the applicable laws and ensures 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 Board is assisted by the BRMC which assume the responsibilities of supervising and monitoring the principal risks, including to recommend appropriate risk management policies, risk tolerance and risk management processes, report the key risks and review the effectiveness of the recommended risk management strategies and mitigation plans for the Board's approval. BRMC, on quarterly basis is updated on the status of relevant progress of action plans in mitigating 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 further evaluates the effectiveness and adequacy of the System. The BAC has unrestricted access to both internal and external auditors and actively oversees the independence, scope of work and resources of the internal 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.

Key matters discussed in the BRMC and BAC meetings are tabled to the Board. All internal control and risk-related matters that warrant the attention of the Board are recommended by the BRMC and BAC to the Board 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 their responsibility to ensure the System is operating adequately and effectively to achieve its established business goals and objectives.

RISK MANAGEMENT

Risk Management establishes informed decision making process, effective and sound management practices and increases the confidence level of the stakeholders on the performance of the Group. It has been in placed 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.



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: 2010 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 within 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 have been established and 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 of 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 Committee ('BNC'), the Board Remuneration Committee ('BRC') and the Board Employee Share Option Scheme Committee ('BESOS') assist the Board in overseeing and examining all matters within their respective scope of responsibilities and terms of reference. The Board Committees meet on a regular basis and their decisions are subsequently tabled to the Board for notation or 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 to the Board Committees and the Management as well as the delineation of their respective authority limits are defined in the KUB Management Guidelines ('KUBMaG'). The KUBMaG provides a framework that clearly defines and specifies the authority levels for personnel to carry out their assigned responsibilities. The KUBMaG is to create awareness among all employees with regards to the internal control components and the basic control policy of the Group.

Business Plan and Budget, Financial and Operational Review

The Group prepares 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 Members and Senior Management play an important role in the stages of strategic review and update, which include among others, reviewing the plan before its finalisation, the budget approval process to ensure that the plan reflects the corporate intent of the Group and that resource allocation is strategically aligned.

Subsequently, the BAC reviews the quarterly and annual financial statements and performance of the Group together with the Management before tabled to the Board for approval. The quarterly reviews enable the BAC to deliberate and assess the Group's financial results and operational performance.

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:

Procurement and Strategic Sourcing ('Procurement')

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 KUB vendor code of ethics that includes Anti-Corruption and Anti-Bribery Policy and Conflict of Interest in the selection of vendor, tender and procurement process.

Information and Communication Technology ('ICT') Policy

ICT Policy supports to monitor, escalate and report cyber or information security threats. A Disaster Recovery Centre is maintained to support identified critical business applications during disruption aligned with the Business Continuity Management System's ('BCMS') requirement. Scheduled exercises were conducted to ensure readiness in the event of a disaster recovery activation. 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 ('HR') Policies and Procedures

A comprehensive set of HR 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 is accessible online through Human Resource System ('BOSSiNet'). The Code 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



Integrity Related Policies

The established KUB Integrity Framework is implemented by all subsidiaries to emphasise the Zero Tolerance towards all forms of bribery and corruption. The Framework is supported with thirteen (13) anti-bribery related policies including Political Contribution Policy, Management Letter of Support Policy, Money Laundering Policy, Declaration of Asset Policy, Whistleblowing Policy and more. The Group continuously improves the governance policies and practices to ensure it aligned with the requirement of Corporate Liability Provision of MACC Act 2009.

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 project dashboard), project planning, project execution (site administration, inspection & 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 Programs

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 programs are implemented to ensure that employees are equipped with the necessary competencies.

The implementation of the training and development programs 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.

Health, Safety and Environment ('HSE')

As of 2019, the Group follows the international HSE standards and controls on safety management. One of the subsidiary, Solar Gas, maintained the OHSAS 18001: 2007 certification for continuous improvement on safety management system. The system will be upgraded in 2020 following the migration of OHSAS 18001:2017 to ISO 45001:2018.

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 and death from all causes.

Besides insurance for its employees, KUB Group also purchases insurance for its physical assets including computers and servers. 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.

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.

Business Continuity Management ('BCM')

The Group establishes BCM System ('BCMS') by adopting the principles provided by ISO 22301: 2012. The structure, responsibilities and relevant processes in regards to BCM are reflected in the BCM Framework. BCMS is maintained to protect the Group against, reduce the likelihood of occurrence, prepare for, respond to, and recover from disruptive incident when it arises.

Sustainability Reporting and Strategies

The Group believes that the emerging trend of Economic, Environmental and Social ('EES') risks and opportunities increasingly affecting business value as well as share prices and stakeholders' areas of concerns. By incorporating sustainability considerations into the process, it shall lead to value creation in the long run as organisation looks beyond short term profitability and consider medium to long term business viability. It also serves as a business strategy that advocates long term value creation for business, support business continuity and creating competitive advantage over the long term. The Board approved Sustainability Policy and Framework as guide to ensure standardisation for implementation within the Group.

Sustainability reporting and strategies are driven by the Sustainability Committee that reports to the BRMC. For more details, please refer to the detail Sustainability Statement 2019 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 Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

The Statement is made based on the recommendation of the BRMC to the Board of Directors as per the Board's resolution dated 26 March 2020.

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 report on the Board Audit Committee ('BAC') for the financial year ended 31 December 2019.

COMPOSITION

The BAC consists of the following members:

Mohammad Farish Nizar bin Othman

Chairman, Independent Non-Executive Director

Datuk Haji Mohd Haniff bin Haji Koslan

Independent Non-Executive Director

Megat Joha bin Megat Abdul Rahman

Non-Independent Non-Executive Director (appointed as BAC w.e.f. 1 April 2019)

Dato' Ab Rahim bin Abu Bakar

Senior Independent Non-Executive Director (resigned from BAC w.e.f. 1 April 2019)

Datuk Hj Faisyal bin Datuk Yusof Hamdain Diego

Non-Independent Non-Executive Director (resigned from KUB Board of Directors w.e.f. 26 February 2019)

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 Code'). 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 year ended 31 December 2019, the BAC held a total of five (5) meetings, with the following record of attendance.

Directors Attendance

Directors	Attendance
Mohammad Farish Nizar bin Othman	5/5
Datuk Haji Mohd Haniff bin Haji Koslan	5/5
Megat Joha bin Megat Abdul Rahman	3/3
Dato' Ab Rahim bin Abu Bakar	2/2
Datuk Hj Faisyal bin Datuk Yusof Hamdain Diego	1/1

The Company Secretaries were present during all the meetings except for the private sessions with the external auditors. The Head of Group Risk and Audit ('GRAD'), representatives of the external auditor, Deloitte PLT, the President/Group Managing Director, the Chief Financial Officer 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 year ended 31 December 2019:

1. Financial Results and Corporate Governance

- a) Reviewed the quarterly unaudited financial results, year-end financial statements and announcements to Bursa Malaysia before recommending to the Board for approval focusing particularly on;
 - Changes in or implementation of major accounting policy changes;
 - Significant matters highlighted including financial reporting issues, significant judgments 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 year-end financial statements with the Listing Requirements, 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 Financial Reporting Standards issued by MASB;
- d) Reviewed the proposed interim dividend for financial year ending 31 December 2019;
- e) Reviewed the issuance of the Letter of Financial Support in respect of KUB Group of Companies for recommendation to the Board for approval;
- f) Reviewed the Related Party Transaction ('RPT') entered by the Group in compliance with the Listing Requirements before recommending to the Board for its approval;
- g) Reviewed minutes of the BAC; and
- h) Reviewed the application of corporate governance principles and the Group's compliance with the best practices set out under the Code 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 year ending 31 December 2019 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 year ending 31 December 2019 and recommended to the Board for approval;
- d) Met with the external auditors twice during the year 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 incorporating the results of the internal audit programs 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 recommendation 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, budget and the internal audit annual 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 year. 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.

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 program, the budgets, the manpower resources and the key performance indicators are submitted to the BAC for review and approval.

During FY2019, a total of ten (10) audits were carried out on holistic approach in accordance with the Annual Internal Audit Plan. The audits encompassed five (5) scheduled audits, one (1) limited review and four (4) follow-up audits covering amongst others the Information, Communication and Technology, LPG and Agro divisions.

The key activities include carrying out analysis to determine the efficiency of business carries out by the Group, and evaluating the systems established to ensure compliance with laws, regulations, policies, plans and procedure which could have significant risk impact on the Group. The key areas covered in the audit FY2019 include governance structure, legal and compliance, financial management, strategic planning, procurement process and supply chain management, inventory management, information security, project management and HR policies and procedures.

The internal audit reports contained the internal control assessment, areas for improvement, audit recommendations and management comments. The reports were forwarded to the Management for the 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 was continuously monitored through periodic follow-up reviews. The reports were presented to the BAC on periodical basis.

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

The internal audit function is headed by Azizan bin Ariffin and supported by two (2) internal auditors. Azizan is a member of the IIAM and Malaysia Institute of Accountants, a Certified Integrity Officer and a Certified Fraud Examiner. In FY 2019, the total costs incurred for the Group internal audit function was RM306,657.

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 KUB at the end of the financial year, and of the results and cash flows of KUB Group and KUB for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments 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 KUB keep accounting records which disclose the financial position and performance of KUB Group and KUB 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 KUB, to detect and prevent fraud and other irregularities.

FINANCIAL STATEMENTS

Report of the Directors	042 - 045
Independent Auditors' Report	046 - 049
Statements of Profit or Loss	050
Statements of Comprehensive Income	051
Statements of Financial Position	052 - 053
Statements of Changes in Equity	054 - 056
Statements of Cash Flows	057 - 061
Notes to the Financial Statements	062 - 157
Statement by Directors	158
Declaration by the Officer Primarily Responsible for the Financial Management of the Company	158

REPORT OF THE DIRECTORS

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

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'), power and others as stated in Note 44 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS OF OPERATIONS

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

	Group RM'000	Company RM'000
Continuing operations		
Profit before zakat and taxation	20,590	44,826
Zakat	(155)	-
Taxation	(2,104)	-
Profit for the year	18,331	44,826
Profit attributable to:		
Owners of the parent	17,355	44,826
Non-controlling interests	976	-
	18,331	44,826

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year 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 the company amounting to RM25,265,000 as disclosed in Note 13 to the financial statements.

DIVIDENDS

No dividend was paid during the year and the Directors do not recommend any dividend for the financial year ended 31 December 2019.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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



REPORT OF THE DIRECTORS

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

Before the statements of profit or loss, statements of 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 year 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 year.

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 year 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, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year 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 year in which this report is made.

REPORT OF THE DIRECTORS

DIRECTORS

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

Datuk Seri Johari bin Abdul Ghani (Chairman) (appointed on 4 March 2019)
 Dato' Ab Rahim bin Abu Bakar
 Dato' Ahmad Ibnihajar
 Mohammad Farish Nizar bin Othman
 Datuk Haji Mohd Haniff bin Haji Koslan
 Datuk Norliza binti Abdul Rahim
 Tengku Zahaimi bin Tuan Hashim
 Megat Joha bin Megat Abdul Rahman (appointed on 4 March 2019)
 Datuk Abdul Rahim bin Mohd Zin (resigned on 13 December 2019)
 Tunku Alizan bin Raja Muhammad Alias (resigned on 4 March 2019)
 Datuk Hj Faisyal bin Datuk Yusof Hamdain Diego (resigned on 26 February 2019)

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

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year except as follows:

	Number of ordinary shares			
	As of 1.1.2019/ Date of Appointment	Acquired	Sold	As of 31.12.2019
Shares in the Company, KUB Malaysia Berhad				
Indirect Interest				
Datuk Seri Johari bin Abdul Ghani	178,068,700*	-	-	178,068,700

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

The other Directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during or as at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might 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, no Director has 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 37(c) to the financial statements.



REPORT OF THE DIRECTORS

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

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

During the financial year, the total amount of indemnity coverage and the insurance premium paid for the Group are RM10,000,000 and RM12,150 respectively.

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 year ended 31 December 2019 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

DATO' AB RAHIM BIN ABU BAKAR

Petaling Jaya

30 April 2020

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 of 31 December 2019 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 157.

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 of 31 December 2019, and of their financial performance and their cash flows for the year then ended 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' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

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 year. 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.

Group

Key audit matter	Our audit performed and responses thereon
<p>Impairment assessment of Property, Plant and Equipment ('PPE') in the Agricultural Businesses ('Agro') Segment</p> <p>As of 31 December 2019, PPE in the Agro segment amounting to RM171,759,000, represents 31% of the Group's total assets.</p> <p>As required by MFRS 136 <i>Impairment of Assets</i>, management performed an impairment indicator review of the Agro segment and assessed that there was objective evidence or indications that the PPE in certain cash generating units ('CGUs') of the Agro segment may be impaired as a result of weakening market conditions in the palm oil industry.</p> <p>In performing the impairment assessment of PPE of these CGUs, management estimated their recoverable amount based on its value-in-use using a projected discounted cash flow model ('DCF').</p>	<p>We have performed the procedures below, amongst others:</p> <ul style="list-style-type: none"> • Inquired management to obtain an understanding of the PPE impairment assessment process and evaluated the design and implementation of relevant controls; • Obtained and evaluated the reasonableness of management's impairment indicator assessment; • Assessed the appropriateness of the CGUs identified; • Evaluated the appropriateness of the DCF methodology, including the verification of the mathematical accuracy of the underlying calculations and understanding the basis for management's estimates and judgements; • Performed retrospective review of the DCF to assess the reliability of management's estimates;



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD

(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Group (cont'd)

<i>Key audit matter (cont'd)</i>	<i>Our audit performed and responses thereon (cont'd)</i>
<p>Impairment assessment of Property, Plant and Equipment ('PPE') in the Agricultural Businesses ('Agro') Segment (cont'd)</p> <p>This area is a key audit matter due to its significance to the Group's financial position and involvement of significant management estimates and judgements in determining the key bases and assumptions used in the DCF, which have been disclosed in Note 4.2 to the consolidated financial statements.</p>	<p>We have performed the procedures below, amongst others (cont'd):</p> <ul style="list-style-type: none"> • Assessed and challenged the reasonableness of management's estimates and judgements used in the DCF; • Engaged our internal valuation specialists in assessing the appropriateness of the discount rate used by management; • Performed sensitivity analysis on the discount rate to see the reasonableness of the rate used; and • Assessed the adequacy and appropriateness of the disclosures made in 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 judgment 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 year 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 44 to the financial statements.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD

(Incorporated in Malaysia)

Other Matters

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)

KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN
Partner - 02903/11/2021 J
Chartered Accountant

