



**Interim Financial Report on
Unaudited Consolidated Results for the
Fourth Quarter Ended
31 December 2014**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 December 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2013 RM'000	CURRENT YEAR TO DATE 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31/12/2013 RM'000
CONTINUING OPERATIONS				
Revenue	159,036	268,604	676,441	947,856
Operating expenses	(168,540)	(276,144)	(680,989)	(954,706)
Other operating income	7,836	4,427	13,141	9,980
Results from operating activities	(1,668)	(3,113)	8,593	3,130
Finance income	1,111	873	2,686	2,505
Finance costs	(840)	(1,946)	(4,909)	(6,588)
Share of profit of associates	284	(1,019)	6,752	6,444
Profit / (loss) before tax	(1,113)	(5,205)	13,122	5,491
Income tax expense	(3,278)	2,265	(8,690)	302
Profit / (loss) for the period from continuing operations	(4,391)	(2,940)	4,432	5,793
DISCONTINUED OPERATIONS				
Profit / (loss) for the period from discontinued operations	1,154	1,447	44	(851)
Profit / (loss) for the period	(3,237)	(1,493)	4,476	4,942
Other comprehensive income:				
Net gain / (loss) on available-for-sale financial assets	(1,328)	1,807	(2,673)	2,926
Foreign currency translation	62	2,140	34	388
Total comprehensive income / (loss) for the period	(4,503)	2,454	1,837	8,256
Profit / (loss) attributable to:				
Owners of the parent				
- from continuing operations	(4,565)	(3,751)	2,251	5,697
- from discontinued operations	1,154	1,447	44	(851)
	(3,411)	(2,304)	2,295	4,846
Non-controlling interest	174	811	2,181	96
	(3,237)	(1,493)	4,476	4,942
Total comprehensive income / (loss) attributable to:				
Owners of the parent	(4,677)	1,644	(344)	8,160
Non-controlling interest	174	810	2,181	96
	(4,503)	2,454	1,837	8,256
Earnings / (Loss) per share attributable to owners of the parent (sen) :				
Basic and diluted				
- from continuing operations	(0.82)	(0.67)	0.40	1.02
- from discontinued operations	0.21	0.26	0.01	(0.15)
	(0.61)	(0.41)	0.41	0.87

