



**Interim Financial Report on
Unaudited Consolidated Results for the
Second Quarter Ended
30 June 2016**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2015 RM'000 (Re-presented)	CURRENT YEAR TO DATE 30/6/2016 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 30/6/2015 RM'000 (Re-presented)
CONTINUING OPERATIONS				
Revenue	124,634	109,651	251,383	210,418
Operating expenses	(122,043)	(114,778)	(245,631)	(215,224)
Other operating income	2,432	3,643	4,503	19,369
Results from operating activities	5,023	(1,484)	10,255	14,563
Finance income	939	536	1,407	897
Finance costs	(446)	(523)	(766)	(1,178)
Share of profit of associates	1,348	2,325	3,605	4,620
Profit / (loss) before zakat and tax	6,864	854	14,501	18,902
Zakat	(202)	(301)	(202)	(301)
Income tax expense	(3,086)	(1,032)	(5,055)	(1,088)
Profit / (loss) for the period from continuing operations	3,576	(479)	9,244	17,513
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations	-	(2,656)	-	(10,097)
Profit / (loss) for the period	3,576	(3,135)	9,244	7,416
Other comprehensive income:				
Net (loss)/gain on available-for-sale financial assets	(43)	398	(159)	1,098
Foreign currency translation	-	(13)	-	60
Total comprehensive income / (loss) for the period	3,533	(2,750)	9,085	8,574
Profit / (loss) attributable to :				
Owners of the parent				
- from continuing operations	4,058	(103)	10,268	17,760
- from discontinued operations	-	(2,656)	-	(10,097)
	4,058	(2,759)	10,268	7,663
Non-controlling interest	(482)	(376)	(1,024)	(247)
	3,576	(3,135)	9,244	7,416
Total comprehensive income / (loss) attributable to :				
Owners of the parent	4,015	(2,374)	10,109	8,821
Non-controlling interest	(482)	(376)	(1,024)	(247)
	3,533	(2,750)	9,085	8,574
Earnings / (Loss) per share attributable to owners of the parent (sen) :				
Basic and diluted				
- from continuing operations	0.73	(0.02)	1.85	3.19
- from discontinued operations	-	(0.48)	-	(1.81)
	0.73	(0.50)	1.85	1.38

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 2015.

KUB MALAYSIA BERHAD

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 30/6/2016 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2015 RM'000
Assets		
Property, plant and equipment	187,254	181,834
Land held for property development	4,612	4,612
Plantation development expenditure	52,523	50,902
Investment properties	11,131	11,369
Investment in associates	31,899	28,294
Other investments	4,307	4,466
Intangible assets	859	818
Deferred tax assets	3,059	3,202
Total non-current assets	295,644	285,497
Inventories	11,335	12,614
Trade and other receivables	96,773	61,515
Tax recoverable	378	509
Cash and bank balances	109,225	105,150
Total current assets	217,711	179,788
Total Assets	513,355	465,285
Equity		
Share capital	222,586	222,586
Reserves	51,759	51,918
Retained earnings	10,135	2,649
Total equity attributable to owners of the parent	284,480	277,153
Non-controlling interest	10,436	11,460
Total equity	294,916	288,613
Liabilities		
Borrowings	53,302	48,116
Deferred Tax Liabilities	12,179	12,382
Total non-current liabilities	65,481	60,498
Trade and other payables	130,409	104,106
Provision for tax	7,055	3,253
Borrowings	15,444	8,794
Derivative financial liability	50	21
Total current liabilities	152,958	116,174
Total liabilities	218,439	176,672
Total equity and liabilities	513,355	465,285
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.51	0.50