30 April 2020

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000 (Re-presented)	2019 RM'000	2018 RM'000
Continuing operations					
Revenue	5	400,483	522,322	18,187	24,173
Cost of sales	6	(370,034)	(490,144)	-	-
Gross profit		30,449	32,178	18,187	24,173
Other income		36,554	16,056	41,926	44,598
Distribution expenses		(1,802)	(1,315)	-	-
Administrative expenses		(32,970)	(40,824)	(13,583)	(19,063)
Other expenses		(12,871)	(33,430)	(2,442)	(8,567)
Profit/(Loss) from operating activities		19,360	(27,335)	44,088	41,141
Finance income	7	3,199	2,127	1,610	917
Finance costs	8	(7,242)	(8,274)	(872)	(1,787)
Share of results of associates		5,273	3,313	-	-
Profit/(Loss) before zakat and taxation	9	20,590	(30,169)	44,826	40,271
Zakat		(155)	(1,375)	-	-
Taxation	12	(2,104)	(5,895)	-	-
Profit/(Loss) for the year from continuing operations		18,331	(37,439)	44,826	40,271
Discontinued operations					
Profit for the year from discontinued operations, net of tax	13	-	17,944	-	-
Profit/(Loss) for the year		18,331	(19,495)	44,826	40,271
Profit/(Loss) attributable to:					
Owners of the parent					
- from continuing operations		17,355	(16,767)	44,826	40,271
- from discontinued operations	13	-	17,944	-	-
Non-controlling interests	18	17,355 976	1,177 (20,672)	44,826 -	40,271 -
		18,331	(19,495)	44,826	40,271
Basic and diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen)					
- from continuing operations	14	3.12	(3.01)		
- from discontinued operations		-	3.22		
		3.12	0.21		

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



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000 (Re-presented)	2019 RM'000	2018 RM'000
Profit/(Loss) for the year		18,331	(19,495)	44,826	40,271
Item that will not be reclassified subsequently to profit or loss:					
Fair value gain/(loss) on quoted investment at fair value through other comprehensive income (FVTOCI)		2,450	(2,239)	2,450	(2,239)
Other comprehensive income/(loss) for the year net of tax		2,450	(2,239)	2,450	(2,239)
Total comprehensive income/(loss) for the year		20,781	(21,734)	47,276	38,032
Total comprehensive income/(loss) attributable to:					
Owners of the parent					
- from continuing operations		19,805	(19,006)	47,276	38,032
- from discontinued operations		-	17,944	-	-
Non-controlling interests	18	19,805 976	(1,062) (20,672)	47,276 -	38,032 -
		20,781	(21,734)	47,276	38,032

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

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
		(Re-presented)			
Assets					
Non-current assets					
Property, plant and equipment	15	273,935	226,821	12,523	15,341
Investment properties	16	11,383	13,035	3,298	3,371
Right-of-use assets	17	3,729	-	-	-
Investments in subsidiaries	18	-	-	269,263	270,262
Investments in associates	19	47,700	42,427	9,000	9,000
Other investments	20	6,996	4,563	6,996	4,563
Long term prepaid expenses	21	-	805	-	-
Finance lease receivables	17	1,577	-	-	-
		345,320	287,651	301,080	302,537
Current assets					
Inventories	25	4,821	6,953	-	-
Biological assets	26	1,274	724	-	-
Due from subsidiaries	22	-	-	7,871	3,182
Trade and other receivables	23	46,074	47,772	1,771	666
Contract assets	23	340	2,065	-	-
Finance lease receivables	17	115	-	-	-
Tax recoverable		910	1,899	-	-
Derivative financial assets	35	-	23	-	-
Short term investment	27	-	20,193	-	-
Cash and bank balances	28	145,627	123,432	47,919	18,594
		199,161	203,061	57,561	22,442
Non-current assets held for sale	13	1,840	106,805	1,840	8,593
Total assets		546,321	597,517	360,481	333,572



STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000 (Re-presented)	2019 RM'000	2018 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	29	228,863	228,863	228,863	228,863
Reserves	30	49,456	47,006	3,322	872
Retained earnings		56,813	39,611	118,139	73,313
		335,132	315,480	350,324	303,048
Non-controlling interest		(10,492)	(11,468)	-	-
Total equity		324,640	304,012	350,324	303,048
Non-current liabilities					
Borrowings	32	71,033	115,163	24	123
Due to subsidiaries	22	-	-	-	9,775
Lease liabilities	17	2,480	-	-	-
Refundable cylinder deposits	34	17,778	14,949	-	-
Deferred tax liabilities	24	13,203	12,532	-	-
Deferred income	33	-	2,513	-	-
		104,494	145,157	24	9,898
Current liabilities					
Trade and other payables	34	81,744	91,550	9,326	9,257
Contract liabilities	34	981	238	-	-
Lease liabilities	17	642	-	-	-
Borrowings	32	33,169	55,765	92	1,080
Due to subsidiaries	22	-	-	715	10,289
Derivative financial liabilities	35	21	-	-	-
Provision for tax		630	795	-	-
		117,187	148,348	10,133	20,626
Total liabilities		221,681	293,505	10,157	30,524
Total equity and liabilities		546,321	597,517	360,481	333,572

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2019 Group	Equity attributable to owners of the parent, total		Share capital		Retained earnings	Other reserves, total	Attributable to owners of the parent			Non-distributable		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Capital reserve	Fair value adjustment reserve	Discount paid on acquisition of non-controlling interests	Merger reserve	Non-controlling interests	RM'000
As of 1 January 2019	304,012	315,480	228,863	39,611	47,006	34,016	872	971	11,147	(11,468)		
Effects of adoption of MFRS 16 (Note 42)	(153)	(153)	-	(153)	-	-	-	-	-	-		
As of 1 January 2019 (re-presented)	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 of 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 YEAR ENDED 31 DECEMBER 2019

2019 Company	Equity, total RM'000	Non- distributable Share capital RM'000	Distributable Retained earnings RM'000	Non- distributable Fair value adjustment reserve RM'000
	As of 1 January 2019	303,048	228,863	73,313
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 of 31 December 2019	350,324	228,863	118,139	3,322
2018				
Company				
As of 1 January 2018	276,146	228,863	44,172	3,111
Profit for the year	40,271	-	40,271	-
Other comprehensive loss for the year	(2,239)	-	-	(2,239)
Total comprehensive income/(loss)	38,032	-	40,271	(2,239)
Dividends paid (Note 31)	(11,130)	-	(11,130)	-
As of 31 December 2018	303,048	228,863	73,313	872



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit/(Loss) before zakat and taxation	20,590	(33,375)	44,826	40,271
- continuing operations	20,590	(30,169)	44,826	40,271
- discontinued operations (Note 13)	-	(3,206)	-	-
Adjustments for:				
Amortisation of intangible assets for discontinued operations	-	211	-	-
Depreciation of:				
- property, plant and equipment	15,512	19,976	1,056	1,696
- continuing operations	15,512	18,292	1,056	1,696
- discontinued operations	-	1,684	-	-
- investment properties	424	353	73	73
- right-of-use assets	703	-	-	-
Amortisation of deferred income	-	(107)	-	-
Finance costs	7,242	8,493	872	1,787
- continuing operations	7,242	8,274	872	1,787
- discontinued operations	-	219	-	-
Loss/(Gain) on fair value changes of derivative instruments	21	(23)	-	-
Unrealised gain on fair value changes in short term investment	-	(838)	-	-
Loss/(Gain) on fair value changes in investment in unquoted shares	17	(26)	17	(26)
(Gain)/Loss on fair value changes in biological assets	(550)	106	-	-
Allowance for impairment on trade and other receivables	567	1,753	-	-
(Reversal)/Allowance for impairment on contract assets	(94)	34	-	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES (CONT'D)				
Allowance for impairment on amount due from subsidiaries (Note 22)	-	-	1,249	1,261
Allowance for impairment on investment in subsidiaries				
- advances to subsidiaries (Note 18)	-	-	46	-
- investment (Note 18)	-	-	-	5,537
Impairment losses on property, plant and equipment	7,147	29,060	-	-
- continuing operations	7,147	26,094	-	-
- discontinued operations	-	2,966	-	-
Property, plant and equipment written off	1,634	192	-	-
Inventories written down/off	632	2,344	-	-
- continuing operations	632	2,086	-	-
- discontinued operations	-	258	-	-
Net unrealised loss on foreign exchange	55	61	-	-
Gain on disposal of:				
- property, plant and equipment	(2,038)	(370)	(21)	-
- non-current assets held for sale	(28,772)	(6,209)	(25,265)	-
- subsidiary	(293)	-	-	-
- associate	-	(800)	-	(800)
Dividend income	(281)	(280)	(12,781)	(16,160)
Interest/profit income	(3,199)	(2,186)	(1,610)	(917)
- continuing operations	(3,199)	(2,127)	(1,610)	(917)
- discontinued operations	-	(59)	-	-



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Forfeiture of cylinder deposits payable	-	(2,067)	-	-
Provision for liquidated ascertained damages	-	59	-	-
Reversal of allowance for impairment on receivables	(570)	(94)	-	-
Reversal of allowance for impairment:				
- amount due from subsidiaries	-	-	(361)	(544)
- advances to subsidiaries	-	-	(15,125)	(42,371)
Share of results of associates	(5,273)	(3,313)	-	-
Operating Profit/(Loss) Before Changes in Working Capital	13,474	12,954	(7,024)	(10,193)
Changes in working capital:				
Inventories	1,500	2,457	-	-
Trade and other payables	(1,804)	(24,910)	70	757
Trade and other receivables	45	60,972	(1,106)	130
Contract assets	1,819	14,700	-	-
Contract liabilities	743	(1,195)	-	-
Cash Generated From/(Used In) Operations	15,777	64,978	(8,060)	(9,306)
Finance cost lease liability	(167)	-	-	-
Zakat paid	(588)	(668)	-	-
Net tax paid	(2,298)	(8,302)	-	-
Net Cash Generated From/ (Used In) Operating Activities	12,724	56,008	(8,060)	(9,306)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment (Note 15)	(19,334)	(168,269)	(84)	(678)
Redemption/(Acquisition) of short - term investment	21,108	(19,983)	-	-
Additions to intangible asset	-	(523)	-	-
Additions to investment properties (Note 16)	-	(868)	-	-
Advance to subsidiaries				
- investment	-	-	(54)	-
- due from subsidiaries	-	-	(14,931)	-
Repayment of advances from subsidiaries	-	-	15,125	17,046
Repayment of amount due from subsidiaries	-	-	361	554
Repayment of amount due to subsidiaries	-	-	(9,349)	-
Dividends received	281	280	12,781	16,160
Interest/profit received	3,199	2,186	1,610	917
Proceeds from disposal of property, plant and equipment	2,146	482	27	-
Proceeds from disposal of assets classified as held for sale	76,745	9,940	33,858	-
Net proceeds from disposal of a subsidiary (Note 13)	-	26,240	-	-
Proceeds from disposal of an associate	-	800	-	800
Net Cash Generated/(Used In) From Investing Activities	84,145	(149,715)	39,344	34,789



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Increase of deposits pledged with licensed banks	(1,420)	(7,284)	-	-
Interest/Profit paid	(7,242)	(8,493)	(872)	(1,787)
Dividend paid	-	(11,130)	-	(11,130)
Net (repayment)/drawdown of short-term borrowings	(18,941)	46,941	(1,000)	1,000
Repayment of lease liabilities	(598)	-	-	-
Repayment of hire purchase	(229)	(200)	(87)	(83)
Drawdown of term loans	-	77,245	-	-
Repayment of term loans	(47,556)	(5,310)	-	(1,000)
Net Cash Generated (Used In)/From Financing Activities	(75,986)	91,769	(1,959)	(13,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,883	(1,938)	29,325	12,483
Effect of exchange rate changes on the balance of cash held in foreign currency	(108)	(101)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	92,834	94,873	18,594	6,111
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 28)	113,609	92,834	47,919	18,594

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

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 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'), power and others as stated in Note 44.

There have been no significant changes in the nature of these principal activities during the financial year.

The registered office and principal place of business of the Company is located at Level 3A, Unit 1, Capital 3, Oasis Square, Ara Damansara, PJU 1A/7A, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 April 2020.

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.

(i) Adoption of New Standards

In the current financial year, the Group and the Company adopted the following accounting standards, amendments to the MFRSs and Issued Committee Interpretation ('IC Interpretation') effective for annual financial periods beginning on or after 1 January 2019.

MFRS 16	Leases
Amendments to MFRS 9	Financial Instruments - Prepayment Features Negative Compensation
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Employee Benefits - Plan Amendment, Curtailment and Settlement
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRSs	Annual Improvements to MFRSs 2014 - 2016 Cycle

The impact of the adoption of MFRS 16 is disclosed in Note 42.

Other than the adoption of MFRS 16, the adoption of the amendments to the MFRSs and interpretation has not had any material financial impact on the disclosures or on the amounts reported in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Business Combination - Definition of a Business	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139	Financial Instruments: Interest Rate, Benchmark Reform	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements - Definition of Material	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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 of the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date 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.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (cont'd)

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.

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 acquiree 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (cont'd)

Business combinations and goodwill (cont'd)

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 of the acquisition date that, if known, would have affected the amounts recognised as of 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.

3.3 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, 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') are 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 are either on cash terms (immediate or advance payments), or on credit terms of up to 30 days.

(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 equipments and infrastructure.

(i) Sale of equipment and parts

Each sale of goods represent 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.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue (cont'd)

The Group recognises revenue from the following major sources: (cont'd)

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

(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) Power division

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 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue (cont'd)

The Group recognises revenue from the following major sources: (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.

3.4 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 leave 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 leave 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.

3.5 Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period 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 year in which it is incurred.

3.6 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 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.

3.8 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.

3.9 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.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 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.

3.10 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) Foreign currency transactions

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 reporting date. 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 reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. 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.

NOTES TO THE FINANCIAL STATEMENTS

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 870 years which is not depreciated.

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%

Motor vehicles

20%

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year-end, 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 the 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.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Investment properties (cont'd)

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

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 each reporting date 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 goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

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. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of non-financial assets (cont'd)

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

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

Debt instruments 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.

Debt instruments 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.



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

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.

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 (see below). 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.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the 'finance income' line item (Note 7).

(ii) Equity instruments 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).

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)

(ii) Equity instruments designated as at FVTOCI (cont'd)

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 be 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 each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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 reporting date, 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 reporting date.

(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 reporting date 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.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

(ii) Definition of default

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 issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(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.

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

Classification of financial liabilities

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- it is part of a portfolio of identified financial instruments that the Group manages together and has 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.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other income and other expenses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon de-recognition of the financial liability.

(ii) 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 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.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

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 3.16 above); 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.

3.16 Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

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 work-in-progress and 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 recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Grants (cont'd)

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.

