



**Interim Financial Report on
Unaudited Consolidated Results for the
First Quarter Ended
31 March 2017**

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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 2017

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 March 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT YEAR TO DATE 31/3/2017 RM'000	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING TO DATE 31/3/2016 RM'000 (Re-presented)
CONTINUING OPERATIONS		
Revenue	148,590	122,726
Operating expenses	(141,727)	(118,427)
Other operating income	1,396	2,061
Results from operating activities	<u>8,259</u>	<u>6,360</u>
Finance income	638	468
Finance costs	(198)	(203)
Share of profit of associates	1,787	2,257
Profit before tax	<u>10,486</u>	<u>8,882</u>
Income tax expense	(2,468)	(1,969)
Profit for the period from continuing operations	<u>8,018</u>	<u>6,913</u>
DISCONTINUED OPERATIONS		
Loss for the period from discontinued operations	-	(1,245)
Profit for the period	<u>8,018</u>	<u>5,668</u>
Other comprehensive income:		
Net gain / (loss) on available-for-sale financial assets	1,589	(116)
Total comprehensive income for the period	<u>9,607</u>	<u>5,552</u>
Profit / (loss) attributable to :		
Owners of the parent		
- from continuing operations	8,017	6,810
- from discontinued operations	-	(1,245)
	<u>8,017</u>	<u>5,565</u>
Non-controlling interest	1	103
	<u>8,018</u>	<u>5,668</u>
Total comprehensive income attributable to :		
Owners of the parent	9,606	5,449
Non-controlling interest	1	103
	<u>9,607</u>	<u>5,552</u>
Earnings / (Loss) per share attributable to owners of the parent (sen) :		
Basic and diluted		
- from continuing operations	1.44	1.22
- from discontinued operations	-	(0.22)
	<u>1.44</u>	<u>1.00</u>

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 2016.

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 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 31/3/2017 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2016 RM'000
Assets		
Property, plant and equipment	168,249	160,325
Plantation development expenditure	51,795	52,543
Investment properties	15,708	15,629
Investment in associates	35,856	34,069
Other investments	5,413	3,824
Intangible assets	1,110	902
Deferred tax assets	3,224	3,224
Total non-current assets	281,355	270,516
Inventories	12,214	8,869
Trade and other receivables	114,901	84,835
Tax recoverable	427	365
Cash and bank balances	118,618	133,865
Total current assets	246,160	227,934
Non-current assets held for sale	3,534	3,534
Total Assets	531,049	501,984
Equity		
Share capital	222,586	222,586
Reserves	55,667	54,078
Retained earnings	27,710	19,693
Total equity attributable to owners of the parent	305,963	296,357
Non-controlling interest	10,375	10,374
Total equity	316,338	306,731
Liabilities		
Borrowings	50,434	51,136
Deferred Tax Liabilities	12,346	12,346
Deferred Income	2,673	2,673
Total non-current liabilities	65,453	66,155
Trade and other payables	134,540	113,396
Borrowings	11,364	11,951
Derivative financial liability	18	7
Provision for tax	3,336	3,744
Total current liabilities	149,258	129,098
Total liabilities	214,711	195,253
Total equity and liabilities	531,049	501,984
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.55	0.53

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 2016.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners		Attributable to owners of the parent				Non-distributable reserves					Non-controlling interests
	Equity, total	of the parent, total	Share capital	Share premium	Retained earnings	Other reserves, total	Capital reserve	Capital redemption reserve	Fair value adjustment reserve	Premium paid on acquisition of non-controlling interests	Merger reserve	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	306,731	296,357	222,586	5,965	19,693	48,113	34,016	312	1,667	971	11,147	10,374
Profit for the period	8,018	8,017	-	-	8,017	-	-	-	-	-	-	1
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	1,589	1,589	-	-	-	1,589	-	-	1,589	-	-	-
Total comprehensive income	9,607	9,606	-	-	8,017	1,589	-	-	1,589	-	-	1
At 31 March 2017	316,338	305,963	222,586	5,965	27,710	49,702	34,016	312	3,256	971	11,147	10,375
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	5,668	5,565	-	-	5,565	-	-	-	-	-	-	103
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(116)	(116)	-	-	-	(116)	-	-	(116)	-	-	-
Total comprehensive income / (loss)	5,552	5,449	-	-	5,565	(116)	-	-	(116)	-	-	103
At 31 March 2016	294,165	282,602	222,586	5,965	8,214	45,837	34,016	312	2,193	(1,831)	11,147	11,563