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 FOURTH QUARTER ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2014 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2013 RM'000
Assets		
Property, plant and equipment	152,536	135,408
Land held for property development	4,608	4,609
Plantation development expenditure	48,218	45,679
Investment properties	8,183	37,617
Investment in associates	23,116	27,164
Other investments	4,452	7,124
Intangible assets	541	560
Deferred tax assets	9,706	11,592
Total non-current assets	251,360	269,753
Inventories	15,232	17,863
Trade and other receivables	102,251	199,495
Tax recoverable	699	714
Cash and bank balances	125,061	128,003
Total current assets	243,243	346,075
Non-current assets held for sale	24,864	1,993
Assets of disposal group classified as held for sale	975	5,707
Total Assets	520,442	623,528
Equity		
Share capital	222,586	222,586
Reserves	44,087	49,786
Retained earnings	3,044	959
Total equity attributable to owners of the parent	269,717	273,331
Non-controlling interest	10,379	13,247
Total equity	280,096	286,578
Liabilities		
Borrowings	39,788	42,693
Deferred tax liabilities	13,802	13,445
Total non-current liabilities	53,590	56,138
Trade and other payables	164,487	222,844
Provision for tax	2,955	5,655
Borrowings	19,293	49,872
Derivative financial liability	7	98
Total current liabilities	186,742	278,469
Liabilities of disposal group classified as held for sale	14	2,343
Total liabilities	240,346	336,950
Total equity and liabilities	520,442	623,528
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.48	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 FOURTH QUARTER ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the parent →												Non-controlling interests
							← Non-distributable reserves →						
	Equity, total RM'000	Equity attributable to owners of the parent RM'000	Share capital RM'000	Share premium RM'000	Retained earnings / (loss) RM'000	Other Reserves, total RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition non-controlling interests RM'000	Translation reserve RM'000	Merger reserve 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	4,476	2,295	-	-	2,295	-	-	-	-	-	-	-	2,181
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(2,639)	(2,639)	-	-	-	(2,639)	-	-	(2,673)	-	34	-	-
Total comprehensive income / (loss)	1,837	(344)	-	-	2,295	(2,639)	-	-	(2,673)	-	34	-	2,181
Transactions with owners													
Acquisition of non controlling interest	(7,659)	(3,270)	-	-	(210)	(3,060)	(3,060)	-	-	-	-	-	(4,389)
Dividend paid to non-controlling interest at subsidiary	(660)	-	-	-	-	-	-	-	-	-	-	-	(660)
Total transactions with owners	(8,319)	(3,270)	-	-	(210)	(3,060)	(3,060)	-	-	-	-	-	(5,049)
At 31 December 2014	280,096	269,717	222,586	5,965	3,044	38,122	30,956	312	2,294	(7,019)	432	11,147	10,379
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	4,942	4,846	-	-	4,846	-	-	-	-	-	-	-	96
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	3,314	3,314	-	-	-	3,314	-	-	2,926	-	388	-	-
Total comprehensive income / (loss)	8,256	8,160	-	-	4,846	3,314	-	-	2,926	-	388	-	96
Transactions with owners													
Capital repayment in subsidiary interests	(4,050)	-	-	-	-	-	-	-	-	-	-	-	(4,050)
Subscription of shares in subsidiary by non-controlling interest	1,431	(269)	-	-	(269)	-	-	-	-	-	-	-	1,700
Dividend paid to non-controlling interest at subsidiary	(100)	-	-	-	-	-	-	-	-	-	-	-	(100)
Total transactions with owners	(2,719)	(269)	-	-	(269)	-	-	-	-	-	-	-	(2,450)
At 31 December 2013	286,578	273,331	222,586	5,965	959	43,821	34,016	312	4,967	(7,019)	398	11,147	13,247

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 FOURTH QUARTER ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR YEAR TO DATE 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2013 RM'000
Profit / (Loss) before taxation		
- Continuing Operation	13,122	5,491
- Discontinued Operation	44	(851)
Adjustments for :		
Depreciation of property, plant and equipment	14,656	14,588
Depreciation of investment properties	506	1,244
Amortisation of plantation development expenditure	2,428	2,471
Amortisation of intangible assets	111	96
Gain on disposal of property, plant and equipment	(1,469)	(133)
Net gain / (loss) on disposal of assets held for sale	(1,323)	(218)
Property, plant and equipment written off	712	391
Reversal of impairment loss on receivables	(642)	(1,600)
Impairment loss on receivables	245	2,569
Impairment loss on property, plant and equipment	-	330
Share of profit of associates	(6,752)	(6,444)
Others	2,200	8,950
Operating profit / (loss) before working capital changes	23,838	26,884
Changes in working capital:		
Inventories	3,009	3,702
Payables	(63,503)	13,888
Receivables	132,831	10,954
	72,337	28,544
Tax paid	(8,665)	(1,205)
Net cash (used in)/generated from operating activities	87,510	54,223
Acquisition of property, plant and equipment	(47,536)	(17,380)
Acquisition of non-controlling interest	(7,650)	-
Disposal of property, plant and equipment, net of cash disposed	432	400
Disposal of Assets Held for Sale, net of cash disposed	4,545	725
Dividend received	282	247
Increase in plantation development expenditure	(4,977)	(8,771)
Interest received	2,686	2,505
Other investing activities	(2)	(50)
Net cash used in investing activities	(52,220)	(22,324)
Changes in deposit pledged with licensed banks	(224)	10,368
Interest paid	(4,909)	(6,588)
Net (repayment)/drawdown of term loan	(1,756)	(5,995)
Net (repayment)/drawdown of short term borrowings	(28,715)	13,126
Other financing activities	(3,127)	-
Net cash generated from/(used in) financing activities	(38,731)	10,911
Net increase/(decrease) in cash and cash equivalents	(3,441)	42,810
Effect in exchange rate fluctuations on cash held	22	388
Cash and cash equivalents at beginning of period	81,953	40,845
Cash and cash equivalents classified as assets held for sale	(975)	(2,090)
Cash and cash equivalents at end of period	77,559	81,953
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash in hand and at banks	36,643	38,872
Deposits with licensed bank	88,418	89,131
Cash and cash equivalents (as per consolidated statement of financial position) - continuing operation	125,061	128,003
Cash in hand and at banks - discontinued operation	975	2,090
Deposits pledged with licensed banks	(38,716)	(38,492)
Bank overdrafts	(9,761)	(9,648)
	77,559	81,953