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 2015.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-distributable		Distributable		←		Attributable to owners of the parent							Non-controlling interests
	Equity, total	Equity attributable to owners of the parent total	Share capital	Share premium	Retained earnings	Reserves, total	Capital reserve	Capital redemption reserve	Fair value adjustment reserve	Premium paid on acquisition of non-controlling interests	Translation reserve	Merger reserve	Non-controlling interests	
	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 2016	288,613	277,153	222,586	5,965	2,649	45,953	34,016	312	2,309	(1,831)	-	11,147	11,460	
Profit for the period	9,244	10,268	-	-	10,268	-	-	-	-	-	-	-	(1,024)	
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(159)	(159)	-	-	-	(159)	-	-	(159)	-	-	-	-	
Total comprehensive income / (loss)	9,085	10,109	-	-	10,268	(159)	-	-	(159)	-	-	-	(1,024)	
Transaction with owners														
Dividend paid	(2,782)	(2,782)	-	-	(2,782)	-	-	-	-	-	-	-	-	
At 30 June 2016	294,916	284,480	222,586	5,965	10,135	45,794	34,016	312	2,150	(1,831)	-	11,147	10,436	
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	7,416	7,663	-	-	7,663	-	-	-	-	-	-	-	(247)	
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	1,158	1,158	-	-	-	1,158	-	-	1,098	-	60	-	-	
Total comprehensive income / (loss)	8,574	8,821	-	-	7,663	1,158	-	-	1,098	-	60	-	(247)	
Transaction with owners														
Dividend paid to minority interest at subsidiary	(400)	-	-	-	-	-	-	-	-	-	-	-	(400)	
At 30 June 2015	288,269	278,537	222,586	5,965	10,706	39,280	34,016	312	3,392	(10,079)	492	11,147	9,732	

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 2015.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR YEAR TO DATE 30/6/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2015 RM'000
Profit / (loss) before taxation		
- Continuing Operations	14,501	18,902
- Discontinued Operations	-	(10,097)
Adjustments for :		
Depreciation of property, plant and equipment	5,858	6,352
Depreciation of investment properties	228	271
Amortisation of plantation development expenditure	1,287	1,188
Amortisation of intangible assets	74	80
(Gain) on disposal of property, plant and equipment	(31)	(35)
(Gain) on disposal of assets held for sale	-	(7,421)
Loss on fair value changes of derivative instruments	50	21
Provision of liquidated ascertained damages	-	2,039
Allowance for impairment loss on receivables	-	3,469
Reversal of impairment loss on receivables	(1,229)	-
Reversal of provision for liquidated ascertained damages	(676)	-
Reversal of impairment of stock	(318)	-
Unrealised loss on foreign exchange	1,356	430
Interest income	(1,407)	(946)
Finance costs	766	1,388
Share of profit of associates	(3,605)	(4,620)
Operating profit before working capital changes	16,854	11,021
Changes in working capital:		
Inventories	1,279	(1,216)
Payables	16,236	(11,735)
Receivables	(23,458)	(2,764)
	(5,943)	(15,715)
Tax paid	(3,270)	(2,784)
Net cash generated / (used) from operating activities	7,641	(7,478)
Acquisition of property, plant and equipment	(7,199)	(27,921)
Addition of plantation development expenditure	(2,911)	(2,037)
Addition asset under construction	(4,278)	-
Addition to intangible assets	(115)	-
Disposal of property, plant and equipment, net of cash disposed	31	136
Disposal of assets held for sale, net of cash disposed	-	23,500
Interest received	2,614	946
Net cash used in investing activities	(11,858)	(5,376)
Deposit and cash pledged with licensed banks	(4,538)	960
Interest paid	(766)	(1,388)
Dividend paid	(2,782)	-
Net drawdown/(repayment) of finance lease	62	(1,066)
Net drawdown of term loan	4,597	1,706
Net drawdown of short term borrowings	7,922	1,006
Net cash generated in financing activities	4,495	1,218
Net increase/(decrease) in cash and cash equivalents	278	(11,636)
Effect of exchange rate fluctuations on cash held	-	(256)
Cash and cash equivalents classified as held for sale	-	(14,600)
Cash and cash equivalents at beginning of period	74,725	76,584
Cash and cash equivalents at end of period	75,003	50,092

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	CURRENT YEAR YEAR TO DATE 30/6/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2015 RM'000
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash in hand and at banks	33,243	23,921
Deposits with licensed bank	75,982	71,888
Cash and cash equivalents (as per consolidated statement of financial position)	109,225	95,809
Bank overdrafts	(3,319)	(7,971)
Deposits and cash pledged with licensed banks	(30,903)	(37,746)
	<u>75,003</u>	<u>50,092</u>

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 2015.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

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 2015.

