



**Interim Financial Report on
Unaudited Consolidated Results for the
Third Quarter Ended
30 September 2014**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 September 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2013 RM'000	CURRENT YEAR TO DATE 30/9/2014 RM'000	PRECEDING YEAR TO DATE 30/9/2013 RM'000
CONTINUING OPERATIONS				
Revenue	171,340	215,767	517,405	679,252
Operating expenses	(166,322)	(216,398)	(512,449)	(678,562)
Other operating income	812	1,449	5,305	5,553
Results from operating activities	5,830	818	10,261	6,243
Finance income	563	594	1,575	1,632
Finance costs	(1,294)	(1,646)	(4,069)	(4,642)
Share of profit of associates	2,026	4,748	6,468	7,463
Profit / (loss) before tax	7,125	4,514	14,235	10,696
Income tax expense	(3,142)	220	(5,412)	(1,963)
Profit / (loss) for the period from continuing operations	3,983	4,734	8,823	8,733
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations	(384)	(447)	(1,110)	(2,298)
Profit / (loss) for the period	3,599	4,287	7,713	6,435
Other comprehensive income:				
Net gain / (loss) on available-for-sale financial assets	(534)	225	(1,345)	1,119
Foreign currency translation	109	(942)	(28)	(1,752)
Total comprehensive income / (loss) for the period	3,174	3,570	6,340	5,802
Profit / (loss) attributable to:				
Owners of the parent				
- from continuing operations	2,757	4,346	6,816	9,448
- from discontinued operations	(384)	(447)	(1,110)	(2,298)
	2,373	3,899	5,706	7,150
Non-controlling interest	1,226	389	2,007	(714)
	3,599	4,288	7,713	6,436
Total comprehensive income / (loss) attributable to:				
Owners of the parent	1,948	3,181	4,333	6,516
Non-controlling interest	1,226	389	2,007	(714)
	3,174	3,570	6,340	5,802
Earnings / (Loss) per share attributable to owners of the parent (sen) :				
Basic and diluted				
- from continuing operations	0.50	0.78	1.22	1.70
- from discontinued operations	(0.07)	(0.08)	(0.20)	(0.41)
	0.43	0.70	1.03	1.28

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2013.

KUB MALAYSIA BERHAD

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 30/9/2014 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2013 RM'000
Assets		
Property, plant and equipment	141,281	135,408
Land held for property development	4,608	4,609
Plantation development expenditure	47,291	45,679
Investment properties	22,957	37,617
Investment in associates	22,832	27,164
Other investments	5,780	7,124
Intangible assets	3,291	560
Deferred tax assets	11,394	11,592
Total non-current assets	259,434	269,753
Inventories	19,433	17,863
Trade and other receivables	132,280	199,495
Tax recoverable	499	714
Cash and bank balances	124,212	128,003
Total current assets	276,424	346,075
Non-current assets held for sale	14,132	1,993
Assets of disposal group classified as held for sale	3,913	5,707
Total Assets	553,903	623,528
Equity		
Share capital	222,586	222,586
Reserves	48,413	49,786
Retained earnings	6,665	959
Total equity attributable to owners of the parent	277,664	273,331
Non-controlling interest	10,544	13,247
Total equity	288,208	286,578
Liabilities		
Borrowings	43,530	42,693
Deferred tax liabilities	13,443	13,445
Total non-current liabilities	56,973	56,138
Trade and other payables	181,747	222,844
Provision for tax	5,747	5,655
Borrowings	19,214	49,872
Derivative financial liability	173	98
Total current liabilities	206,881	278,469
Liabilities of disposal group classified as held for sale	1,841	2,343
Total liabilities	265,695	336,950
Total equity and liabilities	553,903	623,528
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.50	0.49