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 FOURTH QUARTER ENDED 31 DECEMBER 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:

FRSs	Title
Amendments to FRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements - Investment Entities
Amendments to FRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Financial Instruments : Recognition and Measurement - 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 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 31 December 2014 is as follows:

Continuing Operations

	ICT	Energy	Agro	Food	PEC	Others	Eliminations	Total
<i>RM'000</i>								
Revenue								
External sales	29,957	484,786	40,657	53,517	67,242	282	-	676,441
Inter-segment sales	340	-	-	90	8,388	26,710	(35,528)	-
Total revenue	30,297	484,786	40,657	53,607	75,630	26,992	(35,528)	676,441
Results								
Profit / (loss) from operations	3,108	6,437	15,585	93	(5,514)	(11,116)	-	8,593
Interest income	386	875	783	-	373	269	-	2,686
Finance costs	(115)	(86)	(567)	(17)	(2,226)	(1,898)	-	(4,909)
Share of profit of associates	-	-	-	-	-	6,752	-	6,752
Profit / (loss) before tax	3,379	7,226	15,801	76	(7,367)	(5,993)	-	13,122
Income tax expense	(1,203)	(1,863)	(3,747)	38	(1,786)	(129)	-	(8,690)
Profit / (loss) for the period	2,176	5,363	12,054	114	(9,153)	(6,122)	-	4,432

Discontinued Operations

	PEC	Total
<i>RM'000</i>		
Revenue		
External sales	-	-
Inter-segment sales	-	-
Total revenue	-	-
Results		
Profit from operations	44	44
Interest income	-	-
Finance costs	-	-
Profit / (loss) before tax	44	44
Income tax expense	-	-
Profit / (loss) for the period	44	44

8. Segment reporting (cont'd)

Segment information for the preceding year corresponding period ended 31 December 2013 is as follows:

Continuing Operations

	ICT	Energy	Agro	Food	PEC	Others	Eliminations	Total
RM'000								
Revenue								
External sales	46,270	498,911	35,200	54,137	307,744	5,594	-	947,856
Inter-segment sales	868	-	-	-	1,422	18,202	(20,492)	-
Total revenue	47,138	498,911	35,200	54,137	309,166	23,796	(20,492)	947,856
Results								
Profit / (loss) from operations	3,755	9,626	11,049	(949)	(11,353)	(8,998)	-	3,130
Interest income	391	565	823	-	521	205	-	2,505
Finance costs	(120)	(85)	(534)	-	(3,674)	(2,175)	-	(6,588)
Share of results of associates	-	-	-	-	-	6,444	-	6,444
Profit / (loss) before tax	4,026	10,106	11,338	(949)	(14,506)	(4,524)	-	5,491
Income tax expense	(552)	(3,238)	(983)	(12)	5,109	(22)	-	302
Profit / (loss) for the period	3,474	6,868	10,355	(961)	(9,397)	(4,546)	-	5,793

Discontinued Operations

	PEC	Total
RM'000		
Revenue		
External sales	-	-
Inter-segment sales	-	-
Total revenue	-	-
Results		
Profit / (loss) from operations	(878)	(878)
Interest income	27	27
Finance costs	-	-
Profit / (loss) before tax	(851)	(851)
Income tax expense	-	-
Profit / (loss) for the period	(851)	(851)

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

ICT Sector : The sector's revenue was lower than last year by 36% primarily due to minimal new projects secured for the current period, hence resulted in lower profit before tax by 16%.

