



Interim Financial Report on
Unaudited Consolidated Results for the
Third Quarter Ended
30 September 2015

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 September 2015.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2014 RM'000 (Re-presented)	CURRENT YEAR TO DATE 30/9/2015 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 30/9/2014 RM'000 (Re-presented)
CONTINUING OPERATIONS				
Revenue	116,505	174,559	336,635	527,016
Operating expenses	(123,339)	(169,988)	(357,411)	(523,292)
Other operating income	1,950	875	20,592	5,427
Results from operating activities	(4,883)	5,446	(183)	9,151
Finance income	793	563	1,739	1,575
Finance costs	(524)	(1,294)	(1,912)	(4,069)
Share of profit of associates	1,940	2,026	6,560	6,468
Profit / (loss) before tax	(2,674)	6,741	6,204	13,125
Income tax expense	(2,546)	(3,142)	(3,634)	(5,412)
Profit / (loss) for the period from continuing operations	(5,220)	3,599	2,570	7,713
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations	-	-	(374)	-
Profit / (loss) for the period	(5,220)	3,599	2,196	7,713
Other comprehensive income:				
Net gain / (loss) on available-for-sale financial assets	(1,104)	(534)	(6)	(1,345)
Foreign currency translation	80	109	140	(28)
Total comprehensive income / (loss) for the period	(6,244)	3,174	2,330	6,340
Profit / (loss) attributable to:				
Owners of the parent				
- from continuing operations	(6,330)	2,373	1,538	5,706
- from discontinued operations	-	-	(205)	-
	(6,330)	2,373	1,333	5,706
Non-controlling interest	1,110	1,226	863	2,007
	(5,220)	3,599	2,196	7,713
Total comprehensive income / (loss) attributable to:				
Owners of the parent	(7,354)	1,948	1,467	4,333
Non-controlling interest	1,110	1,226	863	2,007
	(6,244)	3,174	2,330	6,340
Earnings / (Loss) per share attributable to owners of the parent (sen) :				
Basic and diluted				
- from continuing operations	(1.14)	0.43	0.28	1.03
- from discontinued operations	-	-	(0.04)	-
	(1.14)	0.43	0.24	1.03

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

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 30/9/2015 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2014 RM'000
Assets		
Property, plant and equipment	178,816	152,544
Land held for property development	4,610	4,610
Plantation development expenditure	50,048	48,218
Investment properties	7,880	8,183
Investment in associates	28,092	23,116
Other investments	4,445	4,451
Intangible assets	1,011	545
Deferred tax assets	9,469	9,469
Total non-current assets	284,371	251,136
Inventories	17,750	15,367
Trade and other receivables	117,378	102,067
Tax recoverable	486	699
Cash and bank balances	101,730	125,061
Total current assets	237,344	243,194
Non-current assets held for sale	7,297	24,864
Assets of disposal group classified as held for sale	-	975
Total Assets	529,012	520,169
Equity		
Share capital	222,586	222,586
Reserves	44,221	44,087
Retained earnings	4,376	3,043
Total equity attributable to owners of the parent	271,183	269,716
Non-controlling interest	10,576	10,379
Total equity	281,759	280,095
Liabilities		
Borrowings	44,864	39,933
Deferred tax liabilities	13,695	13,695
Total non-current liabilities	58,559	53,628
Trade and other payables	167,862	164,333
Provision for tax	3,753	2,945
Borrowings	17,023	19,147
Derivative financial liability	56	7
Total current liabilities	188,694	186,432
Liabilities of disposal group classified as held for sale	-	14
Total liabilities	247,253	240,074
Total equity and liabilities	529,012	520,169
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.49	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 THIRD QUARTER ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

