



**Interim Financial Report on
Unaudited Consolidated Results for the
First Quarter Ended
31 March 2015**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 March 2015.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	THREE MONTHS ENDED	
	31/3/2015	31/3/2014
	RM'000	RM'000
CONTINUING OPERATIONS		
Revenue	105,485	181,763
Operating expenses	(112,334)	(182,009)
Other operating income	15,725	1,607
Results from operating activities	8,876	1,361
Finance income	386	460
Finance costs	(753)	(1,468)
Share of profit of associates	2,295	2,215
Profit before tax	10,804	2,568
Income tax expense	(56)	(1,289)
Profit for the period from continuing operations	10,748	1,279
DISCONTINUED OPERATIONS		
Loss for the period from discontinued operations	(197)	-
Profit for the period	10,551	1,279
Other comprehensive income:		
Net gain / (loss) on available-for-sale financial assets	700	(1,071)
Foreign currency translation	73	(43)
Total comprehensive income for the period	11,324	165
Profit / (loss) attributable to:		
Owners of the parent		
- from continuing operations	10,530	889
- from discontinued operations	(108)	-
	10,422	889
Non-controlling interest	129	390
	10,551	1,279
Total comprehensive income attributable to:		
Owners of the parent	11,195	(225)
Non-controlling interest	129	390
	11,324	165
Earnings / (Loss) per share attributable to owners of the parent (sen) :		
Basic and diluted		
- from continuing operations	1.89	0.16
- from discontinued operations	(0.02)	-
	1.87	0.16

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 2014.

KUB MALAYSIA BERHAD

(Company No. 6022-D)
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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 31/3/2015 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2014 RM'000
Assets		
Property, plant and equipment	163,237	152,544
Land held for property development	4,609	4,610
Plantation development expenditure	48,433	48,218
Investment properties	8,083	8,183
Investment in associates	25,411	23,116
Other investments	5,152	4,451
Intangible assets	674	545
Deferred tax assets	9,474	9,469
Total non-current assets	265,073	251,136
Inventories	17,505	15,367
Trade and other receivables	112,423	102,067
Tax recoverable	535	699
Cash and bank balances	113,761	125,061
Total current assets	244,224	243,194
Non-current assets held for sale	14,620	24,864
Assets of disposal group classified as held for sale	778	975
Total Assets	524,695	520,169
Equity		
Share capital	222,586	222,586
Reserves	44,860	44,087
Retained earnings	13,465	3,043
Total equity attributable to owners of the parent	280,911	269,716
Non-controlling interest	10,508	10,379
Total equity	291,419	280,095
Liabilities		
Borrowings	33,869	39,933
Deferred tax liabilities	13,695	13,695
Total non-current liabilities	47,564	53,628
Trade and other payables	164,182	164,333
Provision for tax	2,873	2,945
Borrowings	18,557	19,147
Derivative financial liability	86	7
Total current liabilities	185,698	186,432
Liabilities of disposal group classified as held for sale	14	14
Total liabilities	233,276	240,074
Total equity and liabilities	524,695	520,169
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.50	0.48

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 2014.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the parent →						← Non-distributable reserves →						
	Equity attributable to owners of the parent total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings 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	Non- controlling interests RM'000	
At 1 January 2015	280,095	269,716	222,586	5,965	3,043	38,122	34,016	312	2,294	(10,079)	432	11,147	10,379
Profit for the period	10,551	10,422	-	-	10,422	-	-	-	-	-	-	-	129
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	773	773	-	-	-	773	-	-	700	-	73	-	-
Total comprehensive income / (loss)	11,324	11,195	-	-	10,422	773	-	-	700	-	73	-	129
At 31 March 2015	291,419	280,911	222,586	5,965	13,465	38,895	34,016	312	2,994	(10,079)	505	11,147	10,508
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	1,279	889	-	-	889	-	-	-	-	-	-	-	390
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(1,114)	(1,114)	-	-	-	(1,114)	-	-	(1,071)	-	(43)	-	-
Total comprehensive income / (loss)	165	(225)	-	-	889	(1,114)	-	-	(1,071)	-	(43)	-	390
At 31 March 2014	286,743	273,106	222,586	5,965	1,848	42,707	34,016	312	3,896	(7,019)	355	11,147	13,637

