



**Interim Financial Report on
Unaudited Consolidated Results for the
Fourth Quarter Ended
31 December 2016**

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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 2016

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 December 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000 (Re-presented)	CURRENT YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31/12/2015 RM'000 (Re-presented)
CONTINUING OPERATIONS				
Revenue	131,321	120,004	495,772	432,154
Operating expenses	(132,449)	(120,080)	(486,693)	(443,911)
Other operating income	7,595	29,188	13,464	51,581
Results from operating activities	6,467	29,112	22,543	39,824
Finance income	946	724	3,102	2,379
Finance costs	(40)	(305)	(931)	(1,452)
Share of profit of associates	1,692	2,992	7,513	9,552
Profit before zakat and tax	9,065	32,523	32,227	50,303
Zakat	-	-	(202)	(301)
Income tax expense	(2,007)	(3,816)	(10,104)	(7,450)
Profit for the period from continuing operations	7,058	28,707	21,921	42,552
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations	-	(21,828)	(464)	(33,477)
Profit for the period	7,058	6,879	21,457	9,075
Other comprehensive income:				
Net (loss)/gain on available-for-sale financial assets	(606)	21	(642)	15
Foreign currency translation	-	(572)	-	(432)
Total comprehensive income for the period	6,452	6,328	20,815	8,658
Profit / (loss) attributable to :				
Owners of the parent				
- from continuing operations	7,537	28,349	23,001	41,331
- from discontinued operations	-	(21,828)	(464)	(33,477)
	7,537	6,521	22,537	7,854
Non-controlling interest	(479)	358	(1,080)	1,221
	7,058	6,879	21,457	9,075
Total comprehensive income / (loss) attributable to :				
Owners of the parent	6,931	5,970	21,895	7,437
Non-controlling interest	(479)	358	(1,080)	1,221
	6,452	6,328	20,815	8,658
Earnings / (Loss) per share attributable to owners of the parent (sen) :				
Basic and diluted				
- from continuing operations	1.35	5.09	4.13	7.43
- from discontinued operations	-	(3.92)	(0.08)	(6.02)
	1.35	1.17	4.05	1.41

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 FOURTH QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2016 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2015 RM'000
Assets		
Property, plant and equipment	160,325	181,834
Land held for property development	-	4,612
Plantation development expenditure	52,543	50,902
Investment properties	15,629	11,369
Investment in associates	34,007	28,294
Other investments	3,824	4,466
Intangible assets	902	818
Deferred tax assets	4,295	3,202
Total non-current assets	271,525	285,497
Inventories	8,870	12,614
Trade and other receivables	86,988	61,515
Tax recoverable	457	509
Cash and bank balances	133,864	105,150
Total current assets	230,179	179,788
Non-current assets held for sale	3,526	-
Total Assets	505,230	465,285
Equity		
Share capital	222,586	222,586
Reserves	53,715	51,918
Retained earnings	19,965	2,649
Total equity attributable to owners of the parent	296,266	277,153
Non-controlling interest	10,380	11,460
Total equity	306,646	288,613
Liabilities		
Borrowings	51,286	48,116
Deferred Tax Liabilities	13,499	12,382
Deferred Income	2,673	-
Total non-current liabilities	67,458	60,498
Trade and other payables	116,068	104,106
Borrowings	11,822	8,794
Derivative financial liability	7	21
Provision for tax	3,229	3,253
Total current liabilities	131,126	116,174
Total liabilities	198,584	176,672
Total equity and liabilities	505,230	465,285
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.53	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 FOURTH QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners		← Non-distributable Distributable →				← Attributable to owners of the parent →						Non-controlling interests
			Non-distributable		Distributable		← Non-distributable reserves →						
			Equity, total RM'000	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 of non-controlling interests 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	21,457	22,537	-	-	22,537	-	-	-	-	-	-	-	(1,080)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(642)	(642)	-	-	-	(642)	-	-	(642)	-	-	-	-
Total comprehensive income / (loss)	20,815	21,895	-	-	22,537	(642)	-	-	(642)	-	-	-	(1,080)
Transaction with owners													
Dividend paid	(2,782)	(2,782)	-	-	(2,782)	-	-	-	-	-	-	-	-
Realisation of revaluation reserve on disposal of asset	-	-	-	-	363	(363)	(363)	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	(2,802)	2,802	-	-	-	2,802	-	-	-
At 31 December 2016	306,646	296,266	222,586	5,965	19,965	47,750	33,653	312	1,667	971	-	11,147	10,380
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	9,075	7,854	-	-	7,854	-	-	-	-	-	-	-	1,221
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(417)	(417)	-	-	-	(417)	-	-	15	-	(432)	-	-
Total comprehensive income / (loss)	8,658	7,437	-	-	7,854	(417)	-	-	15	-	(432)	-	1,221
Transaction with owners													
Dividend paid to minority interest at subsidiary	(140)	-	-	-	-	-	-	-	-	-	-	-	(140)
Disposal of a subsidiary	-	-	-	-	(8,248)	8,248	-	-	-	8,248	-	-	-
At 31 December 2015	288,613	277,153	222,586	5,965	2,649	45,953	34,016	312	2,309	(1,831)	-	11,147	11,460