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 2016.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR YEAR TO DATE 31/3/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2016 RM'000
Profit / (loss) before taxation		
- Continuing Operations	10,486	8,882
- Discontinued Operations	-	(1,245)
Adjustments for :		
Amortisation of intangible assets	48	37
Amortisation of plantation development expenditure	748	643
Depreciation of property, plant and equipment	1,528	2,794
Depreciation of investment properties	100	113
Loss on fair value changes of derivative instruments	18	63
Property, plant and equipment written off	36	-
Unrealised gain on foreign exchange	(138)	(710)
Reversal of allowance for impairment on receivables	(70)	(50)
Reversal of provision for liquidated ascertained damages	(1,291)	(582)
Interest income	(638)	(468)
Finance costs	198	320
Share of results of associates	(1,787)	(2,257)
Operating profit before working capital changes	9,238	7,540
Changes in working capital:		
Inventories	(1,895)	(133)
Trade and other payables	26,108	40,994
Trade and other receivables	(30,941)	(44,129)
	2,510	4,272
Tax paid	(2,165)	(1,506)
Net cash generated from operating activities	345	2,766
Acquisition of property, plant and equipment	(11,880)	(6,751)
Addition to intangible asset	(931)	(115)
Addition to plantation development expenditure	-	(1,479)
Deposits for acquisition of land	(2,000)	-
Interest received	638	468
Net cash used in investing activities	(14,173)	(7,877)
Deposit pledged with licensed banks	53	1,591
Interest paid	(198)	(320)
Net repayment of finance lease	(139)	(76)
Net (repayment)/drawdown of term loan	(1,038)	1,687
Net repayment of short term borrowings	(112)	(18)
Net cash (used) / generated from financing activities	(1,434)	2,864

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	CURRENT YEAR YEAR TO DATE 31/3/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2016 RM'000
Net decrease in cash and cash equivalents	(15,262)	(2,247)
Cash and cash equivalents at beginning of period	109,996	74,725
Cash and cash equivalents at end of period	94,734	72,478

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

Cash on hand and at banks	40,313	32,309
Deposits with licensed bank	78,305	68,922
Cash and cash equivalents (as per consolidated statement of financial position)	118,618	101,231
Bank overdrafts	(493)	(3,979)
Deposits pledged with licensed banks	(23,391)	(24,774)
	94,734	72,478

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 2016.

KUB MALAYSIA BERHAD

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 2016.

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 2016, 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 FRS Standards 2014-2016 Cycle	1 January 2017
Amendments to FRS 107: Statement of Cash Flows (Disclosure Initiative)	1 January 2017
Amendments to FRS 112 : Income Taxes (Recognition of Deferred Tax Assets for Unrealised Losses)	1 January 2017

The application of the above amendments had no material impact on the disclosures or on the amount recognised in the Group financial results.

The standards and interpretations that are issued but not yet effective under the FRS framework :

FRS 9	Financial Instruments (International Financial Reporting Standard 9 - Financial Instruments as issued by International Accounting Standard Board in July 2014)	1 January 2018
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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.

The Group is currently assessing the financial impact of the new pronouncements that are yet to be adopted, including MFRS 141 and MFRS 15.

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 2016.

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

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

No dividend was paid in the current quarter under review and financial year-to-date.

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 March 2017 is as follows:

Continuing Operations

	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total
<i>RM'000</i>									
Revenue									
External sales	8,152	110,597	12,512	12,969	659	2,651	1,050	-	148,590
Inter-segment sales	50	-	-	-	-	-	11,265	(11,315)	-
Total revenue	8,202	110,597	12,512	12,969	659	2,651	12,315	(11,315)	148,590
Results									
Profit / (loss) from operations	1,573	6,384	2,952	307	(10)	750	(3,697)	-	8,259
Interest income	79	363	50	3	21	3	119	-	638
Finance costs	(1)	-	(84)	(57)	-	(8)	(48)	-	(198)
Share of results of associates	-	-	-	-	-	-	1,787	-	1,787
Profit / (loss) before tax	1,651	6,747	2,918	253	11	745	(1,839)	-	10,486
Income tax expense	-	(1,462)	(961)	(6)	(36)	-	(3)	-	(2,468)
Profit / (loss) for the period	1,651	5,285	1,957	247	(25)	745	(1,842)	-	8,018

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. Segmental reporting (cont'd)

Segmental information for the preceding year corresponding period ended 31 March 2016 is as follows:

Continuing Operations (Re-presented)

	ICT	Energy	Agro	Food	Properties	Power	Others	Eliminations	Total
RM'000									
Revenue									
External sales	29,765	74,884	6,117	11,143	660	157	-	-	122,726
Inter-segment sales	69	-	-	-	-	-	-	(69)	-
Total revenue	29,834	74,884	6,117	11,143	660	157	-	(69)	122,726
Results									
Profit / (loss) from operations	2,726	5,924	1,525	85	(34)	161	(4,027)	-	6,360
Interest income	69	195	47	-	3	16	138	-	468
Finance costs	(6)	-	(86)	(29)	-	(5)	(77)	-	(203)
Share of results of associates	-	-	-	-	-	-	2,257	-	2,257
Profit / (loss) before tax	2,789	6,119	1,486	56	(31)	172	(1,709)	-	8,882
Income tax expense	(313)	(931)	(695)	-	(28)	-	(2)	-	(1,969)
Profit / (loss) for the period	2,476	5,188	791	56	(59)	172	(1,711)	-	6,913

Discontinued Operations*

	EC*	Total
RM'000		
Revenue		
External sales	3,326	3,326
Inter-segment sales	-	-
Total revenue	3,326	3,326
Results		
Loss from operations	(1,173)	(1,173)
Interest income	-	-
Finance costs	(72)	(72)
Loss before tax	(1,245)	(1,245)
Income tax expense	-	-
Loss for the period	(1,245)	(1,245)

* Discontinued operations refers to Engineering and Constructions ("EC") segment ie. KUB Precast Sdn Bhd

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 significant reduction in revenue and profit before tax by 73% or RM21.6 million and 41% or RM1.1 million respectively was largely due to the substantial completion of the sector's major projects in the previous financial year namely the Automatic Fare Collection ("AFC") system contract and MCMC Telecommunication Tower ("TT") project.

Energy Sector : The surge in the sector's revenue by 48% or RM35.7 million was primarily attributable to the higher average contract price ("CP") and improved sales volume arising from the increased demand from the industrial and bulk segment customers. However, the rise in cost of production and administrative expenses reduced the overall operating margins for the sector. Notwithstanding this, the profit before tax improved by 10% from RM6.1 million to RM6.7 million.

Agro Sector : The sector's revenue and profit before tax rose by 105% or RM6.4 million and 96% or RM1.4 million respectively predominantly as a result of the increase in average crude palm oil ("CPO") prices, the higher crop production resulting from the increased estate harvesting area as well as the drop in the overall cost of FFB production.

As of 31 March 2017, the sector's mill in Mukah is currently undergoing its final testing and commissioning phase and is expected to commence operations in the next quarter.

Food Sector : The increase in revenue in the current period of 16% or RM1.8 million as compared to the previous period was mainly due to the opening of additional four (4) restaurant outlets. The higher revenue combined with the various cost management and supply chain improvement initiatives resulted in an uplift in profits by RM0.2 million.

Properties Sector : The sector's financial results remained stagnant with the improvement contributed from lower operational costs incurred.

Power Sector : The increase in the number of projects undertaken in the current period had contributed to the higher revenue and profit by RM2.5 million and RM0.6 million respectively.

9. Notes to profit before tax

	3 months ended 31/3/2017 RM'000	3 months ended 31/3/2016 RM'000 (Re-presented)
Profit before tax is arrived after crediting/(charging):		
Interest income	638	468
Other income including investment income	540	1,006
Interest expense	(198)	(203)
Depreciation and amortisation	(2,424)	(3,322)
Reversal of impairment on receivables	70	50
Write-off of assets	(36)	-
Foreign exchange gain - realised	666	368
- unrealised	138	710
Loss on derivatives	(18)	(63)

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 March 2017 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 March 2017 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 for the current quarter and financial year-to-date under review.

13. Capital commitments

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

	3 months ended 31/3/2017 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	102,069
Approved but not contracted for	65,510
	<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 2016.

15. Tax

	3 months ended	
	31/3/2017	31/3/2016
	RM'000	RM'000
Malaysian income tax:		
Current tax	2,468	2,503
Over provision in prior year	-	(534)
	<hr/>	<hr/>
	2,468	1,969

16. Status of corporate proposals

The corporate proposals announced but not completed are as follows :

- (a) The Company had on 6 April 2017 proposed the establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of the Company at any point in time over the duration of the scheme for eligible directors and employees of KUB and its subsidiary companies (excluding subsidiaries which are dormant).