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2013.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners		Attributable to owners of the parent										Non-controlling interests
	Equity, total	of the parent	Share capital	Share premium	Retained earnings / (loss)	Other Reserves, total	Capital reserve	Capital redemption reserve	Fair value adjustment reserve	Premium paid on acquisition non-controlling interests	Translation reserve	Merger reserve	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	286,578	273,331	222,586	5,965	959	43,821	34,016	312	4,967	(7,019)	398	11,147	13,247
Profit for the period	7,713	5,706	-	-	5,706	-	-	-	-	-	-	-	2,007
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(1,373)	(1,373)	-	-	-	(1,373)	-	-	(1,345)	-	(28)	-	-
Total comprehensive income / (loss)	6,340	4,333	-	-	5,706	(1,373)	-	-	(1,345)	-	(28)	-	2,007
Acquisition of non controlling interest	(4,710)	-	-	-	-	-	-	-	-	-	-	-	(4,710)
At 30 September 2014	288,208	277,664	222,586	5,965	6,665	42,448	34,016	312	3,622	(7,019)	370	11,147	10,544
At 1 January 2013	281,041	265,440	222,586	5,965	(3,618)	40,507	34,016	312	2,041	(7,019)	10	11,147	15,601
Profit for the period	6,436	7,150	-	-	7,150	-	-	-	-	-	-	-	(714)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(633)	(633)	-	-	-	(633)	-	-	1,119	-	(1,752)	-	-
Total comprehensive income / (loss)	5,803	6,517	-	-	7,150	(633)	-	-	1,119	-	(1,752)	-	(714)
Subscription of shares in subsidiary by minority interest	1,433	-	-	-	-	-	-	-	-	-	-	-	1,433
Capital repayment in subsidiary	(4,050)	-	-	-	-	-	-	-	-	-	-	-	(4,050)
Dividend paid to minority interest at subsidiary	(100)	-	-	-	-	-	-	-	-	-	-	-	(100)
At 30 September 2013	284,127	271,957	222,586	5,965	3,532	39,874	34,016	312	3,160	(7,019)	(1,742)	11,147	12,170

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2013.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR YEAR TO DATE 30/9/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2013 RM'000
Profit / (Loss) before taxation		
- Continuing Operation	14,235	10,696
- Discontinued Operation	(1,110)	(2,298)
Adjustments for :		
Depreciation of property, plant and equipment	10,534	10,150
Depreciation of investment properties	428	1,086
Amortisation of plantation development expenditure	1,829	1,865
Amortisation of intangible assets	88	70
Gain on disposal of property, plant and equipment	(231)	(142)
Gain on disposal of assets held for sale	(1,235)	(219)
Property, plant and equipment written off	650	292
Reversal of impairment loss on receivables	(378)	-
Impairment loss on receivables	247	-
Impairment loss on property, plant and equipment	-	243
Share of profit of associates	(6,468)	(7,463)
Others	524	(430)
Operating profit / (loss) before working capital changes	19,113	13,850
Changes in working capital:		
Inventories	(1,524)	(1,373)
Payables	(38,177)	(29,761)
Receivables	72,679	49,745
	32,978	18,611
Tax paid	(5,864)	(630)
Net cash (used in)/generated from operating activities	46,227	31,831
Acquisition of property, plant and equipment	(11,775)	(9,728)
Acquisition of non-controlling interest	(7,650)	-
Disposal of property, plant and equipment, net of cash disposed	219	36
Disposal of Assets Held for Sale, net of cash disposed	3,000	725
Dividend received	282	2,276
Increase in plantation development expenditure	(3,439)	(3,280)
Interest received	1,575	1,659
Other investing activities	-	(277)
Net cash used in investing activities	(17,788)	(8,589)
Changes in deposit pledged with licensed banks	511	9,023
Interest paid	(4,070)	(4,642)
Net (repayment)/drawdown of term loan	(17,774)	(3,906)
Net (repayment)/drawdown of short term borrowings	(9,126)	(312)
Other financing activities	(2,200)	5,914
Net cash generated from/(used in) financing activities	(32,659)	6,077
Net increase/(decrease) in cash and cash equivalents	(4,220)	29,319
Effect in exchange rate fluctuations on cash held	388	(1,751)
Cash and cash equivalents at beginning of period	81,953	40,845
Cash and cash equivalents classified as assets held for sale	(817)	(2,040)
Cash and cash equivalents at end of period	77,304	66,373
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash in hand and at banks	33,156	50,323
Deposits with licensed bank	91,056	88,432
Cash and cash equivalents (as per consolidated statement of financial position)	124,212	138,755
Bank overdrafts	(8,927)	(32,545)
Deposits pledged with licensed banks	(37,981)	(39,837)
	77,304	66,373