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 2015, except for the mandatory adoption of the following new/revised FRSs and amendments to FRSs :

	Effective for annual period beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 11: Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

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.

The Malaysian Accounting Standards Board (MASB) has, on 8 September 2015, confirmed that the effective date of MFRS 15, Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018, following the recent press release by the International Accounting Standard Board (IASB) confirming a one-year deferral of IFRS 15, Revenue from Contract with Customers.

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 2018, being the first set of financial statements prepared in accordance with the new MFRS Framework.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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 2015.

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

On 7 May 2016, one of the palm oil mill effluent ("POME") digestive tanks of the Group's palm oil mill in Mukah, Sarawak collapsed during the operational scaling up period. The Group is currently assessing the implications to its operations and financial results.

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

The first and final single tier dividend of 0.5 sen on 556,464,690 ordinary shares amounting to RM2,782,367 in respect of the financial year ended 31 December 2015 was paid on 30 June 2016.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. Segmental reporting

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

Segment information for the current financial period ended 30 June 2016 is as follows:

	ICT	Energy	Agro	Food	EC	Properties	Power	Others	Eliminations	Total
<i>RM'000</i>										
Revenue										
External sales	42,158	155,177	15,204	21,990	9,028	1,320	6,261	245	-	251,383
Inter-segment sales	163	-	3,745	-	-	-	-	7,500	(11,408)	-
Total revenue	42,321	155,177	18,949	21,990	9,028	1,320	6,261	7,745	(11,408)	251,383
Results										
Profit / (loss) from operations	3,515	13,226	1,681	(505)	202	(110)	333	(8,087)	-	10,255
Interest income	171	646	331	8	-	6	41	204	-	1,407
Finance costs	(87)	(42)	(162)	(51)	(232)	-	(41)	(151)	-	(766)
Share of results of associates	-	-	-	-	-	-	-	3,605	-	3,605
Profit / (loss) before zakat and tax	3,599	13,830	1,850	(548)	(30)	(104)	333	(4,429)	-	14,501
Zakat	-	-	(202)	-	-	-	-	-	-	(202)
Income tax expense	(954)	(2,778)	(1,229)	(5)	-	(84)	-	(5)	-	(5,055)
Profit / (loss) for the period	2,645	11,052	419	(553)	(30)	(188)	333	(4,434)	-	9,244

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. Segmental reporting (cont'd)

Segmental information for the preceding year corresponding period ended 30 June 2015 is as follows:

Continuing Operations

	ICT	Energy	Agro	Food	EC	Properties	Power	Others	Eliminations	Total
RM'000										
Revenue										
External sales	16,373	144,677	17,065	21,738	8,670	1,230	437	228	-	210,418
Inter-segment sales	126	-	-	-	568	-	-	4,584	(5,278)	-
Total revenue	16,499	144,677	17,065	21,738	9,238	1,230	437	4,812	(5,278)	210,418
Results										
Profit / (loss) from operations	2,477	1,730	4,114	726	383	(87)	(7,048)	12,268	-	14,563
Interest income	143	476	49	-	-	3	60	166	-	897
Finance costs	(39)	(42)	(226)	(18)	(336)	(1)	(83)	(433)	-	(1,178)
Share of results of associates	-	-	-	-	-	-	-	4,620	-	4,620
Profit / (loss) before zakat and tax	2,581	2,164	3,937	708	47	(85)	(7,071)	16,621	-	18,902
Zakat	-	-	(301)	-	-	-	-	-	-	(301)
Income tax expense	347	(540)	(793)	-	-	(99)	-	(3)	-	(1,088)
Profit / (loss) for the period	2,928	1,624	2,843	708	47	(184)	(7,071)	16,618	-	17,513