Energy Sector : The revenue fell by 3% in the current period as compared to the preceding year due to lower average contract price (CP) despite increase in sales volume for the liquefied petroleum gas (LPG). The profit before tax was lower as compared to the previous year due to higher administrative fees incurred for securing a new banking facility in the current period. Meanwhile in 2013, there was a significant income received from forfeiture of cylinder deposits.

Agro Sector : This sector shown an improvement of 16% in revenue and 39% in profit before tax, attributable to higher average yield per hectare and lower cost of production.

Food Sector : The marginal decline in this sector's revenue as compared to the previous year was mainly due to the closure of few non-performing outlets during the year whilst new outlets were only opened at the end of the year. However, the profit before tax stood higher than previous year as a result of gain on disposal of property of RM1.2 million. During the current quarter, the Group has decided to maintain A&W Thailand as part of the Group's continuing business, hence no longer classified the financial result under the discontinued operation.

8. Segment reporting (cont'd)

PEC Sector (Continuing Operations) : The sector continued to incur losses in the current period resulted from low revenue, additional cost incurred to complete the current projects and high finance cost. Nevertheless, the sector had managed to reduce its losses by 49%.

9. Notes to profit/(loss) before tax

	12 months ended 31/12/2014 RM'000	12 months ended 31/12/2013 RM'000
Profit before tax is arrived after crediting/(charging):		
Interest income	2,686	2,505
Other income including investment income	8,416	8,500
Interest expense	(4,909)	(6,588)
Depreciation and amortisation	(17,701)	(18,399)
Allowance for impairment on receivables	(245)	(2,569)
Write off of assets	(712)	(391)
Gain on disposal of property, plant and equipment	1,469	133
Gain on disposal of assets held for sale	1,323	218
Impairment of assets	-	(330)
Foreign exchange gain	1,940	1,227
Gain / (loss) on derivatives	(7)	(98)

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 31 December 2014 to the date of this announcement which would substantially affect the financial results of the Group for the year ended 31 December 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 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 purchase consideration has been fully paid and transfer of shares have been completed on 15 June 2014.

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.

On 9 December 2014, the issued and paid up capital of KUB Power Sdn Bhd ("KUBP"), a wholly owned subsidiary of KUB Ekuiti Sdn Bhd (a wholly owned subsidiary of the Company), has increased from 3,000,000 ordinary shares at RM1.00 per share to 5,500,000 ordinary shares at RM1.00 per share by capitalising the amount owing to its ultimate holding company, KUB Malaysia Berhad of RM3.0 million.

The authorised share capital of KUBP has also increased from 5,000,000 ordinary shares at RM1.00 per share to 5,500,000 ordinary shares at RM1.00 per share.

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

On 24 December 2014, the Company had entered into the Sale and Share Agreement with KUB Builders Sdn Bhd, a wholly owned subsidiary of the Company, to acquire 9,681,000 ordinary shares of RM1.00 each representing 70% equity interest in KUB Precast Sdn Bhd (formerly known as Precast Products Sdn Bhd), for a total consideration of RM11,359,085.

With the acquisition, the Company holds 100% equity in KUB Precast Sdn Bhd as at 31 December 2014.