							Attributable to owners of the parent						
							Non-distributable reserves						
	Equity, total RM'000	Equity attributable to owners of the parent total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings / (loss) RM'000	Other Reserves, total RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition non-controlling interests RM'000	Translation reserve RM'000	Merger reserve RM'000	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	2,196	1,333	-	-	1,333	-	-	-	-	-	-	-	863
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	134	134	-	-	-	134	-	-	(6)	-	140	-	-
Total comprehensive income / (loss)	2,330	1,467	-	-	1,333	134	-	-	(6)	-	140	-	863
Dividend paid to minority interest at subsidiary	(666)	-	-	-	-	-	-	-	-	-	-	-	(666)
At 30 September 2015	281,759	271,183	222,586	5,965	4,376	38,256	34,016	312	2,288	(10,079)	572	11,147	10,576
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	7,713	5,706	-	-	5,706	-	-	-	-	-	-	-	2,007
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(1,373)	(1,373)	-	-	-	(1,373)	-	-	(1,345)	-	(28)	-	-
Total comprehensive income / (loss)	6,340	4,333	-	-	5,706	(1,373)	-	-	(1,345)	-	(28)	-	2,007
Acquisition of non controlling interest	(4,710)	-	-	-	-	-	-	-	-	-	-	-	(4,710)
At 30 September 2014	288,208	277,664	222,586	5,965	6,665	42,448	34,016	312	3,622	(7,019)	370	11,147	10,544

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 THIRD QUARTER ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR YEAR TO DATE 30/9/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2014 RM'000
Profit before taxation		
- Continuing Operation	6,204	13,125
- Discontinued Operation	(374)	-
Adjustments for :		
Depreciation of property, plant and equipment	9,660	10,534
Depreciation of investment properties	381	428
Amortisation of plantation development expenditure	1,784	1,829
Amortisation of intangible assets	128	88
Gain on disposal of property, plant and equipment	(135)	(231)
Gain on disposal of assets held for sale	(8,845)	(1,235)
Provision of liquidated ascertained damages	2,039	-
Property, plant and equipment written off	-	650
Reversal of impairment loss on receivables	-	(378)
Allowance for impairment loss on receivables	9,809	247
Share of profit of associates	(6,560)	(6,468)
Others	713	524
Operating profit before working capital changes	14,804	19,113
Changes in working capital:		
Inventories	(2,384)	(1,524)
Payables	2,681	(38,177)
Receivables	(25,148)	72,679
	(24,851)	32,978
Tax paid	(5,016)	(5,864)
Net cash (used in)/generated from operating activities	(15,063)	46,227
Acquisition of property, plant and equipment	(36,128)	(11,775)
Acquisition of non-controlling interest	-	(7,650)
Acquisition of intangible assets	(519)	-
Disposal of property, plant and equipment, net of cash disposed	179	219
Disposal of Assets Held for Sale, net of cash disposed	29,000	3,000
Dividend received	228	282
Increase in plantation development expenditure	(3,614)	(3,439)
Interest received	1,739	1,575
Net cash used in investing activities	(9,115)	(17,788)
Changes in deposit pledged with licensed banks	644	511
Interest paid	(1,912)	(4,070)
Net drawdown/(repayment) of term loan	1,847	(17,774)
Net drawdown/(repayment) of short term borrowings	5,217	(9,126)
Other financing activities	(2,000)	(2,200)
Net cash generated from/(used in) financing activities	3,796	(32,659)
Net decrease in cash and cash equivalents	(20,382)	(4,220)
Effect in exchange rate fluctuations on cash held	(38)	388
Cash and cash equivalents at beginning of period	76,584	81,953
Cash and cash equivalents classified as assets held for sale	-	(817)
Cash and cash equivalents at end of period	56,164	77,304
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash in hand and at banks	28,483	33,156
Deposits with licensed bank	73,247	91,056
Cash and cash equivalents (as per consolidated statement of financial position)	101,730	124,212
Bank overdrafts	(7,504)	(8,927)
Deposits pledged with licensed banks	(38,062)	(37,981)
	56,164	77,304

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.

KUB MALAYSIA BERHAD

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 :

Standard	Title
Amendments to FRS 119 Amendments to FRSs	Defined Benefit Plans : Employee Contributions 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.

The Malaysian Accounting Standards Board (MASB) has, on 8th 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.

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 cyclical nature 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

Effective 1 June 2015, the Board has approved the new corporate organisation structure which gives effect to a new composition of business segment. 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 Technology ("IT"), Energy, Agro Business ("Agro"), Food Business ("Food"), Engineering & Construction ("EC"), Properties ("Properties"), and Power / Oil & Gas ("Power / O&G").