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

The Company has applied MFRS 16 using modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings as of 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated.

Accounting policies applied from 1 January 2019

(a) As lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises 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 recognises 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 uses its 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 if 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.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Leases (cont'd)

Accounting policies applied from 1 January 2019 (cont'd)

(a) As lessee (cont'd)

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

The Group remeasures 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 cases 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 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 incurs 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 expects 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 consolidated statement of financial position.

The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.15.

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 has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates 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 has opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is recognised in statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Leases (cont'd)

Accounting policies applied from 1 January 2019 (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 finance lease arrangements with its customers as a lessor with respect to LPG storage tanks located at the customers' premises.

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.

The Group enters into operating lease arrangements as a lessor with respect to some of its investment properties and telecommunication tower.

The operating leases income 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.

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.

Accounting policies applied until 31 December 2018

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the least term on the same bases as rental income.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

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.

3.24 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 division 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 chief executive officer, 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 41, including the factors used to identify the reportable divisions and the measurement basis of segment information.

3.26 Contingencies

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.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.27 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 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 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 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following 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 has 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 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.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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 property, plant and equipment

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, a significant fall in market values, significant underperformance relative to historical or projected future operating results and significant changes in the use of assets or the strategy of the business.

Recoverable amounts have been determined based on the value-in-use which is determined by reference to discounted future cash flows based on management estimates and assumptions of cash flows arising from the future operating performance and revenue generating capacity of the assets, cash operating units and future market conditions.



NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.2 Key sources of estimation uncertainty (cont'd)

(b) 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 each reporting date. 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 reporting date, 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.

(c) Construction contracts (Note 23)

Power division recognise construction contracts revenue and expenses in the statements of 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 the profit or loss are disclosed in Note 5 and Note 6, respectively.

(d) Impairment for expected credit losses (ECLs) of trade receivables, contract assets (Note 23) 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 credit insurance or collateral).

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 23 and Note 17 for finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.2 Key sources of estimation uncertainty (cont'd)

(e) Estimation uncertainty in relation to leases

The Group assesses at lease commencement by applying significant assumptions whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied the assumptions in determining the incremental borrowing rate for its leases, the Group makes adjustments to the existing rates received from financial institutions, taking into consideration the lease term and leased assets. The Group also considers changes in the financial condition since the last offered rates from financial institutions.

5. REVENUE

Revenue for continuing operations comprise of the following:

	Group		Company	
	2019 RM'000	2018 RM'000 (Re-presented)	2019 RM'000	2018 RM'000
Revenue from contract with customers	286,720	371,780	5,406	8,013
Revenue from other sources:				
- government subsidy on LPG	110,910	147,732	-	-
- rental income	2,441	2,530	-	-
- finance lease income	131	-	-	-
Dividend income from:				
- subsidiaries	-	-	12,500	13,000
- associates	-	-	-	2,880
- others	281	280	281	280
	400,483	522,322	18,187	24,173

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 41).

Group 2019	LPG RM'000	Agro RM'000	ICT RM'000	Power RM'000	Total RM'000
Sale of LPG	214,803	-	-	-	214,803
Sale of equipment	-	-	16,910	-	16,910
Sale of FFB	-	42,338	-	-	42,338
Maintenance services	-	-	4,773	-	4,773
Construction contract	-	-	-	6,495	6,495
Others	-	-	-	1,401	1,401
	214,803	42,338	21,683	7,896	286,720
Timing of revenue recognition:					
- at a point in time	214,803	42,338	21,683	1,401	280,225
- over time	-	-	-	6,495	6,495
	214,803	42,338	21,683	7,896	286,720



NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE (CONT'D)

Group 2018 (Re-presented)	LPG RM'000	Agro RM'000	ICT RM'000	Power RM'000	Total RM'000
Sale of LPG	256,913	-	-	-	256,913
Sale of equipment	-	-	16,987	-	16,987
Sale of FFB and crude palm oil	-	67,536	-	-	67,536
Maintenance services	-	-	7,182	-	7,182
Construction contract	-	-	-	21,228	21,228
Others	-	-	-	1,934	1,934
	256,913	67,536	24,169	23,162	371,780
Timing of revenue recognition:					
- at a point in time	256,913	67,536	24,169	1,934	350,552
- over time	-	-	-	21,228	21,228
	256,913	67,536	24,169	23,162	371,780

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.

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

During the financial year, certain subsidiaries of the Company under Agro segment have entered into a management service agreement with a third party to manage its plantation operations.

There were no unsatisfied performance obligation for construction contracts as of 31 December 2019.

6. COST OF SALES

	Group	
	2019 RM'000	2018 RM'000 (Re-presented)
Cost of inventories sold	356,805	470,011
Cost of construction services	7,850	13,326
Cost of maintenance services	3,588	5,049
Cost of property management services	1,791	1,758
	370,034	490,144

7. FINANCE INCOME

	Group		Company	
	2019 RM'000 (Re-presented)	2018 RM'000 (Re-presented)	2019 RM'000	2018 RM'000
Finance income from:				
- subsidiaries	-	-	864	632
- banks and other financial institutions	3,199	2,127	746	285
	3,199	2,127	1,610	917

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Finance costs on:				
- bank borrowings	7,042	8,240	56	109
- lease liabilities	167	-	-	-
- obligations under hire purchase	33	34	8	13
- intercompany advances	-	-	808	1,665
	7,242	8,274	872	1,787

9. PROFIT BEFORE ZAKAT AND TAXATION

Other than disclosed in Note 5 to Note 8, the profit before zakat and taxation for continuing operations has been arrived at after charging the following expenses:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Employee benefits expense (a)	33,454	43,931	10,187	12,841
Depreciation of:				
- property, plant and equipment	15,512	18,292	1,056	1,696
- investment properties (Note 16)	424	353	73	73
- right-of-use assets (Note 17)	703	-	-	-
Auditor's remuneration (Note 10)	652	716	209	304
Non-executive Directors' remuneration (Note 11)	770	1,626	698	972
Allowance for impairment:				
- property, plant and equipment	7,147	26,094	-	-
- trade and other receivables	567	1,753	-	-
- contract assets	-	34	-	-
- advances to subsidiaries (Note 18)	-	-	46	-
- due from subsidiaries (Note 22)	-	-	1,249	1,261
- investment in subsidiaries (Note 18)	-	-	-	5,537
Provision for liquidated ascertained damages (Note 34)	-	59	-	-
Property, plant and equipment written off	1,634	192	-	-
Inventories written off/down	632	2,086	-	-
Loss on fair value changes of derivatives instruments	21	-	-	-
Loss on fair value changes in investment unquoted share	17	-	17	-
Loss on fair value changes in biological assets (Note 26)	-	106	-	-
Realised loss on foreign exchange	4	9	-	-
Unrealised loss on foreign exchange	108	101	-	-

(Details of material expenses charged for discontinued operations are disclosed in Note 13)



NOTES TO THE FINANCIAL STATEMENTS

9. PROFIT BEFORE ZAKAT AND TAXATION (CONT'D)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Gain on disposal of property, plant and equipment	2,038	370	21	-
Gain on disposal of non-current assets held for sale	28,772	6,209	25,265	-
Gain on disposal of subsidiary	293	-	-	-
Gain on disposal of associate company	-	800	-	800
Gain on fair value changes in investment unquoted share	-	26	-	26
Gain on fair value changes in biological assets (Note 26)	550	-	-	-
Realised gain on fair value changes in short-term investment (Note 27)	274	17	-	-
Unrealised gain on fair value changes in short-term investment (Note 27)	-	838	-	-
Amortisation of deferred income	-	107	-	-
Forfeiture of cylinder deposits payable	-	2,067	-	-
Rental income	663	370	700	771
Reversal of allowance for:				
- advances to subsidiaries (Note 18)	-	-	15,125	42,371
- amount due from subsidiaries (Note 22)	-	-	361	544
Reversal of impairment on receivables	570	94	-	-
Reversal of impairment on contract assets	94	-	-	-
Gain on fair value changes in derivative instruments	-	23	-	-
Realised gain on foreign exchange	2,681	3,331	-	-
Unrealised gain on foreign exchange	53	40	-	-

(Details of material income credited for discontinued operations are disclosed in Note 13)

NOTES TO THE FINANCIAL STATEMENTS

9. PROFIT BEFORE ZAKAT AND TAXATION (CONT'D)

(a) Employee Benefits Expenses

The employee benefit expenses for continuing operations are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Wages, bonuses and salaries	23,314	36,597	6,035	10,201
Contributions to defined contribution plans	2,117	3,150	821	1,084
Social security contributions	394	247	44	67
Other benefits	7,629	3,937	3,287	1,489
	33,454	43,931	10,187	12,841

The above also includes the Company's Executive Director's remuneration amounting to RM1,507,000 (2018: RM1,192,000) as disclosed in Note 11.

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

10. AUDITOR'S REMUNERATION

Details of auditor's remuneration for both continuing and discontinued operations are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Auditor's remuneration:				
Statutory audits				
- to the Company's auditors	360	428	132	130
- to other firms of auditors	26	22	-	-
Other services				
- to the Company's auditors*	203	167	67	89
- to other firms of auditors	63	139	10	85
Total auditor's remuneration	652	756	209	304
- continuing operations	652	716	209	304
- discontinued operations	-	40	-	-
Total auditor's remuneration	652	756	209	304

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



NOTES TO THE FINANCIAL STATEMENTS

11. DIRECTORS' REMUNERATION

The details of remuneration for the Company's Directors during the year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Director:				
Salaries and other emoluments	1,130	870	1,130	870
Ex-gratia/Bonus	200	158	200	158
Defined contribution plans	177	164	177	164
Total executive Director's remuneration excluding benefits-in-kind	1,507	1,192	1,507	1,192
Estimated money value of benefits-in-kind	116	106	116	106
	1,623	1,298	1,623	1,298
Non-executive Directors:				
Fees				
- current year	494	676	494	470
- previous year	-	20	-	-
Allowances	276	930	204	502
Total non-executive Directors' remuneration excluding benefits-in-kind (Note 9)	770	1,626	698	972
Estimated money value of benefits-in-kind	105	167	99	133
	875	1,793	797	1,105
Total Directors' remuneration excluding benefits-in-kind	2,277	2,818	2,205	2,164
Estimated money value of benefits-in-kind	221	273	215	239
Total Directors' remuneration	2,498	3,091	2,420	2,403

NOTES TO THE FINANCIAL STATEMENTS

12. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 31 December 2018 are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Tax expense for the year				
- Continuing operations	2,104	5,895	-	-
- Discontinued operations (Note 13)	-	2,129	-	-
Tax expense for the year	2,104	8,024	-	-
Continuing operations:				
Estimated income tax:				
- Current year	3,480	4,871	-	-
- (Over)/Underprovision in prior years	(2,047)	805	-	-
	1,433	5,676	-	-
Deferred tax:				
- Origination of temporary differences	1,393	778	-	-
- Overprovision in prior years	(722)	(559)	-	-
	671	219	-	-
Total	2,104	5,895	-	-
Discontinued operations:				
Estimated income tax:				
- Underprovision in prior years	-	34	-	-
Deferred tax:				
- Expenses for the year (Note 24)	-	2,095	-	-
Total	-	2,129	-	-

Domestic income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit/(loss) for the year.



NOTES TO THE FINANCIAL STATEMENTS

12. TAXATION (CONT'D)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Continuing operations:				
Profit/(Loss) before zakat and taxation	20,590	(30,169)	44,826	40,271
Tax at the statutory tax rate of 24% (2018: 24%)	4,942	(7,241)	10,758	9,665
Income not subject to tax	(7,379)	(8,135)	(13,235)	(14,513)
Net effect of expenses not deductible for tax purposes	3,728	16,918	2,477	4,848
Effect on share of results of associate	1,266	795	-	-
Deferred tax asset not recognised during the financial year	2,942	3,477	-	-
Effect of utilisation of previously unrecognised tax losses and capital allowances	(626)	(165)	-	-
(Over)/Underprovision of tax expense in prior years	(2,047)	805	-	-
Overprovision of deferred tax in prior years	(722)	(559)	-	-
Tax expense for the year	2,104	5,895	-	-

The overprovision of tax expense in prior years is 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. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

Discontinued Operations

On 6 July 2018, Restoran Kualiti Sdn Bhd, a wholly owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Inter Mark Resources Sdn Bhd and KUB Malaysia Berhad as the Guarantor for the sale and transfer of the entire equity interest in A&W (Malaysia) Sdn Bhd ('AWM') for a total consideration of RM34,000,000 comprising:

- (a) RM30,000,000 for AWM's entire equity interest; and
- (b) RM4,000,000 for reimbursement of intercompany balances

AWM was principally involved in the food and beverage business and represented the entirety of the Group's Food division.

The disposal was completed on 19 September 2018 which resulting in a gain of RM23,279,000.

NOTES TO THE FINANCIAL STATEMENTS

13. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

Discontinued Operations (cont'd)

The analysis of the results of the discontinued operations which have been included in the results for the previous year, are as follows:

	2018 RM'000
Revenue	47,136
Cost of sales	(17,263)
Gross profit	29,873
Other income	96
Distribution expenses	(1,333)
Administrative expenses	(26,401)
Finance income	59
Finance costs	(219)
Other expenses	(5,281)
Loss before taxation from discontinued operations	(3,206)
Taxation	(2,129)
	(5,335)
Gain on sale of discontinued operation*	23,279
Profit for the year from discontinued operations, net of tax, attributable to the owners of the parents	17,944

* Being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net asset.

In the previous year, the loss before taxation from discontinued operations is stated after charging/(crediting) the following:

	2018 RM'000
Employee benefit expenses	12,733
Depreciation of property, plant and equipment	1,684
Amortisation of intangible assets	211
Impairment losses on property, plant and equipment	2,966
Royalties expenses	2,444
Advertisement and promotion expenses	1,124
Restoration costs	100
Rental of premises	4,804
Rental of equipment	707
Directors' remuneration and allowances	42
Auditor's remuneration	40
Inventories written off	258
Finance costs	219
Finance income	(59)



NOTES TO THE FINANCIAL STATEMENTS

13. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

Discontinued Operations (cont'd)

The net cash flows from/(used in) discontinued operation:

	2018 RM'000
Net cash flows generated from operating activities	2,690
Net cash used in from investing activities	(5,598)
Net cash generated from financing activities	1,835
Net decrease in cash flows for the year	(1,073)

Effect of disposal of AWM to the financial position of the Group in the previous year were as follows:

	2018 RM'000
Property, plant and equipment	13,658
Intangible assets	3,068
Inventories	4,492
Trade and other receivables	2,779
Cash and cash equivalents	3,760
Fixed deposits pledged with banks	430
Trade and other payables	(17,605)
Borrowings	(3,861)
Net assets disposed	6,721
Gain realised on disposal	23,279
Proceeds from disposal	30,000
Less: cash and cash equivalents	(3,760)
Cash flow on disposal, net of cash disposed	26,240

Non- current assets held for sale

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As of 1 January	106,805	3,731	8,593	-
Transfer (to)/from property, plant and equipment (Note 15)	(52,181)	106,805	1,840	8,593
Transfer from deferred income (Note 33)	(4,811)	-	-	-
Disposals	(47,973)	(3,731)	(8,593)	-
As of 31 December	1,840	106,805	1,840	8,593

NOTES TO THE FINANCIAL STATEMENTS

13. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

On 8 November 2019, the Company had disposed 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. This has resulted in a net gain on disposal after cost to sell of RM25,265,000.