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2013.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2013.

The accounting policies and methods of computation adopted by the Group for the interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 December 2013, except for the mandatory adoption of the following new/ revised FRSs and Issues Committee ("IC") Interpretations effective for the financial period beginning on 1 January 2014:

Standard	Title
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The application of the above revised FRSs and IC Interpretations are expected to have no significant impact on the accounting policies and presentation of the financial results of the Group.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

On 2 September 2014, the MASB has announced the Transitioning Entities (TE's) shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

2. Audit report of the preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the year ended 31 December 2013.

3. Seasonal or cyclicity of operations

The Group's operations are not materially affected by seasonal or cyclical factors except for Agro business which is influenced by both CPO prices and FFB crop production which may be affected by weather and cropping patterns. The cyclical swing in FFB crop production is generally at its lowest in the first half of the year, with gradual increase to peak production towards the second half.

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

4. Items of unusual nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date.

5. Changes in estimates

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

6. Debt and equity structure

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

7. Dividends paid

There was no dividend paid in the current quarter and financial year-to-date.

8. Segment reporting

The Group's primary format for reporting segment information is business segments based on the Group's management and internal reporting structure and organised into Information & Communication Technology ("ICT"), Energy, Agro Business ("Agro"), Food & Beverages ("Food"), and Properties, Engineering & Construction ("PEC").

Segment information for the current financial period ended 30 September 2014 is as follows:

Continuing Operations

	ICT	Energy	Agro	Food	PEC	Others	Eliminations	Total
<i>RM'000</i>								
Revenue								
External sales	24,524	383,794	30,316	29,398	49,091	282	-	517,405
Inter-segment sales	275	-	-	-	8,388	19,425	(28,088)	-
Total revenue	24,799	383,794	30,316	29,398	57,479	19,707	(28,088)	517,405
Results								
Profit / (loss) from operations	1,811	5,095	12,115	(324)	1,285	(9,721)	-	10,261
Interest income	222	675	298	-	164	216	-	1,575
Finance costs	(111)	(65)	(455)	(13)	(1,906)	(1,519)	-	(4,069)
Share of profit of associates	-	-	-	-	-	6,468	-	6,468
Profit / (loss) before tax	1,922	5,705	11,958	(337)	(457)	(4,556)	-	14,235
Income tax expense	(46)	(2,881)	(2,048)	13	(347)	(103)	-	(5,412)
Profit / (loss) for the period	1,876	2,824	9,910	(324)	(804)	(4,659)	-	8,823

Discontinued Operations

	Food	Total
<i>RM'000</i>		
Revenue		
External sales	9,611	9,611
Inter-segment sales	-	-
Total revenue	9,611	9,611
Results		
Profit / (loss) from operations	(1,110)	(1,110)
Interest income	-	-
Finance costs	-	-
Profit / (loss) before tax	(1,110)	(1,110)
Income tax expense	-	-
Profit / (loss) for the period	(1,110)	(1,110)

8. Segment reporting (cont'd)

Segment information for the preceding year corresponding period ended 30 September 2013 is as follows:

Continuing Operations

	ICT	Energy	Agro	Food	PEC	Others	Eliminations	Total
RM'000								
Revenue								
External sales	34,131	358,277	24,397	32,928	229,141	378	-	679,252
Inter-segment sales	327	-	-	111	1,081	10,501	(12,020)	-
Total revenue	34,458	358,277	24,397	33,039	230,222	10,879	(12,020)	679,252
Results								
Profit / (loss) from operations	(2,727)	5,695	6,561	822	2,688	(6,796)	-	6,243
Interest income	283	510	395	-	253	191	-	1,632
Finance costs	(17)	(64)	(529)	(72)	(2,366)	(1,594)	-	(4,642)
Share of results of associates	-	-	-	-	-	7,463	-	7,463
Profit / (loss) before tax	(2,461)	6,141	6,427	750	575	(736)	-	10,696
Income tax expense	113	(1,536)	(353)	-	(179)	(8)	-	(1,963)
Profit / (loss) for the period	(2,348)	4,605	6,074	750	396	(744)	-	8,733

Discontinued Operations

	Food	PEC	Total
RM'000			
Revenue			
External sales	12,527	-	12,527
Inter-segment sales	-	-	-
Total revenue	12,527	-	12,527
Results			
Profit / (loss) from operations	(1,651)	(674)	(2,325)
Interest income	-	27	27
Finance costs	-	-	-
Profit / (loss) before tax	(1,651)	(647)	(2,298)
Income tax expense	-	-	-
Profit / (loss) for the period	(1,651)	(647)	(2,298)

Below are the segmental review as compared to previous year corresponding period:

ICT Sector : The revenue from the sector fell to RM24.5 million this period as compared to RM34.1 million in the preceding year. This was primarily due to minimal new projects secured for the current period. However, the financial result for the sector was favourable due to higher margins, with the main contributor coming from the maintenance projects. Included in the previous year's financial result was the payment of Voluntary Separation Scheme to the staff of about RM2.6 million, as a result from the sector's rationalisation exercise in 2013. The Group plans to develop new business pillars towards diversification of business and will venture into more profitable ICT business segments, whilst strengthening the current telecommunication business in both trading and services.

Energy Sector : Revenue was higher by 7% in the current period as compared to the preceding year due to the increase in consumer demand for liquefied petroleum gas (LPG) together with higher average contract price. However, despite lower LPG cost, profit before tax was lower due to the higher administrative fees incurred for securing a new banking facility. Despite it being a highly regulated industry, the Group intends to secure more supplies with competitive prices and increase its LPG storage capacity.

Agro Sector : There was a significant improvement shown by this sector as the revenue was higher due to the higher average fresh fruit bunch (FFB) price, higher average yield per hectare and lower cost of production. Although the price of CPO has weakened in the recent months, the Group believes that it will be stabilised in the near future. The Group is in the midst of constructing a mill in Mukah, Sarawak to further enhance its income and profit margins for this sector and the mill is expected to commence its operation by the third quarter of 2015 .

8. Segment reporting (cont'd)

Food Sector (*Continuing Operations*) : The decline in this sector's revenue by 11% as compared to the preceding year was mainly due to the cessation of its hotel business at the end of last year. Despite the cessation, there was still administrative expenses being incurred which resulted in the loss. For A&W Malaysia, the Group foresees a potential for this business to grow further, hence its intention to increase the market share by opening more outlets.

PEC Sector (*Continuing Operations*) : The sector's loss was mainly contributed by the lower revenue for the current period as there were no big projects undertaken as compared to the preceding year such as the KLIA2 project and the construction of a power substation in Johor Bahru. KUB Precast Sdn Bhd, which manufactures IBS elements, however has managed to generate profit for the period. The Group believes that with aggressive marketing and effective management of resources, KUB Precast is expected to significantly contribute to the profitability of the Group.