Segment information for the current financial period ended 30 September 2015 is as follows:

Continuing Operations

	IT	Energy	Agro	Food	EC	Properties	Power/ O&G	Others	Eliminations	Total
RM'000										
Revenue										
External sales	26,931	219,460	28,501	44,428	13,207	1,844	2,036	228	-	336,635
Inter-segment sales	172	-	-	-	593			15,584	(16,349)	-
Total revenue	27,103	219,460	28,501	44,428	13,800	1,844	2,036	15,812	(16,349)	336,635
Results										
Profit / (loss) from operations	3,947	5,658	8,941	359	(10,017)	(78)	(19,307)	10,314	-	(183)
Interest income	245	764	290	-	84	8	88	260	-	1,739
Finance costs	(87)	(64)	(338)	(23)	(765)	(1)	(106)	(528)	-	(1,912)
Share of profit of associates	-	-	-	-	-			6,560	-	6,560
Profit / (loss) before tax	4,105	6,358	8,893	336	(10,698)	(71)	(19,325)	16,606	-	6,204
Income tax expense	(234)	(1,589)	(1,554)	(13)	-	(219)		(25)	-	(3,634)
Profit / (loss) for the period	3,871	4,769	7,339	323	(10,698)	(290)	(19,325)	16,581	-	2,570

Discontinued Operations

	Others *
RM'000	
Revenue	
External sales	-
Inter-segment sales	-
Total revenue	-
Results	
Profit / (loss) from operations	(374)
Interest income	-
Finance costs	-
Profit / (loss) before tax	(374)
Income tax expense	-
Profit / (loss) for the period	(374)

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

8. Segment reporting (cont'd)

Segment information for the preceding year corresponding period ended 30 September 2014 is as follows:

Continuing Operations

	IT	Energy	Agro	Food	EC	Properties	Power/ O&G	Others	Eliminations	Total
RM'000										
Revenue										
External sales	24,524	383,794	30,316	39,009	45,454	1,840	1,797	282	-	527,016
Inter-segment sales	275	-	-	-	8,388	-	-	19,425	(28,088)	-
Total revenue	24,799	383,794	30,316	39,009	53,842	1,840	1,797	19,707	(28,088)	527,016
Results										
Profit / (loss) from operations	1,811	5,095	12,115	(1,039)	2,923	(109)	(1,850)	(9,795)	-	9,151
Interest income	222	675	298	-	62	6	53	259	-	1,575
Finance costs	(111)	(65)	(455)	(13)	(1,032)	(2)	(872)	(1,519)	-	(4,069)
Share of results of associates	-	-	-	-	-	-	-	6,468	-	6,468
Profit / (loss) before tax	1,922	5,705	11,958	(1,052)	1,953	(105)	(2,669)	(4,587)	-	13,125
Income tax expense	(46)	(2,881)	(2,048)	13	(199)	(148)	-	(103)	-	(5,412)
Profit / (loss) for the period	1,876	2,824	9,910	(1,039)	1,754	(253)	(2,669)	(4,690)	-	7,713

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

IT Sector : The sector recorded more than 115% increase in terms of pre-tax profit i.e. RM4.1 million as compared to RM1.9 million in corresponding period last year. This was contributed from higher margin derived from maintenance projects.

Energy Sector : The sector remains profitable despite experiencing a significant drop in revenue by 43%. The reduction in revenue was mainly due to lower average contract price (CP) and sales volume for the liquefied petroleum gas (LPG) as compared to the preceding year. However, a higher profit was made possible as a result of upward revision in the APM structure which subsequently increase the margin. This factor had eventually resulted in profit before tax of RM6.4 million for the sector as compared to lower profit recorded in preceding year of RM5.7 million.

Agro Sector : Being the main contributor to the operating profit of the Group, the sector has managed to record a pre-tax profit of RM8.9 million. Nevertheless, the sector has experienced lower average FFB price whilst its crop harvested had marginally increased by 9.4%. The drop in the price had resulted in lower revenue hence its profit before tax for the current period.

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 compared to the preceding year. With improved cost efficiency practised, the sector had managed to turnaround from the loss before tax of RM1.1 million to profit before tax of RM336,000.