On 22 July 2019, KUB Maju Mill Sdn Bhd had entered into the sale and purchase agreement with a third party for the 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. The disposal was completed on 22 November 2019 with a net gain on disposal of RM3,507,000.

Non-current assets held for sale in current year

The transfer of assets from/(to) property, plant and equipment and deferred income were in relation to:

- (i) the carrying value of RM52,618,000 of the oil palm plantation in Mukah, Sarawak which was transferred 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) On 1 November 2019, the Group and the Company has entered into a sales agreement for the disposal of an office floor located at Oasis Square, Ara Damansara with carrying value of RM1,840,000 for a sale consideration of RM2,900,000 . The disposal was completed on 26 February 2020.

During the financial year, the carrying amount of RM4,811,000 of government grant in relation to the construction of the mill was transferred to the assets held for sale prior to the disposal.

Non-current assets held for sale in prior year

As of 31 December 2018, the non-current assets held for sale of the Group are in respect of:

- (i) the oil palm plantation in Mukah, Sarawak with carrying value of RM52,618,000.
- (ii) a palm oil mill in Mukah, Sarawak with carrying value of RM45,594,000 which was disposed in the current year.
- (iii) a piece of leasehold land in Petaling Jaya, Selangor with the carrying value of RM8,593,000 which was disposed in the current year.



NOTES TO THE FINANCIAL STATEMENTS

14. EARNINGS PER ORDINARY SHARE

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

The following tables reflect the earnings and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2019	2018
	RM'000	RM'000
Profit/(Loss) net of taxation attributable to owners of the parent used in the computation of basic and diluted earnings per share		
- from continuing operations	17,355	(16,767)
- from discontinued operations (Note 13)	-	17,944
	17,355	1,177

	Group	
	2019	2018
	in '000	in '000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	556,465	556,465

	2019	2018
	Sen	Sen
Basic and diluted earnings/(loss) per share attributable to the owners of the parent		
- from continuing operations	3.12	(3.01)
- from discontinued operations	-	3.22
	3.12	0.21

NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT

Group 2019	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 of 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 of 31 December 2019	332	122,378	115,583	51,167	149,513	4,142	-	443,115
Accumulated depreciation and impairment								
As of 1 January 2019	-	1,934	12,459	12,400	91,169	1,821	-	119,783
Accumulated depreciation	-	18	-	-	-	-	-	18
Accumulated impairment losses	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	1,952	12,459	12,400	91,169	1,821	-	119,801
Impairment losses	-	496	5,154	1,233	8,138	491	-	15,512
Disposals	-	6,940	-	187	20	-	-	7,147
Written off – depreciation	-	(57)	-	-	(3,528)	-	-	(3,585)
Transfer from/(to) non-current assets held for sale - depreciation (Note 13)	-	-	-	(14)	(815)	(1,007)	-	(1,836)
As of 31 December 2019	-	3,563	28,098	836	22	(378)	-	32,141
Accumulated depreciation	-	5,936	45,711	14,455	94,986	927	-	162,015
Accumulated impairment losses	-	6,958	-	187	20	-	-	7,165
Net carrying amount	-	12,894	45,711	14,642	95,006	927	-	169,180
	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)

Group 2018	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 of 1 January 2018	332	29,346	88,488	145,242	216,524	5,443	3,002	488,377
Additions	-	104,562	27,439	6,135	20,976	1,596	7,757	168,465
Disposals	-	-	-	-	(1,999)	(183)	-	(2,182)
Disposal of a subsidiary (Note 13)	-	-	-	(47,028)	(34,910)	(797)	-	(82,735)
Written off	-	-	(1,932)	(3,240)	(46,139)	(461)	(115)	(51,887)
Reclassifications	-	-	-	537	-	-	(537)	-
Transfer to non-current assets held for sale (Note 13)	-	(21,187)	(69,956)	(61,768)	(20,505)	-	-	(173,416)
As of 31 December 2018	332	112,721	44,039	39,878	133,947	5,598	10,107	346,622

NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2018	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 of 1 January 2018	-	7,483	37,358	36,035	153,588	2,533	-	236,997
Accumulated depreciation	-	18	-	14,987	8,196	20	-	23,221
Accumulated impairment losses	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	7,501	37,358	51,022	161,784	2,553	-	260,218
Impairment losses	-	686	5,135	4,163	9,283	709	-	19,976
Disposals	-	-	-	19,230	9,830	-	-	29,060
Disposal of a subsidiary (Note 13)	-	-	-	-	(1,887)	(183)	-	(2,070)
- depreciation	-	-	-	(20,148)	(22,196)	(777)	-	(43,121)
- impairment	-	-	-	(14,866)	(11,070)	(20)	-	(25,956)
Written off – depreciation	-	-	(1,932)	(3,117)	(45,973)	(461)	-	(51,483)
Written off – impairment	-	-	-	(121)	(91)	-	-	(212)
Transfer to non-current assets held for sale (Note 13)	-	(6,235)	(28,102)	(4,533)	(1,646)	-	-	(40,516)
- depreciation	-	-	-	(19,230)	(6,865)	-	-	(26,095)
- impairment	-	-	-	-	-	-	-	-
As of 31 December 2018	-	1,934	12,459	12,400	91,169	1,821	-	119,783
Accumulated depreciation	-	18	-	-	-	-	-	18
Accumulated impairment losses	-	-	-	-	-	-	-	-
Net carrying amount	332	110,769	31,580	27,478	42,778	3,777	10,107	226,821

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

	Group	
	2019 RM'000	2018 RM'000
Matured	64,855	28,151
Immature	5,017	3,429
	69,872	31,580



NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2019	Freehold buildings RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
As of 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 of 31 December 2019	13,553	8,096	468	22,117
Accumulated depreciation				
As of 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 of 31 December 2019	1,948	7,302	344	9,594
Net carrying amount	11,605	794	124	12,523

Company 2018	Freehold buildings RM'000	Leasehold land RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
As of 1 January 2018	15,742	11,265	7,400	468	34,875
Additions	-	-	678	-	678
Transfer to assets held for sale (Note 13)	-	(11,265)	-	-	(11,265)
As of 31 December 2018	15,742	-	8,078	468	24,288
Accumulated depreciation					
As of 1 January 2018	1,669	2,586	5,510	158	9,923
Depreciation charge for the year	314	86	1,203	93	1,696
Transfer to assets held for sale (Note 13)	-	(2,672)	-	-	(2,672)
As of 31 December 2018	1,983	-	6,713	251	8,947
Net carrying amount	13,759	-	1,365	217	15,341

NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets pledged as security

As at 31 December 2019, the freehold and leasehold land, factory and buildings, and bearer plants of the Group and of the Company with a total carrying amount of RM129,196,000 and RM11,605,000 (2018: RM129,475,000 and RM13,759,000) respectively are pledged to banks as securities for borrowings as disclosed in Note 32.

During the previous financial year, RM52,002,000 of assets pledged as security were transferred to non-current assets held for sale (Note 13).

Assets held under hire purchase

The carrying amount of assets held under hire purchase of the Group and of the Company at the reporting date were RM664,000 and RM124,000 (2018: RM985,000 and RM217,000) respectively.

Impairment loss on assets

The impairment loss of the Group in 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.

The impairment loss of the Group in previous year mainly relates to a palm oil mill in Mukah, Sarawak amounting to RM26,095,000 after considering the potential disposal prices as the recoverable amount.

Assets written off

The assets that were written off of the Group in the current financial year are mainly in relation to cost related refrigerated liquid terminal amounting RM1,439,000.

Reconciliation to the cash flows

Reconciliation to the cash flows for purchase of property, plant and equipment is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Additions for the financial year	19,334	168,465
Less:		
Purchases by means of hire purchase	-	(196)
	19,334	168,269



NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES

Group 2019	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
Cost			
As of 1 January	28,980	1,722	30,702
Disposal of a subsidiary*	(1,228)	-	(1,228)
As of 31 December	27,752	1,722	29,474
Accumulated depreciation and impairment losses			
As of 1 January			
Accumulated depreciation	10,061	180	10,241
Accumulated impairment losses	7,426	-	7,426
Depreciation charged for the year	17,487	180	17,667
As of 31 December	394	30	424
Accumulated depreciation	10,455	210	10,665
Accumulated impairment losses	7,426	-	7,426
	17,881	210	18,091
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.

Group 2018	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
Cost			
As of 1 January	28,112	1,722	29,834
Addition	868	-	868
As of 31 December	28,980	1,722	30,702
Accumulated depreciation and impairment losses			
As of 1 January			
Accumulated depreciation	9,738	150	9,888
Accumulated impairment losses	7,426	-	7,426
Depreciation charged for the year	17,164	150	17,314
As of 31 December	323	30	353
Accumulated depreciation	10,281	180	10,461
Accumulated impairment losses	7,206	-	7,206
	17,487	180	17,667
Net carrying amount	11,493	1,542	13,035
Fair value	32,000	3,600	35,600

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES (CONT'D)

Company	Freehold buildings RM'000
2019	
Cost	
As of 1 January/31 December	3,664
Accumulated depreciation	
As of 1 January	293
Depreciation for the year	73
As of 31 December	366
Net carrying amount	3,298
Fair value	5,770
2018	
Cost	
As of 1 January/31 December	3,664
Accumulated depreciation	
As of 1 January	220
Depreciation for the year	73
As of 31 December	293
Net carrying amount	3,371
Fair value	5,770

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income	2,441	2,530	700	771
Direct operating expenses	1,791	1,758	-	-



NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES (CONT'D)

Valuation of investment properties

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fair value measurement using significant unobservable inputs (Level 3)				
Fair value of investment properties carried at cost	28,500	35,600	5,770	5,770

Fair value of the investment properties was arrived 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, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Investment properties pledged as security

Freehold buildings of the Group and the Company with net carrying amount of RMNil and RM3,298,000 (2018: RM4,388,000 and RM3,371,000) respectively, is pledged as security for borrowings as disclosed in Note 32.

17. LEASES

(i) As lessee

Right-of-use assets

Group 2019	Bottling plants RM'000	Equipment RM'000	Total RM'000
Cost			
As of 1 January	-	-	-
Impact on adoption of MFRS 16 (Note 42)	4,254	-	4,254
As restated	4,254	-	4,254
Additions, for the year	-	178	178
As of 31 December	4,254	178	4,432
Accumulated depreciation			
As of 1 January	-	-	-
Depreciation for the year	(659)	(44)	(703)
As of 31 December	(659)	(44)	(703)
Net carrying amount	3,595	134	3,729

NOTES TO THE FINANCIAL STATEMENTS

17. LEASES (CONT'D)

(i) As lessee (cont'd)

Right-of-use assets (cont'd)

The Group leases its equipment for 3 years and land premises to operate two of its bottling plants, where the remaining lease term are 5 years and 15 years, respectively. Lease payments of one of the bottling plants were paid upfront for 15 years at the date of commencement and with an option to renew the lease upon expiry of the lease term. With the exception of short-term lease and lease of low value of underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Previously these leases were classified as operating leases under MFRS 117.

In the current financial year, the Group had entered into a new lease agreement for the rental of forklift to be use in its factory and warehouses. The lease term is for a period of 3 years.

Lease liabilities

Group 2019	Bottling plants RM'000	Equipment RM'000	Total RM'000
As of 1 January	-	-	-
Impact on adoption of MFRS 16 (Note 42)	3,542	-	3,542
As restated	3,542	-	3,542
Additions for this year	-	178	178
Finance costs	165	2	167
Repayments of lease liabilities	(554)	(44)	(598)
Repayments of finance costs	(165)	(2)	(167)
As of 31 December	2,988	134	3,122

There were no lease liabilities in relation to one of the bottling plants amounting to RM805,000 (2018: RM Nil) which were paid upfront for 15 years. In previous year, it was classified as long term prepaid expenses as disclosed in Note 21.

The maturity analysis of the lease liabilities are presented below:

Group 2019	Bottling plants RM'000	Equipment RM'000	Total RM'000
Less than one year	583	59	642
Between 1 year and 5 years	2,405	75	2,480
	2,988	134	3,122



NOTES TO THE FINANCIAL STATEMENTS

17. LEASES (CONT'D)

(i) As lessee (cont'd)

Lease liabilities (cont'd)

Amounts recognised in profit or loss

Group	2019
Leases under MFRS 16	RM'000
Depreciation expense on right-of-use assets	703
Interest expense on lease liabilities	167
Expense relating to leases of low value assets	127

Amounts recognised in statement of cash flows

Group	2019
	RM'000
Total cash outflow for leases	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 RM632,000 (2018: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS

17. LEASES (CONT'D)

(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 reporting date.

	Group
	2019
	RM'000
Amounts receivable under finance leases:	
Less than one year	420
Year 1	420
Year 2	420
Year 3	420
Year 4	248
Undiscounted lease payments	1,928
Unguaranteed residual values	932
	2,860
Less: Unearned finance income	(1,168)
Present value of lease payment receivable	1,692
Impairment loss allowance	-
Net investment in the lease	1,692
Undiscounted lease receivables analysed as:	
Recoverable within 12 months	420
Recoverable after 12 months	1,508
	1,928
Net investment in the lease analysed as:	
Recoverable within 12 months	115
Recoverable after 12 months	1,577
	1,692



NOTES TO THE FINANCIAL STATEMENTS

17. LEASES (CONT'D)

(ii) As lessor (cont'd)

Finance lease receivables (cont'd)

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

	Group
	2019 RM'000
As of 1 January	
Additions during the year	1,732
Finance lease income recognised	131
Repayments of finance lease receivables	(171)
As of 31 December	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 2019, the Group recognised finance lease income from the lease receivables of RM131,000 (2018 : RM Nil) as part of the Group 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.

Rental income recognised in profit or loss of the Group for the financial year ended 31 December 2019 amounting to RM2,441,000 (2018: RM2,530,000).