A circular to shareholders had been issued on 28 April 2017 and the proposal is subject to shareholders' approval at the upcoming Extraordinary General Meeting to be held on 23 May 2017.

- (b) On 19 April 2017, KUB Malua Plantation Sdn Bhd (formerly known as KUB Oil & Gas Sdn Bhd) a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with Kwantas Plantation Sdn Bhd to acquire a parcel of oil palm plantation land in the District of Kinabatangan, Sabah measuring approximately 1,534 hectares for a cash consideration of RM100,448,621.

The announcement was made on 19 April 2017 and is currently pending the issuance of circular to shareholders.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

17. Group borrowings and debt securities

		As at end of current quarter 31/3/2017 RM'000
<u>Non-current</u>		
Term loans	- secured	50,014
Hire purchase payables		420
		<u>50,434</u>
<u>Current</u>		
Term loans	- secured	7,406
Bank overdrafts	- secured	493
Revolving Credit / Trust receipts	- secured	3,320
Hire purchase payables		145
		<u>11,364</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 a Notice of Arbitration to KUBP. On 20 April 2016, KUBP gave confirmation to Kuala Lumpur Regional Centre for Arbitration ("KLRCA") to adopt KLRCA 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 Court has fixed 25 July 2017 for the hearing of the Claimant's case and 26 July 2017, 27 July 2017 and 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 tax for the current quarter increased by 14% or RM1.3 million as compared to the preceding quarter mainly due to the higher profit contribution from the ICT and Agro sectors combined with lower administrative expenses.

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

For the current period under review, the Group recorded a 21% or RM25.9 million and 18% or RM1.6 million increase in revenue and profit respectively on the back of the improved financial performance of the Energy, Agro, Power and Food sectors as highlighted in Note 8 of this report.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

21. Prospects

The Group foresees economic uncertainty, market volatility and weak consumer sentiment to remain as issues for FY2017. Notwithstanding this, we believe that the progress we have made in strengthening our core businesses will allow us to maintain our growth momentum in the year ahead.

The Energy sector will continue to be the leading contributor to the Group's earnings this year. With the encouraging LPG sales volumes recorded thus far coupled with our initiatives to improve supply and distribution capacity, the segment is again expected to deliver commendable results.

The Agro sector meanwhile is projected to record an improvement in earnings as the losses from the mill in Mukah are expected to narrow significantly once it becomes operational at the end of the next quarter. The performance will potentially be further boosted with the anticipated uptrend in FFB production on the back of the increased harvesting area together with rehabilitation and cost management efforts to lift yields. The average CPO prices are also expected to be relatively higher than FY2016.

The outlook for the ICT sector on the other hand is expected to be challenging but we will continue to aggressively bid for further sizeable contracts during the year to enhance our order book.

Other sector performances namely Power, Food and Property are forecasted to be satisfactory with further one-off gains expected from our Property sector arising from our asset monetisation strategy.

In addition, the Group will further intensify the various operational improvement and cost optimisation initiatives that have been carried out since last 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.

23. Dividends

The Board of Directors has recommended a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 1.0 sen on 556,464,690 ordinary shares for approval by the shareholders at the forthcoming Annual General Meeting to be held on 23 May 2017.

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 31/3/2017 RM'000	As at 31/12/2016 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(518,079)	(516,876)
- Unrealised	(9,128)	(10,331)
	<u>(527,207)</u>	<u>(527,207)</u>
Total share of retained earnings / (loss) from associated companies		
- Realised	34,559	32,772
- Unrealised	(7,702)	(7,702)
	<u>26,857</u>	<u>25,070</u>
Group consolidation adjustments	528,060	521,830
Total Group retained earnings as per consolidated financial statements	<u>27,710</u>	<u>19,693</u>

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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	
		31/3/2017	31/3/2016
		RM'000	RM'000 (Re-presented)
Earnings / (Loss) for the period attributable to owners of the parent			
- From continuing operations		8,017	6,810
- From discontinued operations		-	(1,245)
		8,017	5,565
Weighted average number of ordinary shares in issue	('000)	556,465	556,465
Basic earnings / (loss) per share			
- From continuing operations	(sen)	1.44	1.22
- From discontinued operations	(sen)	-	(0.22)
		1.44	1.00

(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.

By Order of the Board

Sharina Saidon
Mohd Afendy Md Yazim
Nani Suryani Ahmad Tajudin

Company Secretaries

22 May 2017