Engineering & Construction ("EC") Sector : The sector incurred loss in the current period as compared to pre-tax profit of RM2 million in the preceding year. This is due to the significant drop in revenue as minimal project undertaken in the current period whilst slow order recorded in current projects.

Properties Sector : The sector has remained stagnant with current rental of properties. The sector resulted in lower loss before tax of RM71,000 as compared to higher loss recorded in preceding year of RM105,000.

Power / O&G Sector : The sector continued to incur loss in the current period as minimal revenue was generated.

9. Notes to profit/(loss) before tax

	9 months ended 30/9/2015 RM'000	9 months ended 30/9/2014 RM'000
Profit/(loss) before tax is arrived after crediting/(charging):		
Interest income	1,739	1,575
Other income including investment income	11,104	3,022
Interest expense	(1,912)	(4,069)
Depreciation and amortisation	(11,953)	(12,879)
Allowance for impairment on receivables	(9,809)	(247)
Write off of assets	-	(650)
Gain on disposal of property, plant and equipment	135	231
Gain on disposal of assets held for sale	8,845	1,235
Foreign exchange gain	557	1,018
Gain / (loss) on derivatives	(49)	(79)

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 30 September 2015 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 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:

9 months ended
30/9/2015
RM'000

Capital expenditure:

Property, plant and equipment

Approved and contracted for

40,298

Approved but not contracted for

20,325

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		9 months ended	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,981	224	3,856	2,727
(Over) / under provision in prior year	569	3,026	(222)	2,881
	<u>2,550</u>	<u>3,250</u>	<u>3,634</u>	<u>5,608</u>
Deferred tax:				
Current	(4)	(108)	-	(196)
	<u>(4)</u>	<u>(108)</u>	<u>-</u>	<u>(196)</u>
	<u>2,546</u>	<u>3,142</u>	<u>3,634</u>	<u>5,412</u>

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

17. Group borrowings and debt securities

As at end of
current quarter
30/9/2015
RM'000

Non-current

Term loans - secured

43,434

Finance leases

1,430

44,864

Current

Term loans - secured

5,861

Bank overdrafts - secured

7,504

Bankers' acceptances / Trust receipts - secured

2,247

Finance leases

1,411

17,023

18. Material litigation

Saved as disclosed below, the Group does not have any other material litigation which would have a material effect on the financial position of the Group.

On 10 April 2015, KUB Builders Sdn Bhd ("KUBB"), a wholly owned subsidiary of KUB Malaysia has received judgment of a court case against Bina Rezeki Sdn Bhd ("BR"). KUBB appointed BR as sub-contractor for the schools project in 2009. BR argued that since they had completed the works and the Defect Liability Period ("DLP") has expired, KUBB must release the retention sum of RM 1,165,793.42. KUBB counter-argued that the release can be made only after Ministry Of Education ("MOE") has issued the Certificate of Making Good Defect (CMGD) to KUBB. KUBB also contended that the works performed by Bina Rezeki was not satisfactory and KUBB had to pay a third party contractor for amount of RM494,271 to rectify the defects. The High Court allowed BR's claim and ordered KUBB to pay RM1,180,419.44 (being the judgment sum of RM1,149,789.42 plus cost of RM30,000 and interest of RM630.02). KUBB has paid all the amount in full and the matter is now closed.

On 7 July 2015, KUB Builders Sdn Bhd ("KUBB"), a wholly owned subsidiary of KUB Malaysia received judgment of a court case against Ket Kenson Berhad ("KK"). The claim is for alleged work done of RM 1,435,008.25 and retention sum of RM 128,502.41, in relation to the school project awarded by the MOE to KUBB in 2008. KUBB appointed KK on 8 February 2010 for RM 2,570,049.00 after another subcontractor failed to complete its works. However, due to poor performance and prolong delays, KUBB issued many reminders and on 24 Nov 2010 terminated KK's contract. The Trial was completed on 12 May 2015. The High Court allowed KK's claims and awarded RM20,000 costs against KUBB & KUB. A Notice of Appeal was filed on 6 Aug 2015. The claim amount was RM1,563,510.66. After due considerations, KUBB decided not to proceed with the appeal. The full amount of RM1,596,789.79 (incl. Interest) has been paid and the matter is now closed.