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

Future minimum lease receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2019 RM'000	2018 RM'000
Less than one year	1,138	2,028
Between one and five years	137	1,778
	1,275	3,806

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost (a)	234,354	256,004
Less: Accumulated impairment losses (b)	(34,572)	(46,222)
	199,782	209,782
Advances to subsidiaries (c)	207,390	213,468
Less: Accumulated impairment losses	(145,193)	(160,272)
	62,197	53,196
Financial guarantees (f)	10,397	10,397
Less: Accumulated impairment losses	(3,113)	(3,113)
	7,284	7,284
	269,263	270,262

A list of the subsidiaries is shown in Note 44.

a) Movement of cost of unquoted shares:

	Company	
	2019 RM'000	2018 RM'000
As of 1 January	256,004	253,571
Additional for the year (e)(i)	-	5,537
Share capital reduction (d)(i)	(10,000)	-
Write-off of investment in subsidiaries (d) (iii)	(11,650)	(3,104)
As of 31 December	234,354	256,004

b) Movement in impairment account for unquoted shares:

	Company	
	2019 RM'000	2018 RM'000
As of 1 January	46,222	43,789
Charge for the year (Note 9)	-	5,537
Write-off of investment in subsidiaries	(11,650)	(3,104)
As of 31 December	34,572	46,222



NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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:

	Company	
	2019 RM'000	2018 RM'000
As of 1 January	213,468	244,025
Addition for the year	54	1,121
Transfer from amount due from subsidiaries (Note 22)	8,993	10,693
Repayment for the year	(15,125)	(36,834)
Capitalised during the year	-	(5,537)
As of 31 December	207,390	213,468

Movement in impairment account for advances to subsidiaries:

	Company	
	2019 RM'000	2018 RM'000
As of 1 January	160,272	202,643
Allowance of impairment (Note 9)	46	-
Reversal of impairment on advances to subsidiaries (Note 18(d)(ii))	(15,125)	(42,371)
As of 31 December	145,193	160,272

d) Transactions during the financial year

(i) Share capital reduction

During the year, the subsidiary, 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 during the financial year. These reversals amounting to RM15,125,000 has been recognised in the statement of profit or loss.

(iii) Strike off of dormant subsidiaries

During the financial year, the write-off of investment in subsidiaries amounting RM11,650,000 is due to the following dormant subsidiaries, which have 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

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

d) Transactions during the financial year (cont'd)

(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 at a total consideration of RM1,465,000.

The disposal was completed on 8 November 2019 with a gain on disposal of RM293,000.

On 19 July 2019, a wholly owned subsidiary of the Company, KUB Power Sdn Bhd, has disposed its shareholdings of its 50% equity interest comprising 1 units of ordinary shares representing RM1 of issued shares of Kiew Energy Sdn Bhd at a total consideration of RM1. There was no gain or loss recognised for this disposal.

e) Transactions during the previous year

(i) Subscription of new shares in the subsidiaries

The Company had increased its investment in a subsidiary amounting to RM5,537,000 by capitalising the advances given to the said subsidiary.

(ii) Strike off of dormant subsidiaries

During the previous year, two dormant subsidiaries, namely Pelita Espipi Sdn Bhd and ITAR-ILP (Prai) Sdn Bhd, have been struck off from the register pursuant to Section 550 of the Companies Act, 2016 and are accordingly dissolved. The investment was fully impaired in the previous year.

(iii) Reversal of impairment on advances to subsidiaries

The Company had reversed its impairment on advances to subsidiaries upon repayment of RM36,834,000 and capitalisation of advances amounting to RM5,537,000.

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 year and which have been capitalised as part of the investment in these subsidiary companies.

g) Material non-controlling interests

Details of non-wholly owned subsidiaries that have material non-controlling interests:

Name of subsidiaries	Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
KUB Sepadu Sdn Bhd	1,507	(7,195)	7,407	5,900
KUB Maju Mill Sdn Bhd	(531)	(13,477)	(18,544)	(18,013)
	976	20,672	(11,137)	(12,113)

Proportion of ownership held by non-controlling interests in KUB Sepadu Sdn Bhd: 40% (2018: 40%) and KUB Maju Mill Sdn Bhd: 34% (2018: 34%).

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.



NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

g) Material non-controlling interests (cont'd)

In the previous year, the Group has classified the business operations of both companies as part of discontinued operations as disclosed in Note 13.

(i) Summarised statement of financial position

	KUB Sepadu RM'000	KUB Maju Mill RM'000
2019		
Non-current assets	50,534	18
Current assets	6,449	961
Total assets	56,983	979
Non-current liabilities	7,831	-
Current liabilities	30,635	55,519
Total liabilities	38,466	55,519
Total equity/(capital deficiency)	18,517	(54,540)
2018		
Non-current assets	1,407	71
Non-current assets held for sale	52,618	45,594
Current assets	2,763	1,362
Total assets	56,788	47,027
Non-current liabilities	33,299	57,275
Current liabilities	8,738	42,731
Total liabilities	42,037	100,006
Total equity/(capital deficiency)	14,751	(52,979)

(ii) Summarised statements of profit or loss

	KUB Sepadu RM'000	KUB Maju Mill RM'000
2019		
Revenue	18,193	-
Profit/(Loss) for the year	3,768	(1,561)
2018		
Revenue	19,763	37,877
Loss for the year	(17,988)	(39,638)

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- g) Material non-controlling interests (cont'd)
 (iii) Summarised statement of cash flows

	KUB Sepadu RM'000	KUB Maju Mill RM'000
2019		
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
2018		
Net cash outflows from:		
- Operating activities	(4,146)	(1,527)
- Investing activities	(3,951)	(636)
- Financing activities	(692)	(3,952)
Net cash outflows	(8,789)	(3,061)

19. INVESTMENT IN ASSOCIATES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares, at cost	26,833	26,833	25,854	25,854
Share of post-acquisition reserves	38,701	33,428	-	-
	65,534	60,261	25,854	25,854
Less: Accumulated impairment losses	(17,834)	(17,834)	(16,854)	(16,854)
	47,700	42,427	9,000	9,000

A list of the associates is shown in Note 45.



NOTES TO THE FINANCIAL STATEMENTS

19. INVESTMENT IN ASSOCIATES (CONT'D)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

KUB-Berjaya Enviro Sdn Bhd

(i) Summarised statement of financial position

	2019 RM'000	2018 RM'000
Non-current assets	180,621	167,937
Current assets	39,693	40,170
Total assets	220,314	208,107
Non-current liabilities	47,005	46,837
Current liabilities	54,060	55,204
Total liabilities	101,065	102,041
Total equity	119,249	106,066

(ii) Summarised statements of profit or loss

	2019 RM'000	2018 RM'000
Revenue	79,992	70,853
Profit for the year	13,183	8,281
The Group's share of profit	5,273	3,313
Dividend received from the associates during the year	-	2,880

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates.

	2019 RM'000	2018 RM'000
Net assets as of 1 January	106,066	104,985
Profit for the year	13,183	8,281
Less: Dividend for the year	-	(7,200)
Net assets as of 31 December	119,249	106,066
Interest in associate	40%	40%
Carrying value of Group's interest in associates	47,700	42,427

(iv) There is no financial information available for the associates that are not individually material as of 31 December 2019. These associates are dormant companies and the Group and Company have fully impaired the carrying amount for these associates in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

20. OTHER INVESTMENTS

	Group/Company	
	2019 RM'000	2018 RM'000
Investments in equity instruments designated as FVTOCI		
- quoted shares in Malaysia	5,339	2,889
Investments in equity instruments designated as FVTPL		
- unquoted shares	1,657	1,674
Total other investments	6,996	4,563

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. LONG TERM PREPAID EXPENSES

	Group	
	2019 RM'000	2018 RM'000
As of 1 January	805	-
Reclassification to lease (Note 17)	(805)	-
Addition	-	865
Less: Amount due within the next 12 months	-	(60)
As of 31 December	-	805

The above represents amount prepaid for lease of land for period of 15 years. The non-current portion of the long term prepaid expenses is expected to be utilised as follows:

	Group	
	2019 RM'000	2018 RM'000
Between one and five years	-	300
More than five years	-	505
	-	805

With the implementation of MFRS 16, the above long term prepaid expenses have been reclassified to right-of-use assets as per Note 17.



NOTES TO THE FINANCIAL STATEMENTS

22. DUE FROM/(TO) SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Non-current		
Due from subsidiaries	13,982	13,908
Less: Allowance for impairment losses (a)	(13,982)	(13,908)
	-	-
Due to subsidiaries	-	9,775
Current		
Due from subsidiaries	9,946	4,443
Less: Allowance for impairment losses	(2,075)	(1,261)
	7,871	3,182
Due to subsidiaries	715	10,289

During the financial year, amount due from subsidiaries of RM8,993,000 (2018: RM10,693,000) has been transferred and capitalised as investment in subsidiaries company.

The amount due from/(to) subsidiaries are unsecured and bears interest at the market Base Lending Rate ('BLR') of 6.90% (2018: 6.65%) per annum.

The amounts due from subsidiaries classified under non-current assets are not expected to be recalled in the next twelve months whilst the amounts due to subsidiaries under non-current liabilities are not due to be settled within the next twelve months.

The amounts classified under current are repayable on demand.

Movement in allowance for impairment accounts:

	Company	
	2019 RM'000	2018 RM'000
As of 1 January	15,169	14,452
Charged for the year (Note 9)	1,249	1,261
Reversal for the year (Note 9)	(361)	(544)
As of 31 December	16,057	15,169

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	Group		Company	
	2019 RM'000	2018 RM000	2019 RM'000	2018 RM'000
Trade				
Trade receivables (a)	28,826	23,699	-	-
Less: Allowance for impairment losses				
Lifetime ECL - Non credit - impaired	(681)	(582)	-	-
Lifetime ECL - Credit - impaired	(2,494)	(2,770)	-	-
	(3,175)	(3,352)	-	-
	25,651	20,347	-	-
Non-trade				
Government subsidy receivable	10,386	9,294	-	-
Deposits	3,829	7,212	253	253
GST receivables	2,773	6,938	-	-
Prepaid expenses	712	1,541	15	39
Other receivables	4,123	3,666	1,503	374
Less: Allowance for impairment losses (b)	(1,400)	(1,226)	-	-
	2,723	2,440	1,503	374
	20,423	27,425	1,771	666
	46,074	47,772	1,771	666
Gross retention sum on contract included within trade receivables	5,252	4,636	-	-

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 30 to 90 days) terms.

The allowance for impairment losses for trade receivables are measured based on the simplified approach within MFRS 9 using the lifetime expected credit losses (ECL). The ECL on non credit-impaired trade receivables are collectively impaired by using an estimated provision matrix with expected credit loss rate based on groupings of various customer segments with similar loss patterns (ie. business segments, customer type and rating, and coverage by bank guarantee or other forms of credit insurance) and credit risk grade report from a credit rating agency.

The Group has recognised a loss allowance of 100% (2018: 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

23. 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			
	2019		2018	
	Gross carrying amount RM'000	Lifetime ECL RM'000	Gross carrying amount RM'000	Lifetime ECL RM'000
Days past due:				
Not past due	19,853	368	17,249	337
< 30 days	2,656	64	1,956	84
31 - 60 days	2,383	138	983	54
61 - 90 days	964	92	226	20
91 - 180 days	476	19	515	87
> 1 year	2,494	2,494	2,770	2,770
Total	28,826	3,175	23,699	3,352

Movement in allowance for impairment that has been recognised for trade receivables:

	Group	
	2019 RM'000	2018 RM'000
As of 1 January	3,352	6,354
Charged for the year	393	527
Written off during the financial year	-	(3,435)
Reversal during the year (Note 9)	(570)	(94)
As of 31 December	3,175	3,352

(b) Other receivables

Movement in allowance for impairment that has been recognised for other receivables:

	Group	
	2019 RM'000	2018 RM'000
As of 1 January	1,226	627
Charged for the year	174	1,226
Disposal of subsidiary	-	(627)
As of 31 December	1,400	1,226

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS (CONT'D)

(c) Contract assets

	Group	
	2019 RM'000	2018 RM'000
Construction costs incurred to date	58,739	84,385
Attributable profits less recognised losses	4,231	8,495
	62,970	92,880
Allowance for impairment	(9)	(103)
Provision for foreseeable losses	(522)	(1,180)
Progress billing to date	(63,080)	(89,770)
Contract (liabilities)/assets, net	(641)	1,827
Analysed as:		
Contract assets	340	2,065
Contract liabilities (Note 34)	(981)	(238)

Construction contracts revenue and costs are disclosed in Notes 5 and 6 respectively.

24. DEFERRED TAX LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
As of 1 January	12,532	10,218
Recognised in profit or loss	671	2,314
As of 31 December	13,203	12,532
Deferred tax expense for the year		
- continuing operations	671	219
- discontinued operations	-	2,095
Deferred tax expense for the year	671	2,314

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	
	2019 RM'000	2018 RM'000
Deferred tax assets	(382)	-
Deferred tax liabilities	13,585	12,532
	13,203	12,532



NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
As of 1 January 2018	12,312
Recognised in profit or loss	220
As of 31 December 2018/1 January 2019	12,532
Recognised in profit or loss	1,053
As of 31 December 2019	13,585

Deferred tax assets of the Group:

	Unutilised business losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
As of 1 January 2018	(1,680)	(2,109)	1,695	(2,094)
Recognised in profit or loss	1,680	2,109	(1,695)	2,094
As of 31 December 2018/1 January 2019	-	-	-	-
Recognised in profit or loss	-	(313)	(69)	(382)
As of 31 December 2019	-	(313)	(69)	(382)

Deferred tax assets have not been recognised in respect of the following items due to the uncertainty of their recoverability:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised business losses	94,813	73,308	8	8
Unabsorbed capital allowances	27,539	38,815	3,204	3,204
Other deductible temporary differences	811	1,390	-	-
	123,163	113,513	3,212	3,212
Effect of disposal of a subsidiary on unutilised business losses and unabsorbed capital allowances	-	(14,780)	-	-
	123,163	98,733	3,212	3,212

The unutilised business losses, unabsorbed capital allowances and other deductible temporary differences of the Group and of the Company are available for offsetting against future taxable profits of the respective entities within 7 years, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX LIABILITIES (CONT'D)

Reconciliation on the temporary differences with its maturity to be utilised in future years is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
7 years	24,430	98,733	-	3,212
6 years	98,733	-	3,212	-
Total temporary differences	123,163	98,733	3,212	3,212

25. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Raw materials	2,796	4,976
Finished goods	1,489	1,634
Consumables	536	179
Parts and components	-	164
	4,821	6,953

Cost of inventories recognised as an expense during the year in respect of continuing operations were RM356,805,000 (2018: RM470,011,000).