Discontinued Operations*

	ICT	Energy	Agro	Food*	EC*	Properties	Power	Others*	Eliminations	Total
RM'000										
Revenue										
External sales	-	-	-	7,400	2,312	-	-	-	-	9,712
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	-	-	-	7,400	2,312	-	-	-	-	9,712
Results										
Profit / (loss) from operations	-	-	-	(317)	(9,245)	-	-	(374)	-	(9,936)
Interest income	-	-	-	-	49	-	-	-	-	49
Finance costs	-	-	-	-	(210)	-	-	-	-	(210)
Share of results of associates	-	-	-	-	-	-	-	-	-	-
Profit / (loss) before tax	-	-	-	(317)	(9,406)	-	-	(374)	-	(10,097)
Income tax expense	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the period	-	-	-	(317)	(9,406)	-	-	(374)	-	(10,097)

* Discontinued operations refers to A&W Thailand (Food), KUB Builders (EC) and Bina Alam (Others).

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. Segmental reporting (cont'd)

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

ICT Sector : The significant increase in the sector's revenue and profit before tax by 157% and 39% respectively as compared to the preceding year was largely attributable to the RM42 million Automatic Fare Collection ("AFC") system contract.

Energy Sector : Despite the lower average contract price ("CP") compared to the corresponding period last year, the sector's profit before tax improved substantially from RM2.2 million to RM13.8 million. This was mainly due to the increase in sales volume of LPG, the upward revision in the Automatic Pricing Mechanism (APM) structure and improved dealer margins as well as foreign exchange gains recognised in the current period.

Agro Sector : The sector's pre-tax profit declined from RM3.9 million to RM1.9 million compared to the preceding year primarily as a result of the losses incurred by the palm oil mill in Mukah which is currently in its testing and commissioning phase. The mill was prematurely declared as operational in the first quarter.

Food Sector : The sector recorded a loss in the current period due to the decline in same-store sales compared to the previous year as well as the lackluster performance of its new outlets.

Engineering & Construction ("EC") Sector : The sector's marginal loss of RM30,000 for the current period as compared to a profit of RM47,000 in the previous year was mainly due to the increase in production costs for existing projects.

Properties Sector : The sector remained stagnant in the current period and recorded a loss before tax of RM104,000 as compared to RM85,000 in previous year.

Power Sector : The favourable performance achieved in the current period was predominantly due to the write-back of provision for doubtful debts and reversal of LAD previously provided for certain projects. The significant losses recorded in the preceding year were from cost overruns and impairment of receivables.

9. Notes to profit/(loss) before tax

	6 months ended 30/6/2016 RM'000	6 months ended 30/6/2015 RM'000
Profit/(loss) before tax is arrived after crediting/(charging):		
Interest income	1,407	897
Other income including investment income	4,861	11,624
Interest expense	(766)	(1,178)
Depreciation and amortisation	(7,447)	(7,313)
Allowance for impairment on receivables	-	(3,412)
Gain on disposal of property, plant and equipment	31	35
Gain on disposal of assets held for sale	-	7,421
Foreign exchange gain/(loss) - realised	998	324
- unrealised	(1,356)	(430)
Loss on derivatives	(50)	(21)

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.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

11. Subsequent events

There are no items, transactions or events of a material and unusual nature which have arisen since 30 June 2016 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 June 2016 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 during the interim period ended 30 June 2016.

13. Capital commitments

There are no capital commitments except as disclosed below:

	6 months ended 30/06/2016 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	1,327
Approved but not contracted for	38,344
	<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 2015.