On 14 August 2015, Swee Construction & Transports Co (M) Sdn Bhd ("Swee") commenced an arbitration proceeding against KUB Builders Sdn Bhd ("KUBB") at Kuala Lumpur Regional Centre for Arbitration ("KLRC") before the sole Arbitrator, Dato' Mah Weng Kwai. The claim is in relation to the sub-contract works awarded by KUBB to Swee for the KLIA2 Project in 2012. The claim amount is RM34,192,346.72 comprising of (i) RM18,191,264.09 for certified works and retention sum, and (ii) RM16,001,422.04 non-certified claims (e.g. loss & expense, loss of profit). The Arbitrator has directed the parties to file the Statement of Claim and Statement of Defence on 23 September 2015 and 16 October 2015 respectively. The hearing dates have been fixed to be on 18-26 January 2016. In its Point of Claim dated 23 Sep 2015, Swee amended the claim amount to be RM28,204,572.46. The management is of the opinion that the second claim of RM16 million will not affect the financial result due to non-certified claim.

Relatedly, Swee also filed for adjudication under Construction Industry Payment Act 2012 (CIPAA) for the sum of RM18,191,264.09, which is part of the amount claimed under the arbitration proceeding. KLRC has appointed Dato' Murelidaran M Navaratnam as the adjudicator. Both the arbitration and adjudication processes for the pavements works are still ongoing.

On 28 Sep 15 and 2 Oct 15, Swee issued payment claims totalling RM2,436,613.95 under the Construction Industry Payment Act 2012 (CIPAA) for the following – (i) RM690,027.00 for CTB works (ii) RM35,000 for proof rolling works (iii) RM118,585.28 for Survey Works (iv) RM1,593,001.67 for CTB materials. The parties are in the midst of appointing an Adjudicator.

On 16 Jun 15, KUBB claimed against MS Kali and SP Smart RM1,352,418.12 being the payment for materials supplied and retention sum. MS Kali appointed KUBB on 26 Aug 2009 to supply precast components worth RM2,542,300.50. The supply were fully delivered in accordance to the letter of award. In 2011, KUBB was paid RM195,226.18 by SP Smart, which is a sub-contractor to MS Kali. No other payment have been received by KUBB since then. The KL High Court has fixed the hearing dates to be on 14-15 Jan 2016.

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

During the current quarter, the Group recorded a loss before tax of RM2.7 million as compared to a loss before tax of RM1.9 million in the immediate preceding quarter. Poor performance shown by its EC and Power / Oil & Gas sectors has given a significant impact to the Group's performance.

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 September 2015, the Group recorded a revenue of RM336.6 million and a profit before tax of RM6.2 million as compared to the revenue of RM527.0 million and a profit before tax of RM13.1 million in the previous corresponding period. Despite its lower turnover, the Group still managed to be profitable due to cost optimisation exercise implemented. The other main contributor is 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 of RM8.8 million.

21. Prospects

In 2015, the Group's business segments are expected to continue operating in a challenging environment with adverse market sentiments in several sectors such as Food, Energy & Construction and Power / O&G sectors. The Group is constantly looking to boost efficiencies, streamlining and consolidating operations for greater resources optimisation across all business units.

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 30/9/2015 RM'000	As at 30/9/2014 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(547,593)	(548,340)
- Unrealised	(4,226)	(3,651)
Total share of retained earnings / (loss) from associated companies		
- Realised	24,650	26,642
- Unrealised	(2,043)	(2,009)
	(529,212)	(527,358)
Group consolidation adjustments	533,588	534,023
Total Group retained earnings / (loss) as per consolidated financial statements	<u>4,376</u>	<u>6,665</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		9 months ended	
		30/9/2015	30/9/2014	30/9/2015	30/9/2014
Earnings / (Loss) for the period attributable to owners of the parent		RM'000	RM'000	RM'000	RM'000
- From continuing operations		(6,330)	2,373	1,538	5,706
- From discontinued operations		-	-	(205)	-
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)	(1.14)	0.43	0.28	1.03
- From discontinued operations	(sen)	-	-	(0.04)	-

25. Earnings / (loss) per share (contd)

(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