The cost of inventories recognised as an expense includes RM632,000 (2018: RM2,086,000) in respect of write-down of inventory to net relisable value.

26. BIOLOGICAL ASSETS

	Group	
	2019 RM'000	2018 RM'000
As of 1 January	724	830
Gain/(Loss) from changes in fair value	550	(106)
As of 31 December	1,274	724

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 year ended 31 December 2019, the Group harvested approximately 106,012 tonnes of FFB (2018: 110,668 tonnes). The quantity of unharvested FFB of the Group as at 31 December 2019 included in the fair valuation of FFB was 3,630 tonnes (2018: 3,825 tonnes).



NOTES TO THE FINANCIAL STATEMENTS

26. BIOLOGICAL ASSETS (CONT'D)

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.

27. SHORT TERM INVESTMENT

	Group	
	2019 RM'000	2018 RM'000
Short term investment at FVTPL:		
Investment in unit trust fund	-	20,193
Gain on investments at FVTPL comprised:		
Realised gain on redemption (Note 9)	274	17
Unrealised gain on changes in fair values (Note 9)	-	838
	274	855

The short term investment is measured at FVTPL which is readily convertible to cash.

28. CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	25,875	75,691	3,187	1,888
Deposits with licensed banks	119,752	47,741	44,732	16,706
	145,627	123,432	47,919	18,594

Included in cash at banks of the Group is an amount of RM6,776 (2018: RM6,645) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which is restricted from use in other operations.

Included in cash at banks of the Group is an amount of RM229,000 (2018: RM1,395,000) held by a subsidiary's branch that operates in a jurisdiction where there are legal restrictions of foreign exchange controls that restrict the Group's access to, and use of, the subsidiary's cash balances.

Included in deposits with licensed banks of the Group is an amount of RM32,018,000 (2018: RM30,598,000) which has been pledged as security for borrowings of the Group as disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

28. CASH AND BANK BALANCES (CONT'D)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as of the reporting date:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	145,627	123,432	47,919	18,594
Less: Deposits pledged with licensed banks	(32,018)	(30,598)	-	-
Cash and cash equivalents	113,609	92,834	47,919	18,594

The weighted average effective interest rates ('WAEIR') as of the reporting date the Group and the Company's non-pledged deposits with licensed banks are as follows:

	Group		Company	
	2019	2018	2019	2018
WAEIR (%)	3.2	3.3	3.1	3.5
Maturity period (days)	29	30	31	29

The currency profile of cash and bank balances is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia Ringgit	145,398	122,037	47,919	18,594
Bangladeshi Taka	229	1,395	-	-
	145,627	123,432	47,919	18,594

29. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019 '000	2018 '000	2019 RM'000	2018 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.



NOTES TO THE FINANCIAL STATEMENTS

30. RESERVES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital reserve	(a)	34,016	34,016	-	-
Fair value adjustment reserve	(b)	3,322	872	3,322	872
Merger reserve	(c)	11,147	11,147	-	-
Discount paid on acquisition of non-controlling interest	(d)	971	971	-	-
Total		49,456	47,006	3,322	872

(a) Capital reserve arose from the capitalisation of bonus shares issued by certain subsidiaries in prior years.

(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	
	2019 RM'000	2018 RM'000
As of 1 January	872	3,111
Gain/(Loss) on fair value	2,450	(2,239)
As of 31 December	3,322	872

(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.

31. DIVIDENDS

The Directors do not recommend any dividend payment for the financial year ended 31 December 2019.

The dividends paid during the previous year were as follows:

	Company Net Dividend per share	
	2018 RM'000	2018 Sen
First and final single tier dividend paid in respect of financial year ended 31 December 2017	5,565	1.0
Interim single tier dividend paid in respect of financial year ended 31 December 2018	5,565	1.0
	11,130	2.0

NOTES TO THE FINANCIAL STATEMENTS

32. BORROWINGS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Long-term borrowings				
Secured				
Term loans (a)	70,667	114,554	-	-
Hire purchase payables (b)	366	609	24	123
	71,033	115,163	24	123
Short-term borrowings				
Secured				
Term loans (a)	4,933	8,602	-	-
Revolving credits	8,000	16,941	-	1,000
Bankers acceptances	20,000	30,000	-	-
Hire purchase payables (b)	236	222	92	80
	33,169	55,765	92	1,080
Total borrowings				
Term loans (a)	75,600	123,156	-	-
Revolving credits	8,000	16,941	-	1,000
Bankers acceptances	20,000	30,000	-	-
Hire purchase payables (b)	602	831	116	203
	104,202	170,928	116	1,203

The range of weighted average effective of interest rates ('WAEIR') (% per annum) of the borrowings at the reporting date are as follows:

	Group		Company	
	2019 WAEIR %	2018 WAEIR %	2019 WAEIR %	2018 WAEIR %
Term loans	4.35 - 5.37	4.82 - 5.50	-	-
Hire purchase	4.77 - 6.97	4.77 - 6.97	5.41	5.41
Revolving credits	4.99 - 6.30	5.40 - 6.30	-	6.30
Bankers acceptances	3.79 - 4.17	4.42 - 4.80	-	-

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 as disclosed in Notes 13, 15 and 28.

The facilities of the Group except for hire purchase amounting to RM103,600,000 (2018: RM170,097,000) 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 RM78,769,000 (2018: RM100,026,000) as per explained in Note 39(b).



NOTES TO THE FINANCIAL STATEMENTS

32. BORROWINGS (CONT'D)

(a) Term loans

	Group	
	2019 RM'000	2018 RM'000
The maturity profile of the Group's term loans are as follows:		
Less than 1 year	4,933	8,602
Between 1 year and 5 years	20,726	36,500
More than 5 years	49,941	78,054
	75,600	123,156

(b) Hire purchase payables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Future minimum hire purchase payables				
Less than 1 year	244	228	95	81
Between 1 year and 5 years	391	651	25	130
Total future minimum lease payments	635	879	120	211
Less: Future finance charges	(33)	(48)	(4)	(8)
	602	831	116	203
Analysis of present value of hire purchase payables				
Less than 1 year	236	222	92	80
Between 1 year and 5 years	366	609	24	123
	602	831	116	203
Less: Due within 12 months	(236)	(222)	(92)	(80)
Due after 12 months	366	609	24	123

NOTES TO THE FINANCIAL STATEMENTS

32. 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 consolidated statements of cash flows as cash flow from financing activities.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As of 1 January:				
Term loans	123,156	55,082	-	1,000
Hire purchase payables	831	835	203	286
Short term borrowings	46,941	-	1,000	-
	170,928	55,917	1,203	1,286
Drawdown during the financial year:				
Term loans	-	77,245	-	-
Short term borrowings	40,000	46,941	-	1,000
	40,000	124,186	-	1,000
Repayment during the financial year:				
Term loans	(47,556)	(5,310)	(1,000)	(1,000)
Hire purchase payables	(229)	(200)	(87)	(83)
Short term borrowings	(58,941)	-	-	-
	(106,726)	(5,510)	(1,087)	(1,083)
Disposal of the subsidiary				
- Term loan	-	(3,861)	-	-
Non-cash changes				
- New hire purchase	-	196	-	-
As of 31 December:				
Term loans	75,600	123,156	-	-
Hire purchase payables	602	831	116	203
Short term borrowings	28,000	46,941	-	1,000
Total	104,202	170,928	116	1,203



NOTES TO THE FINANCIAL STATEMENTS

33. 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 current financial year, the deferred income was transferred to assets held for sale following the disposal of the mill.

	Group	
	2019 RM'000	2018 RM'000
As of 1 January	2,513	2,620
Addition	2,298	-
Transfer to assets held for sale (Note 13)	(4,811)	-
Amortisation for the year	-	(107)
As of 31 December	-	2,513

34. TRADE AND OTHER PAYABLES, REFUNDABLE CYLINDER DEPOSITS AND CONTRACT LIABILITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	(Re-presented)			
Current liabilities				
Trade payables:				
Trade payables (a)	44,912	47,771	-	-
Non-trade payables:				
Other payables	11,961	16,607	9,050	8,015
Deposits	-	-	276	1,242
Refundable cylinder deposits (b)	24,555	26,856	-	-
Provisions (c)	316	316	-	-
	36,832	43,779	9,326	9,257
	81,744	91,550	9,326	9,257

(a) Trade payables

These amounts are non-interest bearing and normally settled between 60 to 90 days (2018: 60 to 90 days) terms.

NOTES TO THE FINANCIAL STATEMENTS

34. TRADE AND OTHER PAYABLES, REFUNDABLE CYLINDER DEPOSITS AND CONTRACT LIABILITIES (CONT'D)

(b) Refundable cylinder deposits

	Group	
	2019 RM'000	2018 RM'000
Current	24,555	26,856
Non-current	17,778	14,949

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 RM17,778,000 (2018: RM14,949,000) 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 year is as follows:

	Group	
	2019 RM'000	2018 RM'000
As of 1 January 2018	316	257
Additions (Note 9)	-	59
As of 31 December	316	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	
	2019 RM'000	2018 RM'000
Construction contracts (Note 23)	981	238

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

35. DERIVATIVES

Group	2019		2018	
	Contract/ notional amount RM'000	Fair value of derivative liabilities RM'000	Contract/ notional amount RM'000	Fair value of derivative assets RM'000
Current				
Forward currency contracts	22,309	(21)	22,047	23

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 reporting date.

During the financial year, the Group recognised a loss of RM20,924 (2018: gain of RM22,751) arising from fair value changes of derivatives as of reporting date. 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.

36. COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION

(a) Capital commitments

Authorised capital expenditure not provided for in the financial statements:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment				
- Contracted	1,054	2,132	-	-
- Not contracted	6,353	19,148	-	248
	7,407	21,280	-	248

(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.

NOTES TO THE FINANCIAL STATEMENTS

36. COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION (CONT'D)

(c) Material litigation

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

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

The winding up petition together with the Order for IL was served on KUB Sepadu on 16 December 2019.

On 18 December 2019, KUB Agro Holdings Sdn Bhd, the immediate holding company of KUB Sepadu as the Opposing Contributory filed an application to set aside the Order for IL ('Setting Aside Application'). On 20 December 2019, the High Court granted a stay on the Order for IL pending the disposal of the winding up petition and/or Setting Aside Application.

The court hearing for the case was on 4 March 2020 and at the hearing date, the Minority Shareholders requested for the matter to be adjourned. The Court allowed the adjournment and fixed a new hearing date on 18 May 2020.

The Group has made an 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.

37. RELATED PARTY DISCLOSURES

(a) The Company had the following transactions with related parties during the financial year:

	Company	
	2019 RM'000	2018 RM'000
Management fees from subsidiaries	5,406	8,013
Rental income from subsidiaries	291	631
IT services rendered by a subsidiary	(227)	(108)
Interest income from subsidiaries	864	632
Interest expense charged by subsidiaries	(808)	(1,665)
Advances to subsidiaries (net)	(5,577)	(2,050)

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, associate or joint venture 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

37. RELATED PARTY DISCLOSURES (CONT'D)

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.

Information regarding outstanding balances arising from related party transactions as of 31 December 2019 and 31 December 2018 are disclosed in Notes 18 and 22.

(b) Remuneration of key management personnel other than Directors:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other key management personnel				
Salaries, allowances and bonuses	3,463	5,122	2,114	3,438
Defined contribution plan	424	607	260	405
Social security contributions	8	12	5	7
Other benefits	429	-	100	-
	4,324	5,741	2,479	3,850

Key management personnel comprises 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 includes persons other than the Directors within the Group.

(c) Transactions between the Group and the Company with a company/firm in which certain Director is a common Director or a partner:

Group	Transactions amount for year ended 31 December 2019 RM'000	Transactions amount for year ended 31 December 2018 RM'000
	Zul Rafique & Partners*	
Provision of legal services	50	245
Company		
Zul Rafique & Partners*		
Provision of legal services	-	112

* a firm in which a former Director of the Company, YM Tunku Alizan bin Raja Muhammad Alias is a partner. He has resigned from the Board of Directors on 4 March 2019. All transactions with Zul Rafique & Partners were fully paid as at 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities of the Group and of the Company as of 31 December 2019 and 2018 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 reporting date except for:

	2019		Group		2018	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities at amortised cost						
Term loans (Note 32)	75,600	72,156	123,156	117,414		
Hire purchase payables (Note 32)	602	591	831	812		
	2019		Company		2018	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liability at amortised cost						
Hire purchase payables (Note 32)	116	115	203	199		

The fair value of term loans and hire purchase payables is determined by discounting the present value of future cash flows, at the market rate at the end of the reporting date.



NOTES TO THE FINANCIAL STATEMENTS

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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:

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
As of 31 December 2019					
Financial assets:					
Fair value through other comprehensive income					
- investment in quoted shares	20	5,339	-	-	5,339
Fair value through profit or loss					
- investment in unquoted shares	20	-	-	1,657	1,657
Financial liabilities:					
Derivatives - Forward currency contracts	35	-	21	-	21

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
As of 31 December 2018					
Financial assets:					
Fair value through other comprehensive income					
- investment in quoted shares	20	2,889	-	-	2,889
Fair value through profit or loss					
- investment in unquoted shares	20	-	-	1,674	1,674
Derivatives - Forward currency contracts	35	-	23	-	23

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 years ended 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value of financial instrument that are carried at fair value (cont'd)

Categories of financial instruments:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial assets					
At amortised costs:					
Trade and other receivables	23	45,362	46,231	1,756	627
Due from subsidiaries	22	-	-	7,871	3,182
Cash and bank balances	28	145,627	123,432	47,919	18,594
At FVTOCI:					
Other investments					
- investment in quoted shares	20	5,339	2,889	5,339	2,889
At FVTPL:					
Other investments					
- investment in unquoted shares	20	1,657	1,674	1,657	1,674
Short term investment	27	-	20,193	-	-
Derivative financial assets	35	-	23	-	-
Financial liabilities					
At amortised costs:					
Trade and other payables	34	81,744	91,550	9,326	9,257
Lease liabilities	17	3,122	-	-	-
Borrowings	32	104,202	170,928	116	1,203
Due to subsidiaries	22	-	-	715	20,064
Refundable cylinder deposits	34	17,778	14,949	-	-
At FVTPL:					
Derivative financial liabilities	35	21	-	-	-

39. 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 and 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.



NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade 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.

Exposure to credit risk

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 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 RM10,465,000 and RM11,701,000 (2018: RM9,359,000 and RM7,788,000) representing 23% and 25% (2018: 20% and 16%) of the Group's total net trade and other receivables, respectively.

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 23 includes further details on the loss allowance for these assets respectively.