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 FOURTH QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
Profit / (loss) before taxation		
- Continuing Operations	32,227	50,303
- Discontinued Operations	(464)	(33,477)
Adjustments for :		
Amortisation of intangible assets	159	118
Amortisation of plantation development expenditure	2,881	2,591
Depreciation of property, plant and equipment	11,691	12,795
Depreciation of investment properties	402	478
Impairment loss on property, plant and equipment	250	45
Loss on fair value changes of derivative instruments	7	21
Impairment loss on inventories	6	1,007
Property, plant and equipment written off	2,905	101
Provision for foreseeable loss	-	9,672
Allowance for impairment on trade receivables	439	9,248
Unrealised (gain)/loss on foreign exchange	(240)	452
Reversal of provision for litigation	-	(642)
Gain on disposal of property, plant and equipment	(31)	(11)
Gain on disposal of non-current assets held for sale	(1,205)	(8,895)
Loss / (Gain) on disposal of subsidiary	4,764	(19,481)
Reversal of allowance for impairment on receivables	(1,806)	(112)
Reversal of impairment on property, plant and equipment	(989)	-
Provision for liquidated ascertained damages	1,345	1,332
Reversal of provision for liquidated ascertained damages	(638)	(1,283)
Interest income	(3,102)	(2,465)
Finance costs	931	2,486
Dividend income	(245)	(228)
Share of results of associates	(7,513)	(9,552)
Operating profit before working capital changes	41,774	14,503
Changes in working capital:		
Inventories	3,739	1,746
Trade and other payables	15,932	(58,052)
Trade and other receivables	(23,124)	70,815
	38,321	29,012
Zakat and Tax paid	(12,167)	(7,590)
Net cash generated / (used) from operating activities	26,154	21,422
Acquisition of property, plant and equipment	(19,686)	(45,966)
Addition to intangible asset	(243)	(470)
Addition to plantation development expenditure	(4,429)	(5,275)
Dividends received	245	228
Interest received	3,102	2,465
Proceeds from disposal of property, plant and equipment	81	272
Proceeds from disposal of non-current assets classified as held for sale	2,000	29,050
Proceeds from disposal of subsidiary	19,000	(16,979)
Subsequent expenditure of land held for property development	-	(2)
Net cash used in investing activities	70	(36,677)
Deposit pledged with licensed banks	2,923	12,355
Interest paid	(931)	(2,486)
Dividend paid	(2,782)	-
Net repayment of finance lease	(473)	(3,665)
Net drawdown of term loan	7,816	6,585
Net drawdown of short term borrowings	2,493	607
Net cash generated from financing activities	9,046	13,396

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	CURRENT YEAR YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
Net increase/(decrease) in cash and cash equivalents	35,270	(1,859)
Cash and cash equivalents at beginning of period	74,725	76,584
Cash and cash equivalents at end of period	<u>109,995</u>	<u>74,725</u>

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

Cash on hand and at banks	46,811	30,475
Deposits with licensed bank	87,053	74,675
Cash and cash equivalents (as per consolidated statement of financial position)	<u>133,864</u>	<u>105,150</u>
Bank overdrafts	(426)	(4,064)
Deposits pledged with licensed banks	<u>(23,443)</u>	<u>(26,361)</u>
	<u>109,995</u>	<u>74,725</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 FOURTH QUARTER ENDED 31 DECEMBER 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 Main Market 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 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 the 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

As announced in previous quarters, one of the palm oil mill effluent ("POME") digestive tanks of the Group's palm oil mill in Mukah, Sarawak collapsed on 7 May 2016 during the testing and commissioning phase. The related tank, which has an asset value of RM1.4 million was subsequently written-off in the third quarter.