9. Notes to profit/(loss) before tax

	9 months ended 30/9/2014 RM'000	9 months ended 30/9/2013 RM'000
Profit/(loss) before tax is arrived after crediting/(charging):		
Interest income	1,575	1,632
Other income including investment income	2,900	3,820
Interest expense	(4,069)	(4,642)
Depreciation and amortisation	(12,879)	(13,171)
Allowance for impairment on receivables	247	(211)
Write off of assets	(650)	(292)
Gain on disposal of property, plant and equipment	231	142
Gain on disposal of assets held for sale	1,235	219
Impairment of assets	-	(243)
Impairment of initial fees	-	(117)
Foreign exchange gain	1,018	1,250
Gain / (loss) on derivatives	(79)	122

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

10. Carrying amount of revalued assets

There is no revaluation of property, plant and equipment brought forward from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

11. Subsequent events

There are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2014 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2014 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the group

On 18 March 2014, the issued and paid up capital of the Company's wholly owned subsidiary, KUB Builders Sdn. Bhd. ("KUBB") has increased from 10,000,000 ordinary shares at RM1.00 per share to 30,000,000 ordinary shares at RM1.00 per share by capitalising the amount owing to its holding Company, KUB Malaysia Berhad of RM20 million. The purpose of the capitalisation of the amount owing is to improve KUBB's financial position.

The authorised share capital of KUBB has also increased from 25,000,000 ordinary shares at RM1.00 per share to 50,000,000 ordinary shares at RM1.00 per share.

On 28 March 2014, the Company has entered into a Share Sale Agreement with JEKS Engineering Sdn. Bhd. for the acquisition of 4,149,000 ordinary shares of RM1.00 each representing 30% of the equity interest held by JEKS in Precast Products Sdn. Bhd. ('PPSB') for a total purchase consideration of RM7,650,000.

The acquisition will allow the Group to have full control of PPSB with the remaining shares in PPSB held by KUB Builders Sdn Bhd.

The purchase consideration has been fully paid and transfer of shares have been completed on 15 June 2014.

12. Changes in the composition of the group (cont'd)

On 27 May 2014, KUBM has entered into a Share Sale Agreement with Mohd Fadzli bin Ghazali for the acquisition of 1,200,000 ordinary shares of RM1.00 each representing 30% of the equity interest held by Mohd Fadzli bin Ghazali in Empirical Systems (M) Sdn Bhd ('Empirical') for a total purchase consideration of RM1.00. The acquisition has made Empirical, a wholly-owned subsidiary of KUB Malaysia Berhad.

Save as disclosed above, there were no other changes in the composition of the Group during the period under review.

13. Capital commitments

There are no capital commitments except as disclosed below:

	9 months ended 30/9/2014 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	15,922
Approved but not contracted for	36,032
	<hr/>

14. Contingent liabilities

There were no material changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2013.

15. Tax

	3 months ended		9 months ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,687	(220)	2,727	1,963
(Over) / under provision in prior year	1,455	-	2,881	-
	<hr/> 3,142	<hr/> (220)	<hr/> 5,608	<hr/> 1,963
Deferred tax:				
Current	-	-	(196)	-
	<hr/> -	<hr/> -	<hr/> (196)	<hr/> -
	<hr/> 3,142	<hr/> (220)	<hr/> 5,412	<hr/> 1,963

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

16. Status of corporate proposals

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

17. Group borrowings and debt securities

		As at end of current quarter 30/9/2014 RM'000
<u>Non-current</u>		
Term loans	- secured	38,950
Finance leases		4,580
		<hr/> 43,530
<u>Current</u>		
Term loans	- secured	7,085
Bankers' acceptances / Trust receipts	- secured	1,984
Bank overdrafts	- secured	8,927
Finance leases		1,218
		<hr/> 19,214

18. Material litigation

For the period under review, the Group does not have any material litigation which would have a material adverse effect on the financial position of the Group.

19. Profit before tax for the current quarter compared to the immediate preceding quarter

During the current quarter, the Group recorded a higher profit before tax of RM7.1 million as compared to a profit before tax of RM4.1 million in the immediate preceding quarter. The improved result was due to better margin contributed by agro sector resulted from improved FFB production and lower cost of production.