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:

	12 months ended 31/12/2014 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	30,932
Approved but not contracted for	21,022
	<u>51,954</u>

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		12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	5,221	5,926	7,948	7,889
(Over) / under provision in prior year	(2,413)	(1,633)	468	(1,633)
	<u>2,808</u>	<u>4,293</u>	<u>8,416</u>	<u>6,256</u>
Deferred tax:				
Current	(179)	(5,605)	(375)	(5,605)
Under/(over) provision in prior year	649	(953)	649	(953)
	<u>470</u>	<u>(6,558)</u>	<u>274</u>	<u>(6,558)</u>
	<u>3,278</u>	<u>(2,265)</u>	<u>8,690</u>	<u>(302)</u>

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 31/12/2014 RM'000
<u>Non-current</u>		
Term loans	- secured	37,303
Finance leases		2,485
		<u>39,788</u>
<u>Current</u>		
Term loans	- secured	6,776
Bankers' acceptances / Trust receipts	- secured	400
Bank overdrafts	- secured	9,761
Finance leases		2,356
		<u>19,293</u>

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 loss before tax of RM1.1 million as compared to a profit before tax of RM7.1 million in the immediate preceding quarter. An adverse result for the current quarter was mainly due to additional cost incurred to complete the projects by the PEC sector, lower share of profit recognised from the associate company and reclassification of A&W Thailand financial results from discontinued operation to continuing operation. The reclassification was made in view of the Group's decision to maintain A&W Thailand as part of the Group's business.

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

For the current financial year ended 31 December 2014, the Group recorded a revenue of RM676.4 million and a profit before tax of RM13.1 million as compared to the revenue of RM947.9 million and a profit before tax of RM5.5 million in the previous corresponding period. Despite its lower turnover, the profit before tax has improved in the current year as a result of improved performance by Agro and Food sectors while PEC sector had managed to reduce its losses. For the ICT and Energy sectors, they remain profitable although there was a reduction in profit before tax by 16% and 28% respectively.

21. Prospects

The Group's business segments are expected to operate in a challenging environment in 2015. However, with the following strategies and prospects, the Group will strive to improve its performance :

ICT Sector : New business pillars are developed to diversify business and venture in more profitable ICT business segments whilst strengthening the current telecommunication business in both trading and services.

Energy Sector : Future outlook for the energy sector will be very challenging due to continuous drop in CP and weaker Ringgit Malaysia against the US Dollars. In view of this, cost of LPG supply will remain the issue despite it being a highly regulated industry and experiencing steady demand from consumers. The Group intends to secure more supplies with competitive prices and increase its LPG storage capacity whilst exploring several avenues to improve its profitability.

Agro Sector : With a newly developed palm oil mill which will commence operation in the third quarter 2015, the Group believes that the sector will remain profitable in the future.

Food Sector : For both A&Ws, the Group foresee a potential for this business to grow further, hence its intention to increase the market share by opening more outlets and improve its cost efficiency.

PEC Sector : The Group believes with potential mega-infrastructure projects to be launched by the Government such as highways, infrastructure projects, power plants and rail-lines, its PEC sector will be able to tap business opportunities thus contribute positively to the Group.

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 year ended 31 December 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 31/12/2014 RM'000	As at 31/12/2013 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(520,863)	(544,552)
- Unrealised	(5,725)	(10,410)
	<u>(526,588)</u>	<u>(554,962)</u>
Total share of retained earnings / (loss) from associated companies		
- Realised	28,759	20,174
- Unrealised	(2,683)	(2,009)
	<u>26,076</u>	<u>18,165</u>
Group consolidation adjustments	503,556	537,756
Total Group retained earnings / (loss) as per consolidated financial statements	<u><u>3,044</u></u>	<u><u>959</u></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		12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Earnings / (Loss) for the period attributable to owners of the parent	RM'000	RM'000	RM'000	RM'000
- From continuing operations	(4,565)	(3,751)	2,251	5,697
- From discontinued operations	1,154	1,447	44	(851)
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) (0.82)	(0.67)	0.40	1.02
- From discontinued operations	(sen) 0.21	0.26	0.01	(0.15)

(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

12 months ended
31/12/2014
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

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26. Related Party Transactions (cont'd)

a. Transactions between subsidiary and its non-controlling interest (cont'd)

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

	12 months ended 31/12/2014 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	294

By Order of the Board

Sharina Saidon
Company Secretary
26 February 2015