The Group has completed a preliminary assessment on the incident and is currently implementing the necessary corrective measures including reconfiguring the POME system process and undertaking further testing and commissioning on the mill's machinery and equipment. The capital expenditure relating to this is estimated to be approximately RM10 million. Additionally, another POME tank with an asset value of RM1.4 million was deemed inoperable following the aforesaid assessment and has been written-off in the current quarter.

Subject to the successful implementation of the corrective measures stated above, the mill is expected to be operational in Quarter 2, 2017.

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 RM2,782,323 in respect of the financial year ended 31 December 2015 was paid on 30 June 2016.

No dividend was paid in the current quarter under review.

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, Agricultural Business ("Agro"), Food Business ("Food"), Properties and Power. The segment head of each business unit reports directly to the President/Group Managing Director who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment's performance.

Segment information for the current financial period ended 31 December 2016 is as follows:

	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total
RM'000									
Revenue									
External sales	70,455	325,209	39,704	46,925	2,638	10,596	245	-	495,772
Inter-segment sales	288	-	-	-	-	-	11,800	(12,088)	-
Total revenue	70,743	325,209	39,704	46,925	2,638	10,596	12,045	(12,088)	495,772
Results									
Profit / (loss) from operations	7,180	27,920	5,389	1,692	1,024	2,012	(22,674)	-	22,543
Interest income	323	1,580	691	20	19	45	424	-	3,102
Finance costs	(71)	(85)	(194)	(172)	(3)	(130)	(276)	-	(931)
Share of results of associates	-	-	-	-	-	-	7,513	-	7,513
Profit / (loss) before zakat and tax	7,432	29,415	5,886	1,540	1,040	1,927	(15,013)	-	32,227
Zakat	-	-	(202)	-	-	-	-	-	(202)
Income tax expense	(2,349)	(5,305)	(3,622)	1,399	(167)	-	(60)	-	(10,104)
Profit / (loss) for the period	5,083	24,110	2,062	2,939	873	1,927	(15,073)	-	21,921

Discontinued Operations*

	EC*	Total
RM'000		
Revenue		
External sales	11,103	11,103
Inter-segment sales	-	-
Total revenue	11,103	11,103
Results		
Loss from operations	(181)	(181)
Interest income	-	-
Finance costs	(283)	(283)
Loss before tax	(464)	(464)
Income tax expense	-	-
Loss for the period	(464)	(464)

* Discontinued operations refers to KUB Precast Sdn Bhd

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. Segmental reporting (cont'd)

Segmental information for the preceding year corresponding period ended 31 December 2015 is as follows:

**Continuing Operations
(Represented)**

	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total
RM'000									
Revenue									
External sales	36,583	305,590	39,070	44,991	2,461	3,231	228	-	432,154
Inter-segment sales	238	-	-	92	1,304		19,374	(21,008)	-
Total revenue	36,821	305,590	39,070	45,083	3,765	3,231	19,602	(21,008)	432,154
Results									
Profit / (loss) from operations	7,171	11,463	12,092	2,149	(152)	(21,583)	28,684	-	39,824
Interest income	319	941	598	-	13	121	387	-	2,379
Finance costs	(254)	(85)	(308)	(38)	(2)	(144)	(621)	-	(1,452)
Share of results of associates	-	-	-	-	-	-	9,552	-	9,552
Profit / (loss) before zakat and tax	7,236	12,319	12,382	2,111	(141)	(21,606)	38,002	-	50,303
Zakat	-	-	(301)	-	-	-	-	-	(301)
Income tax expense	(1,590)	(3,060)	(2,538)	(13)	(280)	60	(29)	-	(7,450)
Profit / (loss) for the period	5,646	9,259	9,543	2,098	(421)	(21,546)	37,973	-	42,552

Discontinued Operations*

	Food*	EC*	Others*	Eliminations	Total
RM'000					
Revenue					
External sales	15,018	20,062	-	-	35,080
Inter-segment sales	-	(40,113)	-	40,113	-
Total revenue	15,018	(20,051)	-	40,113	35,080
Results					
Loss from operations	4,239	(36,394)	(374)	-	(32,529)
Interest income	-	86	-	-	86
Finance costs	-	(1,034)	-	-	(1,034)
Loss before tax	4,239	(37,342)	(374)	-	(33,477)
Income tax expense	-	-	-	-	-
Loss for the period	4,239	(37,342)	(374)	-	(33,477)