20. Review of performance for the current interim financial period compared to the corresponding period in the preceding year

For the current financial period ended 30 September 2014, the Group recorded a revenue of RM517.4 million and a profit before tax of RM14.2 million as compared to the revenue of RM679.3 million and a profit before tax of RM10.7 million in the previous corresponding period. Despite its lower turnover, the profit before tax has improved in the current period as a result of improved gross profit margin particularly by Agro and ICT sectors. Higher FFB price, higher yield per hectare and lower cost of production in Agro sector and revision of cost in ICT sector have contributed to the improvement.

21. Prospects

The Group continues to operate in a competitive business environment and will continue to focus on strengthening the Group's current business, broadening customer base and continue to seek new business opportunities to enhance its profitability.

22. Profit forecast / profit guarantee

The Group has neither made any profit forecast nor issued any profit guarantee during the current quarter and financial year to-date.

23. Dividends

No dividend was declared and paid during the quarter under review. The Board has not made any decision in respect of dividend for the period ended 30 September 2014.

24. Realised and Unrealised Profit/(Losses)

The breakdown of the Group's retained earnings / (loss) as at reporting dates, into realised and unrealised is as follows:

	As at 30/9/2014 RM'000	As at 30/9/2013 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(548,340)	(574,798)
- Unrealised	(3,651)	(8,153)
Total share of retained earnings / (loss) from associated companies		
- Realised	26,642	28,163
- Unrealised	(2,009)	(1,794)
	(527,358)	(556,582)
Group consolidation adjustments	534,023	560,114
Total Group retained earnings / (loss) as per consolidated financial statements	<u>6,665</u>	<u>3,532</u>

25. Earnings / (loss) per share

(a) Basic earnings / (loss) per share

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

	3 months ended		9 months ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
Earnings / (Loss) for the period attributable to owners of the parent	RM'000	RM'000	RM'000	RM'000
- From continuing operations	2,757	4,346	6,816	9,448
- From discontinued operations	(384)	(447)	(1,110)	(2,298)
Weighted average number of ordinary shares in issue	('000)			
	556,465	556,465	556,465	556,465
Basic earnings / (loss) per share				
- From continuing operations	(sen)			
- From discontinued operations	(sen)			
	0.50	0.78	1.22	1.70
	(0.07)	(0.08)	(0.20)	(0.41)

(b) Diluted earnings / (loss) per share

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

26. Related Party Transactions

As at the end of the current period under review, the Group has entered into/or completed the following related party transactions:

a. Transactions between subsidiary and its non-controlling interest

9 months ended
30/9/2014
RM'000

Transactions with Jeks Engineering Sdn Bhd, a major shareholder of KUB Precast Sdn Bhd with 30% equity interest, a Company with interested directors:

- Sales of precast products 3,743

Transactions with Jeks Engineering Pte Ltd, a wholly own subsidiary of Jeks Engineering Sdn Bhd which in turn is a major shareholder of KUB Precast Sdn Bhd with 30% equity interest, a Company with interested directors:

- Sales of precast products 349

The above related party transactions are recurrent transactions of a revenue and expense nature and are entered into in the ordinary course of business on terms not more favourable to the related party than those generally available to the public.

On 15 June 2014, KUB Malaysia Berhad has completed the acquisition of the 30% equity interest in Precast Products Sdn Bhd held by Jeks Engineering Sdn Bhd. Thus, Jeks Engineering Sdn Bhd and Jeks Engineering Pte Ltd have ceased to be the Group's related party.

The above related party transactions represent the transactions beginning 1 January 2014 to 15 June 2014.

b. Transaction between subsidiary and a firm in which certain Director of the Company is a partner

9 months ended
30/9/2014
RM'000

Provision of legal services to subsidiary, KUB Maju Mill Sdn Bhd by Hafarizam Wan & Aisha Mubarak, a firm in which Datuk Mohd Hafarizam Harun is a partner

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By Order of the Board

Sharina Saidon
Company Secretary
25 November 2014