The Company has no default experiences on corporate guarantee provided to the bank for banking facilities granted to subsidiaries.

(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.

NOTES TO THE FINANCIAL STATEMENTS

39. 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 reporting date based on contractual undiscounted repayment obligations.

	← Group →			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As of 31 December 2019				
Financial liabilities:				
Refundable cylinder deposits	-	-	17,778	17,778
Trade and other payables	81,744	-	-	81,744
Lease liabilities*	780	2,714	-	3,494
Borrowings*	37,223	34,545	62,347	134,115
Total undiscounted financial liabilities	119,747	37,259	80,125	237,131
As of 31 December 2018				
Financial liabilities:				
Refundable cylinder deposits	-	-	14,949	14,949
Trade and other payables	91,550	-	-	91,550
Borrowings*	62,422	61,093	92,685	216,200
Total undiscounted financial liabilities	153,972	61,093	107,634	322,699
	← Company →			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As of 31 December 2019				
Financial liabilities:				
Trade and other payables	9,326	-	-	9,326
Due to subsidiaries*	586	-	-	586
Borrowings*	96	24	-	120
Total undiscounted financial liabilities	10,008	24	-	10,032
As of 31 December 2018				
Financial liabilities:				
Trade and other payables	9,257	-	-	9,257
Due to subsidiaries*	16,010	5,233	-	21,243
Borrowings*	1,091	135	-	1,226
Total undiscounted financial liabilities	26,358	5,368	-	31,726

* The amount inclusive both principal and interest throughout the tenure.



NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

For the financial year ended 31 December 2019, 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 RM78,769,000 (2018: RM100,026,000) 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 and the Company'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 and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company 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 of the reporting date and the maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk is disclosed in Notes 28 and 32.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM129,000 (2018: RM211,000) 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.

(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 are 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 35. 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 of the reporting date is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Trade payables hedged using forward currency contracts	22,309	22,047
Unhedged trade payables	-	74
	22,309	22,121

NOTES TO THE FINANCIAL STATEMENTS

40. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions by maintaining or adjusting the capital structure, i.e. the Group 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 years ended 31 December 2019 and 31 December 2018.

The Group monitors its capital using a gearing ratio, which is total borrowings divided by shareholders' fund. The Group's gearing ratio as at 31 December 2019 are as follows:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Borrowings - long-term	32	71,033	115,163	24	123
Borrowings - short-term	32	33,169	55,765	92	1,080
Total borrowings		104,202	170,928	116	1,203
Total shareholders' fund		335,132	315,480	350,324	303,048
Gearing ratio		31%	54%	0.03%	0.4%

41. SEGMENT INFORMATION

The Group has five 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 strategic. For each of strategic business units the chief executive officer reviews internal management reports on a regular basis.

The five reportable divisions are as follows:

- i) LPG
 - Importation, bottling and trading of liquefied petroleum gas ('LPG')
- ii) Agricultural businesses ('Agro')
 - Oil palm plantations, estate management and palm oil mill
- iii) Information and communications technology ('ICT')
 - Supply of ICT products and services, equipment and maintenance and leasing of telecommunication towers
- iv) Power
 - Engineering and civil works in the power sectors
- v) Others
 - Property management, investment holding and provision of management services

Division performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

During the previous year, the Group has ceased the Food business division following the disposal of A&W (Malaysia) Sdn Bhd and is disclosed as discontinued operations.



NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments-continuing operations

2019	LPG RM'000	Agro RM'000	ICT RM'000	Power RM'000	Others RM'000	Eliminations RM'000	Note	Total RM'000
Revenue								
External sales	325,844	42,338	21,812	7,896	2,593	-		400,483
Inter division sales	-	-	310	-	30,106	(30,416)	A	-
Total revenue	325,844	42,338	22,122	7,896	32,699	(30,416)		400,483
Results								
Profit/(Loss) from operations	16,593	5,623	(5,072)	(1,157)	3,373	-		19,360
Finance income	1,914	71	325	36	853	-		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)	(1,121)	9,315	-		20,590
Zakat	(155)	-	-	-	-	-		(155)
Taxation	(3,043)	233	24	961	(279)	-		(2,104)
Segment profit/(loss)	14,467	(271)	(4,741)	(160)	9,036	-		18,331

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION (CONT'D)
 (a) Business segments-continuing operations (cont'd)

2019	LPG RM'000	Agro RM'000	ICT RM'000	Power RM'000	Others RM'000	Note	Total RM'000
Other information							
Depreciation	(7,483)	(7,129)	(228)	(71)	(1,727)	B	(16,638)
Allowance for impairment on trade and other receivables	(5)	-	(209)	(120)	(233)		(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/off	-	(632)	-	-	-		(632)
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	-	3,537	-	-	25,265		28,802
Gain on disposal of subsidiary	-	-	-	-	293		293
Gain on fair value changes on biological assets	-	550	-	-	-		550
Reversal of allowance for impairment on receivables	-	50	-	462	58		570
Reversal of allowance for impairment losses contract assets	-	-	-	94	-		94



NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION (CONT'D) (a) Business segments - continuing operations (cont'd)

2019	LPG RM'000	Agro RM'000	ICT RM'000	Power RM'000	Others RM'000	Total RM'000
Assets						
Segment assets	162,627	187,333	23,841	12,350	110,630	496,781
Investment in associates	-	-	-	-	47,700	47,700
Non-current assets held for sale	-	-	-	-	1,840	1,840
Total assets	162,627	187,333	23,841	12,350	160,170	546,321
Liabilities						
Segment liabilities	106,516	97,558	3,380	6,491	7,736	221,681
Additions to non-current assets: - Property, plant and equipment	16,678	1,856	196	23	581	19,334

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments - continuing operations (cont'd)

2018 (Re-presented)	LPG RM'000	Agro RM'000	ICT RM'000	Power RM'000	Others RM'000	Eliminations RM'000	Note	Total RM'000
Revenue								
External sales	404,645	67,536	24,170	23,162	2,809	-		522,322
Infer division sales	-	-	261	-	29,893	(30,154)	A	-
Total revenue	404,645	67,536	24,431	23,162	32,702	(30,154)		522,322
Results								
Profit/(Loss) from operations	20,893	(34,410)	(4,450)	5,714	(15,082)	-		(27,335)
Finance income	1,095	233	392	7	400	-		2,127
Finance costs	(1,157)	(6,974)	(16)	(5)	(122)	-		(8,274)
Share of results of associates	-	-	-	-	3,313	-		3,313
Profit/(Loss) before zakat and taxation	20,831	(41,151)	(4,074)	5,716	(11,491)	-		(30,169)
Zakat	(1,210)	(165)	-	-	-	-		(1,375)
Taxation	(3,858)	(477)	(342)	(993)	(225)	-		(5,895)
Segment profit/(loss)	15,763	(41,793)	(4,416)	4,723	(11,716)	-		(37,439)



NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments - continuing operations (cont'd)

2018	LPG RM'000	Agro RM'000	ICT RM'000	Power RM'000	Others RM'000	Note	Total RM'000
Other information							
Depreciation	(5,483)	(3,956)	(218)	(64)	(8,924)	B	(18,645)
Allowance for impairment on trade and other receivables	-	(258)	(226)	(1,268)	(1)		(1,753)
Allowance for impairment on contract assets	-	-	-	(34)	-		(34)
Impairment losses on property, plant and equipment	-	(26,094)	-	-	-		(26,094)
Property, plant and equipment written off	-	-	(192)	-	-		(192)
Inventories written down/off	-	(1,990)	(96)	-	-		(2,086)
Loss on fair value changes in biological assets	-	(106)	-	-	-		(106)
Gain on disposal of property, plant and equipment	301	65	4	-	-		370
Gain on disposal of non-current assets held for sale	2,727	-	-	-	3,482		6,209
Reversal of allowance for impairment on receivables	-	-	-	-	94		94

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments

2018	LPG RM'000	Agro RM'000	ICT RM'000	Power RM'000	Others RM'000	Total RM'000
Assets						
Segment assets	187,517	135,221	41,887	13,512	70,148	448,285
Investment in associates	-	-	-	-	42,427	42,427
Non-current assets held for sale	-	98,212	-	-	8,593	106,805
Total assets	187,517	233,433	41,887	13,512	121,168	597,517
Liabilities						
Segment liabilities	112,838	155,161	6,759	7,426	11,321	293,505

Additions to non-current assets:

- Property, plant and equipment
- Investment properties

49,046	117,993	277	63	890	168,269
-	-	-	-	868	868



NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION (CONT'D)

(b) The reportable segments of discontinued operations that are not included in the above segmental reporting are as follows:

2018	Food RM'000
Revenue	
External sales	47,136
Results	
Loss from operations	(3,046)
Finance income	59
Finance cost	(219)
Loss before taxation	(3,206)
Taxation	(2,129)
	(5,335)
Gain on sale of discontinued operation	23,279
Segment profit for the period	17,944

No segment assets and liabilities for the Food segment following the disposal of A&W (Malaysia) Sdn Bhd during the previous year.

A Inter-segment revenues are eliminated on consolidation is as follows:

	Company	
	2019 RM'000	2018 RM'000
Dividend income	24,700	21,880
Management fees	5,406	8,013
ICT services	310	261
	30,416	30,154

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 RM130,313,000 (2018: RM187,012,000).

NOTES TO THE FINANCIAL STATEMENTS

42. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

MFRS 16 Leases

In the current year, the Group has applied MFRS 16 that is effective for annual periods that begin on or after 1 January 2019.

MFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of MFRS 16 on the Group's consolidated financial statements is described below.

The Group has chosen to adopt modified retrospective application of MFRS 16 which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2019 and that comparatives will not be restated.

The Group's activities as a lessor are not material and hence has no significant impact on the financial statements.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in MFRS 117 and IFRIC 4. The Group applies the definition of a lease and related guidance set out in MFRS 16 to all contracts entered into or changed on or after 1 January 2019.

(b) Impact on Lessee Accounting

(i) Former operating leases

MFRS 16 changes how the Group accounts for leases previously classified as operating leases under MFRS 117, which were off balance sheet.

Applying MFRS 16, for all leases (except as noted below), the Group:

- (a) Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- (b) Recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- (c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

For short-term leases (lease term of 12 months or less) and leases of low-value assets the Group has opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within 'administrative expenses' in profit or loss.

(ii) Former finance leases

The main differences between MFRS 16 and MFRS 117 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. MFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by MFRS 117. This change did not have a material effect on the Group's consolidated financial statements.



NOTES TO THE FINANCIAL STATEMENTS

42. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

MFRS 16 Leases (cont'd)

(c) Impact on Lessor Accounting

MFRS 16 does not change substantially how a lessor accounts for leases. Under MFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. The Group's activities as a lessor not material hence the changes did not significantly impact to the financial statements.

(d) Financial impact of the initial application of MFRS 16

The following table explains the difference between operating lease commitments as of 31 December 2018, and lease liabilities recognised in the consolidated statement of financial position as of 1 January 2019:

	RM'000
Operating lease commitments as of 31 December 2018	4,075
Effect of discounting the above amount at the implicit and incremental borrowing rate of 5.00%	(406)
Leases of low value assets recognised on a straight-line basis as expense (Note 17)	(127)
Lease liabilities recognised as of 1 January 2019 (Note 17)	3,542

The tables below show the amount of adjustment for each financial statement line item affected by the application of MFRS 16 for the current year.

Impact on profit/(loss) for the year

	2019 RM'000
Increase in depreciation of right-of-use asset	(703)
Increase in finance costs	(167)
Decrease in administrative expenses	825
Decrease in profit for the year	(45)

NOTES TO THE FINANCIAL STATEMENTS

42. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

MFRS 16 Leases (cont'd)

(d) Financial impact of the initial application of MFRS 16 (cont'd)

Impact on statements of financial position as of 1 January 2019

	As previously reported RM'000	Impact on MFRS 16 RM'000	As restated RM'000
Non-current assets			
Right-of-use assets (i)	-	4,254	4,254
Long-term prepaid expenses (ii)	805	(805)	-
Current assets			
Prepaid expenses (ii)	60	(60)	-
Non-current liabilities			
Lease liabilities (i)	-	2,987	2,987
Current liabilities			
Lease liabilities (i)	-	555	555
Equity			
Retained earnings (iii)	39,611	(153)	39,458

Group as a lessee:

- (i) The application of MFRS 16 to leases previously classified as operating leases under MFRS 117 resulted in the recognition of right-of-use assets of RM4,254,000 and lease liabilities of RM3,542,000.
- (ii) The long term prepaid expenses have been reclassified as right-of-use assets upon adoption of MFRS 16.
- (iii) The impact on retained earnings is due to the timing different when measuring the right-of-use assets and the lease liability. The right-of-use assets is measured at the asset's carrying value as if MFRS 16 have been applied since the commencement date of the lease while the lease liability is measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

43. SIGNIFICANT EVENTS

Significant events during the financial year

- (a) On 20 December 2018, the Company and its indirect wholly-owned subsidiary, KUB Tower Sdn Bhd ('KUBT') had entered into a Supplemental Agreement to vary the terms of the principal Sale and Purchase Agreement dated 21 November 2016 in relation to the disposal of a piece of leasehold land of the Company to KUBT measuring approximately 4,238 square metres held under H.S.(D) 316917, PT 9 Seksyen 26, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor ('the Land') for a total consideration of RM35,535,000.

On 20 December 2018, its wholly-owned subsidiary, KUB Ekuiti Sdn Bhd ('KUBE') has entered into a Share Sale Agreement with a third party 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 to Kasmuncak Holdings Sdn Bhd for a total consideration of RM1,465,000.

(the above is collectively referred to as the 'Proposed Disposals')

The Proposed Disposals were completed on 8 November 2019 and KUBT accordingly ceased to be a subsidiary of KUBE.



NOTES TO THE FINANCIAL STATEMENTS

43. SIGNIFICANT EVENTS (CONT'D)

Significant events during the financial year (cont'd)

(b) On 22 July 2019, KUB Maju Mill Sdn Bhd ('KUBMA') and KUB Sepadu Sdn Bhd ('KUBS') had respectively entered into the sale and purchase agreements with a third party for the disposal of a mill, ancillary equipment and machineries ('the Factory') for RM43,000,000 and the disposal of a plot of leasehold land measuring approximately sixty (60) hectares for RM1,800,000 ('Proposed Disposals').

The Group has a 66% and 60% effective interest in KUBMA and KUBS via its wholly owned subsidiary namely KUB Agro Holdings Sdn Bhd which in turn a wholly owned subsidiary of KUB Ekuiti Sdn Bhd.

The Proposed Disposals were completed on 22 November 2019.