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

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. Segmental reporting (cont'd)

The segmental performance review as compared to previous year corresponding period are as follows:

ICT Sector : The substantial increase in the sector's revenue by 93% or RM33.9 million as compared to the preceding year was largely attributable to the RM42 million Automatic Fare Collection ("AFC") system contract secured from the Ministry of Transport and a RM16 million Telecommunication Tower ("TT") construction contract awarded by the Malaysian Communications and Multimedia Commission ("MCMC"). Despite the large increase in revenue, the profit before tax was only marginally higher as the results for the previous year included the reversal of certain cost provisions for several maintenance projects which were no longer applicable amounting to RM4.7 million. Excluding the effect of the reversal, the profit before tax for the previous year amounted to only RM2.5 million which is 66% lower than the current year's earnings of RM7.4 million.

Energy Sector : The significant improvement shown by the sector in its profit before tax of 139% or RM17.1 million was mainly achieved through an increase in sales volume of LPG combined with the effect of an upward revision in the Automatic Pricing Mechanism ("APM") structure, improved dealer margins and higher foreign exchange gains recognised in the current year.

Agro Sector : The sector's revenue increased slightly by 2% or RM0.6 million than the previous year largely as a result of the increase in crude palm oil (CPO) prices despite the drop in crop production by 15% due to the prolonged dry weather. During the year, the sector's profit was dragged down by the losses incurred by the palm oil mill in Mukah of RM8.5 million. Included in the losses of the mill were write-off of assets amounting to RM2.8 million in relation to the POME tank incident as disclosed in item 4 of this report.

Excluding the mill's results, the profit before zakat and tax would have been RM14.4 million or 16% higher than the previous year.

Food Sector : The increase in revenue in the current year of 4% or RM1.9 million as compared to the previous year was predominantly due to the opening of an additional three (3) new outlets. However, despite the increased sales, the sector recorded a lower profit before tax of 27% or RM0.6 million due to the decline in same-store sales.

Properties Sector : The sector's profit for the current year of RM1.0 million was mainly contributed by the gain on disposal of assets of RM1.2 million.

Power Sector : The significant turnaround in performance by the sector was due to the higher revenue earned and improved gross profit margins combined with write-back of provision for doubtful debts and reversal of liquidated ascertained damages (LAD) which were previously provided for certain projects. The substantial losses recorded in the preceding year were mainly from cost overruns and impairment of receivables.

9. Notes to profit before tax

	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
Profit before tax is arrived after crediting/(charging):		
Interest income	3,102	2,379
Other income including investment income	6,769	20,996
Interest expense	(931)	(1,452)
Depreciation and amortisation	(14,190)	(14,410)
Reversal of impairment / (impairment) on receivables	1,367	(3,468)
Write-off of assets	(2,905)	(101)
Gain on disposal of property, plant and equipment	31	11
Gain on disposal of assets held for sale	1,205	8,895
Reversal of impairment / (impairment) of assets	739	(45)
(Loss) / Gain on disposal of subsidiaries	(4,764)	19,481
Foreign exchange gain/(loss) - realised	871	2,097
- unrealised	240	(452)
Loss on derivatives	(7)	(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.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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 2016 to the date of this announcement which would substantially affect the financial results of the Group for the year ended 31 December 2016 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the group

The Company had on 6 June 2016 entered into a Share Sale Agreement with JEKS Precast Sdn. Bhd. for the disposal of 13,830,000 ordinary shares of RM1.00 each representing 100% of the issued and paid up capital of KUB Precast Sdn. Bhd. at a consideration of RM19.0 million.

The sale was completed on 23 August 2016 with a loss on disposal of RM4.8 million. Following this, KUB Precast has ceased to be a subsidiary of the Company.