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 2014.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR YEAR TO DATE 31/3/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2014 RM'000
Profit / (Loss) before taxation		
- Continuing Operation	10,804	2,568
- Discontinued Operation	(197)	-
Adjustments for :		
Depreciation of property, plant and equipment	3,406	3,539
Depreciation of investment properties	100	172
Amortisation of plantation development expenditure	595	608
Amortisation of intangible assets	36	27
Gain on disposal of property, plant and equipment	(50)	-
Net gain / (loss) on disposal of assets held for sale	(6,073)	-
Property, plant and equipment written off	-	74
Share of profit of associates	(2,295)	(2,215)
Provision for liquidated ascertained damages	1,215	-
Others	633	1,079
Operating profit / (loss) before working capital changes	8,174	5,852
Changes in working capital:		
Inventories	(2,138)	(4,527)
Payables	(21,037)	16,110
Receivables	5,982	(15,980)
	(17,193)	(4,397)
Tax paid	(1,244)	(553)
Net cash (used in)/generated from operating activities	(10,263)	902
Acquisition of property, plant and equipment	(14,116)	(2,449)
Disposal of property, plant and equipment, net of cash disposed	76	-
Disposal of assets held for sale, net of cash disposed	18,000	-
Increase in plantation development expenditure	(809)	(1,025)
Interest received	386	460
Net cash used in investing activities	3,537	(3,014)
Changes in deposit pledged with licensed banks	(200)	5,229
Interest paid	(753)	(2,996)
Net (repayment)/drawdown of term loan	(400)	15,002
Net (repayment)/drawdown of short term borrowings	(5,344)	(24,814)
Other financing activities	(694)	(1,111)
Net cash generated from/(used in) financing activities	(7,391)	(8,690)
Net increase/(decrease) in cash and cash equivalents	(14,117)	(10,802)
Effect in exchange rate fluctuations on cash held	22	(43)
Cash and cash equivalents classified as assets held for sale	(778)	(619)
Cash and cash equivalents at beginning of period	80,183	81,953
Cash and cash equivalents at end of period	65,310	70,489

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

Cash in hand and at banks	25,828	35,867
Deposits with licensed bank	87,933	74,877
Cash and cash equivalents (as per consolidated statement of financial position)	113,761	110,744
Deposits pledged with licensed banks	(38,906)	(31,572)
Bank overdrafts	(9,545)	(8,683)
	65,310	70,489

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 2014.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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 audited financial statements for the year ended 31 December 2014.

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 2014, except for the mandatory adoption of the following new/revised FRSs and amendments to FRSs :

FRSs	Title
Amendments to FRS 119	Defined Benefit Plans : Employee Contributions
Amendments to FRSs	Annual Improvements to FRSs 2010-2012 Cycle
	Annual Improvements to FRSs 2011-2013 Cycle

Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities should apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 31 December 2017, being the first set of financial statements prepared in accordance with the new MFRS Framework.

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 2014.

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 March 2015 is as follows:

Continuing Operations

	ICT	Energy	Agro	Food	PEC	Others	Eliminations	Total
<i>RM'000</i>								
Revenue								
External sales	6,063	70,983	7,215	14,096	7,128	-	-	105,485
Inter-segment sales	73	-	-	-	258	-	(331)	-
Total revenue	6,136	70,983	7,215	14,096	7,386	-	(331)	105,485
Results								
Profit / (loss) from operations	1,227	(320)	2,069	292	(7,055)	12,663	-	8,876
Interest income	69	186	4	-	57	70	-	386
Finance costs	(8)	(21)	(123)	(11)	(322)	(268)	-	(753)
Share of profit of associates	-	-	-	-	-	2,295	-	2,295
Profit / (loss) before tax	1,288	(155)	1,950	281	(7,320)	14,760	-	10,804
Income tax expense	347	-	(354)	-	(49)	-	-	(56)
Profit / (loss) for the period	1,635	(155)	1,596	281	(7,369)	14,760	-	10,748

Discontinued Operations

	PEC*
<i>RM'000</i>	
Revenue	
External sales	-
Inter-segment sales	-
Total revenue	-
Results	
Profit from operations	(197)
Interest income	-
Finance costs	-
Profit / (loss) before tax	(197)
Income tax expense	-
Profit / (loss) for the period	(197)

*(a subsidiary which is in the process of liquidation)

8. Segment reporting (cont'd)

Segment information for the preceding year corresponding period ended 31 March 2014 is as follows:

Continuing Operations

	ICT	Energy	Agro	Food	PEC	Others	Eliminations	Total
<i>RM'000</i>								
Revenue								
External sales	8,980	141,529	8,312	12,417	10,525	-	-	181,763
Inter-segment sales	-	-	-	-	466	-	(466)	-
Total revenue	8,980	141,529	8,312	12,417	10,991	-	(466)	181,763
Results								
Profit / (loss) from operations	711	1,877	3,538	(817)	(196)	(3,752)	-	1,361
Interest income	88	133	84	-	79	76	-	460
Finance costs	(57)	(21)	(173)	(8)	(682)	(527)	-	(1,468)
Share of results of associates	-	-	-	-	-	2,215	-	2,215
Profit / (loss) before tax	742	1,989	3,449	(825)	(799)	(1,988)	-	2,568
Income tax expense	-	(497)	(743)	-	(49)	-	-	(1,289)
Profit / (loss) for the period	742	1,492	2,706	(825)	(848)	(1,988)	-	1,279

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

ICT Sector : The revenue from the sector fell to RM6.1 million this period as compared to RM8.9 million in the preceding year primarily due to slow order from customers on the existing projects while new projects have yet to be secured. However, the financial result for the sector was improved due to higher profit margin contributed by several maintenance projects.