44. 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**		% of ownership interest and voting power held non-controlling**		Principal activities
		2019	2018	2019	2018	
		%	%	%	%	
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 (formerly known as KUB Gaz 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	86	14	14	Dormant
Peramining Sdn Bhd*	Malaysia	100	100	-	-	Dormant
Utama Steel Works Sdn Bhd##	Malaysia	-	51	-	49	Dormant
Gerik Timber Industries Sdn Bhd*	Malaysia	100	100	-	-	Dormant
KUB Malua Plantation Sdn Bhd	Malaysia	100	100	-	-	Cultivation and management of oil palm estates
Cybertrek (Malaysia) Sdn Bhd*	Malaysia	100	100	-	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS

44. INVESTMENTS IN SUBSIDIARIES (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 non-controlling**		Principal activities
		2019	2018	2019	2018	
		%	%	%	%	
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	100	100	-	-	Assembly and commissioning of telecommunication equipment
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	100	-	-	Dormant
KUB Gas Sdn Bhd*	Malaysia	100	100	-	-	Dormant
KUB Microelectronics Sdn Bhd*	Malaysia	78	78	22	22	Dormant
Perumahan KUB Sdn Bhd*	Malaysia	100	100	-	-	Dormant
KUB Tower Sdn Bhd^	Malaysia	-	100	-	-	Property development and project management
KUB Gas Terminal Sdn Bhd*	Malaysia	100	100	-	-	Liquefied petroleum gas storage
KFT International (Malaysia) Sdn Bhd	Malaysia	100	100	-	-	Assembly and installation telecommunication equipment



NOTES TO THE FINANCIAL STATEMENTS

44. INVESTMENTS IN SUBSIDIARIES (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 non-controlling**		Principal activities
		2019	2018	2019	2018	
		%	%	%	%	
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 KUB Power Sdn Bhd:						
Kiev Energy Sdn Bhd^	Malaysia	-	50	50	-	Investment holding
Held through Kiev Energy Sdn Bhd:						
Kiev CRG Sdn Bhd^	Malaysia	-	100	-	-	Erect build, operate and maintain all types of energy systems

NOTES TO THE FINANCIAL STATEMENTS

44. INVESTMENTS IN SUBSIDIARIES (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 non-controlling**		Principal activities
		2019	2018	2019	2018	
		%	%	%	%	
Held through KUB Telekomunikasi Sdn Bhd:						
KUB Research Sdn Bhd##	Malaysia	-	100	-	-	Dormant
Held through ITTAR Sdn Bhd:						
ITTAR-IPP (PJ) Sdn Bhd*	Malaysia	100	100	-	-	Dormant
Held through KUB Realty Sdn Bhd:						
KUB Realty (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	100	-	-	Dormant

** Equals to the proportion of voting rights held.

* Audited by firms other than Deloitte PLT.

The subsidiaries have been struck off the register pursuant to Section 550 of the Companies Act, 2016 in the current financial year.

^ The subsidiaries were disposed in the current year.



NOTES TO THE FINANCIAL STATEMENTS

45. 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		Principal activities
		2019	2018	
		%	%	
Held by the Company:				
KUB-Berjaya Enviro Sdn Bhd	Malaysia	40	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

46. COMPARATIVE FIGURES

(i) Changes to the Statements of Profit or Loss

During the previous year ended 31 December 2018, the Group commenced active discussions with potential buyers as the Board of Directors resolved to dispose its group of assets consisting of an oil palm plantation and a palm oil mill in Mukah, Sarawak. Following this, the Group has classified the financial results of KUB Sepadu Sdn Bhd and KUB Maju Mill Sdn Bhd as part of discontinued operations.

However, in the current financial year, the sale of the oil palm plantation was aborted except for the 60 hectares of leasehold land which was to facilitate the disposal of the mill. Due to this, the Group has re-presented both subsidiaries' financial results as part of continuing operations as the mill's disposal no longer represents a separate major line of business and/or geographical area of operations. As a result, certain comparative figures of the Group in the statements of profit or loss for the year ended 31 December 2018, and the related notes to the financial statements have been re-presented to conform to the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

46. COMPARATIVE FIGURES (CONT'D)

(i) Changes to the Statements of Profit or Loss (cont'd)

Group	As previously reported RM'000	Adjustments RM'000	As Re- presented RM'000
Continuing operations			
Revenue	480,074	42,248	522,322
Cost of sales	(439,746)	(50,398)	(490,144)
Gross profit	40,328	(8,150)	32,178
Other income	15,379	677	16,056
Distribution expenses	(1,315)	-	(1,315)
Administrative expenses	(37,745)	(3,079)	(40,824)
Other expenses	(4,852)	(28,578)	(33,430)
Profit/(Loss) from operating activities	11,795	(39,130)	(27,335)
Finance income	1,971	156	2,127
Finance costs	(5,550)	(2,724)	(8,274)
Share of results of associates	3,313	-	3,313
Profit/(Loss) before zakat and taxation	11,529	(41,698)	(30,169)
Zakat	(1,375)	-	(1,375)
Taxation	(5,893)	(2)	(5,895)
Profit/(Loss) for the year from continuing operations	4,261	(41,700)	(37,439)
Discontinued operations			
(Loss)/Profit for the year from discontinued operations, net of tax	(23,756)	41,700	17,944
Loss for the year	(19,495)	-	(19,495)



NOTES TO THE FINANCIAL STATEMENTS

46. COMPARATIVE FIGURES (CONT'D)

(ii) Changes to the Statements of Financial Position

Refundable cylinder deposits

	Group		
	As previously reported RM'000	Adjustments RM'000	As Re- presented RM'000
Current			
Trade and other payables	106,499	(14,949)	91,550
Non-current			
Refundable cylinder deposits	-	14,949	14,949

During the financial year, the Group has assessed and classified RM14,949,000 of refundable cylinder deposits into non-current liabilities based on the Group's long term experiences dealing with the customers for more than 5 years and currently still active.

47. EVENT AFTER REPORTING PERIOD

The Covid-19 pandemic has impacted significantly on the global and domestic economies and as such may have an adverse impact on the results of the Group and the Company for the financial year ending 31 December 2020. For the Group and the Company's financial statements for the financial year ended 31 December 2019, the COVID-19 pandemic and the related impacts are considered as non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as of 31 December 2019. The Group and the Company are closely monitoring the situation and will make appropriate decisions as well as undertake necessary measures to minimise the impact on the Group's and the Company's operations.

STATEMENT BY DIRECTORS

The Directors of **KUB MALAYSIA BERHAD**, state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

DATUK SERI JOHARI BIN ABDUL GHANI

DATO' AB RAHIM BIN ABU BAKAR

30 April 2020

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **AHMED FAIRUZ BIN ABDUL AZIZ**, the officer 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** at **PETALING JAYA** in the State of **SELANGOR DARUL EHSAN** on 30th day of April, 2020.

Before me:

Gunalan a/l Munusamy (B459)
Commissioner for Oaths



LIST OF PROPERTIES

AS AT 31 DECEMBER 2019

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/19 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB MALAYSIA BERHAD							
Unit No. C301, C3A01, C801, C901, C1001 & C1101 held under Master Title HS(D) 111073, PT No. 9 Mukim of Damansara District of Petaling	Office Space	Commercial	43,657 sq. feet	Freehold	16,743	9	24 May 2010
KUB AGRO HOLDINGS SDN BHD							
Unit No. 39-1, 39-2, 39-3, 39-4, 39-5, Ground Floor, Block 4 Lot 3407, Seksyen 13 District of Petaling Mukim Bandar Shah Alam	Office Space	Commercial	8,010 sq. feet	Leasehold (99 years expiring 2109)	3,131	6	15 Apr 2013
KAHANG ESTATE							
Lot No. 2836 Mukim of Paloh PTD No. 3796 Mukim of Kahang District of Kluang Johor	Oil Palm Plantation	Agricultural	956.12 hectares	Leasehold (99 years expiring 2086)	7,763	-	17 Mar 1987
SUNGAI YONG ESTATE							
PTD No. 4901 Mukim of Kahang PTD No. 26005 and 26006 Mukim of Kluang District of Kluang Johor	Oil Palm Plantation	Agricultural	1,491.81 hectares, 147.54 hectares and 60.69 hectares respectively	Leasehold (99 years expiring 2093)	8,614	-	14 Nov 1994
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	2,435.3 hectares	Leasehold (60 years expiring 2050)	15,228	-	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	2,240.90 hectares	Leasehold (60 years expiring 2052)	33,932	-	10 May 1999

LIST OF PROPERTIES

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/19 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB MALUA PLANTATION SDN BHD							
Kg Kuamut Sg Kinabatangan Sabah	Oil Palm Plantation	Agricultural	1,534 hectares	Leasehold (999 years expiring 2887)	100,173	-	03 Jan 2018
KUB DEVELOPMENT BERHAD							
PT 515, PT 518, PT 524, PT 520 – PT 523, PT 528 – PT 543 and PT 546 – PT 555 Bukit Mawat Mukim of Ulu Melaka District of Langkawi Kedah	Vacant Agricultural Land	Agricultural	46.81 hectares	Freehold	4,388	-	01 Dec 2004
Lot 12701 Mukim of Seriting Ulu District of Jempol Negeri Sembilan	Vacant Development Land	Industrial	8.04 hectares	Leasehold (99 years expiring 2086)	679	-	1999
PERAHARTA SDN BHD							
Lot 4180N Bangunan Seri Kinta Jalan Sultan Idris Shah Ipoh Perak	4-Storey Podium Commercial and 9-Storey Tower Block	Commercial	56,894 sq. feet	Strata Title	5,483	36	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)	1,290	29	04 Dec 2012
SOLAR GAS SDN BHD (FORMERLY KNOWN AS KUB GAZ SDN BHD)							
PTD 40053 Mukim of Tebrau District of Johor Bahru Johor	Land, Office and Plant	Industrial	143,609 sq. feet	Freehold	988	32	07 Jul 1998
KUB GAS TERMINAL SDN BHD							
HS(D) 67801, PT 64539 Mukim Klang Klang Selangor	Vacant Land	Industrial	31,014.61 square meters	Leasehold (99 years expiring 2097)	18,874	-	25 Sep 2018



ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2020

Issued Shares : RM228,863,000.00 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	7,717	14.37	319,854	0.06
100 – 1,000	25,960	48.34	16,529,967	2.97
1,001 – 10,000	17,220	32.07	49,330,060	8.87
10,001 – 100,000	2,512	4.68	81,212,810	14.59
100,001 to less than 5%	292	0.54	113,368,940	20.37
5% and above	2	0.00	295,703,059	53.14
Total	53,703	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' Ab Rahim bin Abu Bakar	-	-	-
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.	Tengku Zahaimi bin Tuan Hashim	-	-	-
8.	Megat Joha bin Megat Abdul Rahman	-	-	-

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			-	-
	Shares held in the name of : Cimsec Nominees (Tempatan) Sdn Bhd	183,400,000	32.96		
	Datuk Seri Johari bin Abdul Ghani*	-	-	183,400,000	32.96
2.	Anchorscape Sdn Bhd	112,303,059	20.18	-	-

Notes:

* Deemed interest by virtue of his interest in JAG Capital Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS

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	112,303,059	20.18
3.	Leong Kong Min	6,866,700	1.23
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng	5,800,000	1.04
5.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah	4,479,200	0.80
6.	Lim Gaik Bway @ Lim Chiew Ah	4,313,500	0.78
7.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Paramjit Singh Gill	4,070,000	0.73
8.	Fung Heen Choon	2,750,000	0.49
9.	Tan Kar Meng	2,557,200	0.46
10.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Cheong Poon	2,100,000	0.38
11.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak	2,000,000	0.36
12.	Ker Chwee Geok	1,240,000	0.22
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Bee Lian	1,190,000	0.21
14.	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd	1,100,000	0.20
15.	Lee Cheang Mei	1,100,000	0.20
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chea Jian Kai	1,066,000	0.19
17.	Olive Lim Swee Lian	1,000,000	0.18
18.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Han Keong	1,000,000	0.18
19.	Yap Heng Sang	967,500	0.17
20.	Chee Sok Mee	961,800	0.17
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Aik	929,300	0.17
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Vincent Tan Chee Yioun	900,000	0.16
23.	Yeo Hock Kim	835,000	0.15
24.	Chor Chee Heung	800,000	0.14
25.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Syarifah Anita Ibrahim	750,000	0.13
26.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Joo Theam	700,000	0.13
27.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teah Bee Fong	700,000	0.13
28.	Sukumaran s/o Ramasamy	700,000	0.13
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Yok Son @ Tan Siew Tuan	680,700	0.12
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Swee Heng	660,000	0.12

GROUP DIRECTORY



LPG DIVISION

- Solar Gas Sdn Bhd (196901000777 (9189-U))
(formerly known as KUB Gaz Sdn Bhd)

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 Office

(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

(Johor Bahru Branch)
16, Jalan Kangkar Tebrau
81100 Johor Bahru
Johor Darul Takzim
Tel : +(607) 333 1351
Fax: +(607) 332 6527

(Beranang Branch)
No. 2, Jalan Perusahaan 3
Kawasan Perusahaan Beranang
43700 Beranang
Selangor Darul Ehsan
Tel : +(603) 8725 6660
Fax: +(603) 8725 6855



INFORMATION AND COMMUNICATION TECHNOLOGY DIVISION

- KUB Telekomunikasi Sdn Bhd (199101019684 (230021-D))
- Connecta Sdn Bhd (202001002285 (1358604-W))

Corporate Office

Unit G30, Level G-Unit 430
Level 4, Block 4
Laman Seri Business Park
Persiaran Sukan
Section 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +(603) 5514 3800
Fax: +(603) 5510 0242



AGRO DIVISION

- KUB Agro Holdings Sdn Bhd (197901002890 (47135-V))
- KUB Sepadu Sdn Bhd (199601019820 (392172-H))
- KUB Maju Mill Sdn Bhd (199401022159 (307838-U))
- KUB Malua Plantation Sdn Bhd (198001008932 (62716-K))

Corporate Office

Level 3A, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7680 9600
Fax: +(603) 7680 9777



POWER DIVISION

- KUB Power Sdn Bhd (199201004834 (236338-P))

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 0018
Fax: +(603) 7610 0017



OTHERS

- Peraharta Sdn Bhd (197401002041 (19250-X))

Corporate Office

Level 3A, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7860 9600
Fax: +(603) 7860 9777

Note: Registered Office of all Companies located at:

KUB Malaysia Berhad (196501000205 (6022-D))

Level 3A, Unit 1, Capital 3, Oasis Square, Ara Damansara, Jalan PJU 1A/7A, 47301 Petaling Jaya, Selangor Darul Ehsan
Tel : +(603) 7680 9600 Fax: +(603) 7680 9777

Website : www.kub.com