13. Capital commitments

The capital expenditures that have not been provided for in the interim financial report is as follows :

	12 months ended 31/12/2016 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	4,332
Approved but not contracted for	24,644
	<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		12 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	3,500	4,208	12,131	8,064
(Over) / under provision in prior year	(1,297)	41	(1,831)	(181)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,203	4,249	10,300	7,883
Deferred tax:				
Current	(47)	(25)	(47)	(25)
Under/(over) provision in prior year	(149)	(408)	(149)	(408)
	<hr/>	<hr/>	<hr/>	<hr/>
	(196)	(433)	(196)	(433)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,007	3,816	10,104	7,450

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 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 have yet to be completed.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

17. Group borrowings and debt securities

		As at end of current quarter 31/12/2016 RM'000
<u>Non-current</u>		
Term loans	- secured	50,717
Finance leases		569
		<u>51,286</u>
<u>Current</u>		
Term loans	- secured	7,763
Bank overdrafts	- secured	426
Revolving Credit / Trust receipts	- secured	3,499
Finance leases		134
		<u>11,822</u>

18. Material litigation

Transmission Grid Ventures Sdn Bhd v. KUB Power Sdn Bhd
Shah Alam High Court Summons No. 22NCVC-543-11/2014

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. On 17 June 2016, Dato' Mohd Hishamudin Bin Md Yunus was appointed as the Arbitrator for this matter. During the preliminary meeting, directions were given for the parties to file in cause papers. The Tribunal has fixed 25 July 2017 for the hearing of the Claimant's case and 26 - 28 July 2017 for the hearing of the Respondent's case.

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

The profit before zakat and tax for the current quarter increased by 0.5% or RM0.4 million as compared to the previous quarter mainly due to higher other income recognised arising from a gain on disposal of assets, reversals of accruals and reversals of impairments on assets offset by lower overall operating margins.

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 2016, the Group recorded a 15% or RM63.6 million increase in revenue which was largely contributed by the ICT, Energy and Power sectors. However, due to the significant exceptional income recognised in the previous year, the current year profit before zakat and tax was lower by 36% or RM18.1 million. The exceptional income in 2015 included the goodwill settlement received for PJ land of RM9.0 million, gain on disposal of assets of RM8.9 million and gain on disposal of subsidiaries of RM19.5 million. Had the exceptional income been excluded, the Group's profit before tax for the previous year would only be RM12.3 million. Hence on a normalised basis, the earnings for the current period were significantly higher than 2015.

The Group's after tax profits for the current financial year were also enhanced by the absence of contribution from loss making subsidiaries which were disposed in the previous year. These loss making subsidiaries contributed to a RM32.1 million reduction in the Group's post-tax profits in 2015.

21. Prospects

The Group anticipates that the economic environment will remain challenging in FY2017. Notwithstanding this, the Board is optimistic that its key sectors namely Agro and Energy will remain resilient following the robust LPG sales volume recorded in recent months, the favourable CPO prices and increased harvesting area of our estates. Barring any unforeseen circumstances, we also expect our mill in Mukah to be operational in the second quarter of the year and will contribute positively to the Group earnings going forward.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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 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 31/12/2016 RM'000	As at 31/12/2015 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(517,070)	(518,910)
- Unrealised	<u>(10,166)</u>	<u>(15,916)</u>
	<u>(527,236)</u>	<u>(534,826)</u>
Total share of retained earnings / (loss) from associated companies		
- Realised	34,239	31,335
- Unrealised	<u>(7,431)</u>	<u>(3,041)</u>
	<u>26,808</u>	<u>28,294</u>
Group consolidation adjustments	520,393	509,181
Total Group retained earnings as per consolidated financial statements	<u><u>19,965</u></u>	<u><u>2,649</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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	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	7,537	28,349	23,001	41,331
- From discontinued operations	-	(21,828)	(464)	(33,477)
	<u>7,537</u>	<u>6,521</u>	<u>22,537</u>	<u>7,854</u>
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) 1.35	5.09	4.13	7.43
- From discontinued operations	(sen) -	(3.92)	(0.08)	(6.02)
	<u>1.35</u>	<u>1.17</u>	<u>4.05</u>	<u>1.41</u>

(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 :

12 months
ended
31/12/2016
RM'000

- | | |
|---|-----|
| a. Transactions with Zul Rafique & Partners, a firm which YM Tunku Alizan Raja Muhammad Alias is a partner
- Provision of legal services. | 237 |
| b. Transactions with Putrade Property Management Sdn. Bhd., a company which Datuk Wira Mohd Hafarizam Harun is a common Director
- Rental of venue and provision of food and beverages. | 129 |

By Order of the Board

Sharina Saidon
Company Secretary