Energy Sector : A significant drop in revenue by 50% was mainly due to lower average contract price (CP) and sales volume for the liquefied petroleum gas (LPG) as compared to the preceding year. The cost of purchase of the LPG had also increased resulted from high stock holding cost and weakening of RM against US Dollar. These adverse factors had eventually resulted in loss before tax of RM155,000 for the sector as compared to high profit recorded in preceding year of RM1.5 million.

Agro Sector : During the reporting period, the sector experienced lower average FFB price whilst its crop harvested had marginally increased by 5%. The drop in the price had resulted in lower revenue hence its profit before tax for the current period. Nevertheless, the sector remain as the main contributor to the operating profit of the Group.

Food Sector : The sector's performance has improved substantially as a result of higher sales achieved in both A&W restaurants in Malaysia and Thailand. The opening of its two new outlets in Senai and Gong Badak in Malaysia had helped to boost the sales in the current period. In addition, with improved cost efficiency practised, the sector had managed to turnaround from the loss before tax of RM825,000 to profit before tax of RM281,000.

PEC Sector (Continuing Operations) : The sector continued to incur losses in the current period as minimal project undertaken in the current period whilst new project was still at preliminary stage.

9. Notes to profit/(loss) before tax

	3 months ended 31/3/2015 RM'000	3 months ended 31/3/2014 RM'000
Profit before tax is arrived after crediting/(charging):		
Interest income	386	460
Other income including investment income	9,871	428
Interest expense	(753)	(1,468)
Depreciation and amortisation	(4,137)	(4,346)
Write off of assets	-	(74)
Gain on disposal of property, plant and equipment	50	-
Gain on disposal of assets held for sale	6,073	-
Foreign exchange gain/(loss)	(191)	1,187
Gain / (loss) on derivatives	(78)	(8)

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

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 period ended 31 March 2015 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the group

There were no changes in the composition of the group as at the date of this announcement since the preceding financial year ended 31 December 2014.

13. Capital commitments

There are no capital commitments except as disclosed below:

	3 months ended 31/3/2015 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	15,688
Approved but not contracted for	44,935
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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 2014.

15. Tax

	3 months ended	
	31/3/2015	31/3/2014
	RM'000	RM'000
Malaysian income tax:		
Current tax	403	1,289
(Over) / under provision in prior year	(347)	-
	<hr/>	<hr/>
	56	1,289

The effective tax rate for the current financial year under review is lower than the statutory tax rate as certain gain or income are not taxable and the 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 31/3/2015 RM'000
<u>Non-current</u>		
Term loans	- secured	32,261
Finance leases		1,608
		<hr/>
		33,869
<u>Current</u>		
Term loans	- secured	6,473
Bankers' acceptances / Trust receipts	- secured	-
Bank overdrafts	- secured	9,545
Finance leases		2,539
		<hr/>
		18,557

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 significant profit before tax of RM10.8 million as compared to a loss before tax of RM1.1 million in the immediate preceding quarter. The Group's profit was mainly contributed by other income earned from receipt of settlement for early release of a lease for a sum of RM9.0 million and gain on disposal of the assets held for sale for RM6.1 million.

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

For the current period ended 31 March 2015, the Group recorded a revenue of RM105.5 million and a profit before tax of RM10.8 million as compared to the revenue of RM181.8 million and a profit before tax of RM2.6 million in the previous corresponding period. Lower average Contract Price (CP) and sales volume of its LPG business and minimal projects undertaken, had reduced the revenue substantially by 42%. However, despite its lower turnover, the Group recorded a higher profit before tax as a result of receipt of settlement for early release of a lease, gain on disposal of assets and improved performance by ICT and Food sectors.

21. Prospects

In 2015, the Group's business segments are expected to continue operating in a challenging environment with adverse market sentiments. However, the Group will continue to implement short and medium term strategies to overcome the challenges.

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.

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 31/3/2015 RM'000	As at 31/3/2014 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(508,491)	(552,508)
- Unrealised	(7,210)	(2,536)
	<u>(515,701)</u>	<u>(555,044)</u>
Total share of retained earnings / (loss) from associated companies		
- Realised	28,094	22,389
- Unrealised	(2,683)	(2,009)
	<u>25,411</u>	<u>20,380</u>
Group consolidation adjustments	503,755	536,512
Total Group retained earnings / (loss) as per consolidated financial statements	<u><u>13,465</u></u>	<u><u>1,848</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	
		31/3/2015	31/3/2014
		RM'000	RM'000
Earnings / (Loss) for the period attributable to owners of the parent			
- From continuing operations		10,530	889
- From discontinued operations		(108)	-
Weighted average number of ordinary shares in issue	('000)	556,465	556,465
Basic earnings / (loss) per share			
- From continuing operations	(sen)	1.89	0.16
- From discontinued operations	(sen)	(0.02)	-

(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 not entered into any related party transactions.

By Order of the Board

Sharina Saidon
Company Secretary
28 May 2015