15. Tax

	3 months ended		6 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	3,086	1,032	5,589	1,435
(Over) / under provision in prior year	-	-	(534)	(347)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,086	1,032	5,055	1,088

The effective tax rate for the current period under review is higher than the statutory tax rate as certain expenses are not deductible for tax purpose 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.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

17. Group borrowings and debt securities

		As at end of current quarter 30/06/2016 RM'000
<u>Non-current</u>		
Term loans	- secured	52,283
Finance leases		1,019
		<u>53,302</u>
<u>Current</u>		
Term loans	- secured	2,978
Bank overdrafts	- secured	3,319
Bankers' acceptances / Trust receipts	- secured	8,928
Finance leases		219
		<u>15,444</u>

18. Material litigation

Transmission Grid Ventures Sdn Bhd v. KUB Power Sdn Bhd

On 21 November 2014, Transmission Grid Ventures Sdn Bhd ("TGV") filed a Writ of Summons and Statement of Claim in the Shah Alam High Court against KUB Power Sdn Bhd ("KUBP") for outstanding due for works carried out and completed amounting to RM1,025,844.13. KUBP filed an application for stay of proceedings pursuant to an arbitration clause in the Letter of Award dated 3 November 2005 ("Letter of Award") between the parties. The High Court had on 28 May 2015 granted a stay of proceedings for the matter to be referred to arbitration.

On 15 February 2016, TGV issued Notice of Arbitration to KUBP. On 20 April 2016, KUBP gave confirmation to Kuala Lumpur Regional Centre for Arbitration ("KLRC") to adopt KLRC Arbitration Rules as the procedural rules in the proceedings. Accordingly, Dato' Mohd Hishamudin bin Md Yunus has been appointed as the Arbitrator on this matter.

The relevant provision relating to the above has been reflected in the financial statements.

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

During the current quarter, the Group recorded a lower profit before tax and zakat of RM6.9 million as compared to RM7.6 million in the immediate preceding quarter mainly as a result of unrealised foreign exchange losses and lower share of profit from an associate company.

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 June 2016, the Group recorded a revenue of RM251.4 million and a profit before tax and zakat of RM14.5 million as compared to the revenue of RM210.4 million and a profit before tax and zakat of RM18.9 million in the corresponding period last year. The higher profit achieved last year was due to several exceptional items, namely goodwill settlement received for PJ land of RM9.0 million and the gain on disposal of the assets held for sale of RM7.4 million. On a normalised basis, the earnings for the period were significantly better than 2015.

21. Prospects

The Group continues to foresee a challenging and competitive economic environment for the second half of the year. We will concentrate our efforts in enhancing the performance momentum of our key business segments namely Energy, ICT and Agro in order to meet our targets. The various operational improvement and cost management initiatives that have been carried out will be further intensified during the remaining period of the year.

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.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

23. Dividends

No dividend has been declared for 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 30/06/2016 RM'000	As at 30/6/2015 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(533,787)	(507,313)
- Unrealised	<u>(8,568)</u>	<u>(9,068)</u>
	<u>(542,355)</u>	<u>(516,381)</u>
Total share of retained earnings / (loss) from associated companies		
- Realised	30,331	30,419
- Unrealised	<u>(7,431)</u>	<u>(2,683)</u>
	<u>22,900</u>	<u>27,736</u>
Group consolidation adjustments	529,590	499,351
Total Group retained earnings as per consolidated financial statements	<u>10,135</u>	<u>10,706</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		6 months ended	
	30/06/2016	30/6/2015	30/06/2016	30/6/2015
	RM'000	RM'000 (Re-presented)	RM'000	RM'000 (Re-presented)
Earnings / (Loss) for the period attributable to owners of the parent				
- From continuing operations	4,058	(103)	10,268	17,760
- From discontinued operations	-	(2,656)	-	(10,097)
	4,058	(2,759)	10,268	7,663
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) 0.73	(0.02)	1.85	3.19
- From discontinued operations	(sen) -	(0.48)	-	(1.81)

(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.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

26. Related Party Transactions

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

	As at end of current quarter 30/06/2016 RM'000
a. Transactions with Zul Rafique & Partners, a firm which YM Tunku Alizan Raja Muhammad Alias is a partner.	
- Provision of legal services.	67
b. Transactions with Putrade Property Management Sdn. Bhd., a company which Datuk Mohd Hafarizam Harun is a common Director.	
- Rental of venue and provision of food and beverages.	97

By Order of the Board

Sharina Saidon
Company Secretary