



 **Stronger Together**

STRATEGIC, FOCUSED & SUSTAINABLE GROWTH

ANNUAL REPORT 2016



WHO WE ARE

KUB Malaysia Berhad is a diversified group listed on the Main Market of Bursa Malaysia, operating in the Energy, Information and Communications Technology ('ICT'), Agro, Food, Property and Power businesses. Its history can be traced back to a co-operative known as Koperasi Usaha Bersatu Malaysia Berhad, which subsequently engineered the reverse takeover of Permodalan Perak Berhad ('PBB') in 1996. PBB changed its name to KUB Malaysia Berhad and thereafter listed on the Main Market Board of KLSE in 1997.

GROUP'S REVENUE

RM **495.8** MILLION



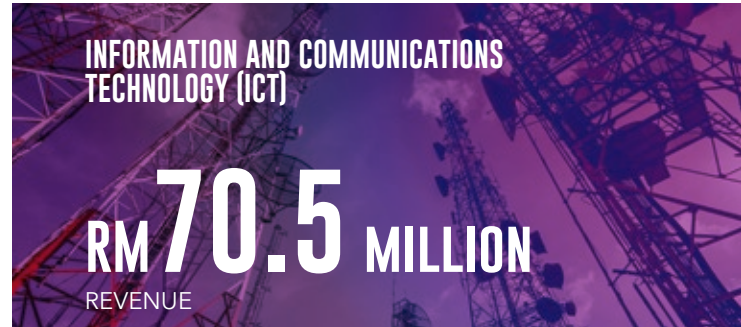
AGRO BUSINESS

RM **39.7** MILLION
REVENUE



INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

RM **70.5** MILLION
REVENUE



NEW FEATURE IN THIS ANNUAL REPORT

The PDF version of KUB Malaysia Berhad's 2016 Annual Report is available in our website. Please visit www.kub.com or simply scan the QR Code to download. We value your feedback and welcome your comments you may have to help improving our coming annual reporting.

Follow the steps below to scan the QR code reader :



Download the 'QR Code Reader' on App Store or Google Play



Run the QR Code Reader app and point your camera to the QR Code



Get access to the softcopy of Annual Report

2016 HIGHLIGHTS

ENERGY

RM325.2 MILLION

REVENUE

FOOD BUSINESS

RM46.9 MILLION

REVENUE

PROPERTY

RM2.6 MILLION

REVENUE

POWER

RM10.6 MILLION

REVENUE



**STRATEGIC,
FOCUSED &
SUSTAINABLE
GROWTH**

The cover design of this year's annual report reflects KUB Malaysia Berhad's business development strategy and depicts its core business segments that were restructured in FY2016. The image of stacking the wooden blocks into a sturdy tower symbolises the focus and synergies of the Group's businesses, which represent the breadth of its operations and balanced growth that create shareholders' value. KUB Malaysia Berhad remains steadfast in its commitment to organic growth through steady and continuous enhancement to the operations in order to maintain its profitability.

52ND ANNUAL GENERAL MEETING

MATRADE Exhibition &
Convention Centre
Menara MATRADE
Jalan Sultan Haji Ahmad Shah
50480 Kuala Lumpur

Tuesday, 23 May 2017

10.00 a.m.



VISION

To own and develop businesses with sustainable profits which generate premium returns to shareholders



MISSION

- To focus on core competencies and sustain growth
- To leverage and maximise synergies among our businesses
- To develop a culture that emphasises high performance
- To be a strategic partner in nation building
- To fulfil our social responsibilities in our community

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NOTICE OF 52ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Second ('52nd') Annual General Meeting ('AGM') of KUB Malaysia Berhad ('KUB' or 'the Company') will be held at Matrade Hall, Level 3, MATRADE Exhibition & Convention Centre, Menara MATRADE, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur on Tuesday, 23 May 2017 at 10.00 a.m. for the transaction of the following businesses :

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **Please refer to Note 2**
2. To re-elect Datuk Haji Mohd Haniff Haji Koslan, a Director who retires in accordance with Article 101 of the Company's Constitution, and being eligible has offered himself for re-election. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire by rotation in accordance with Article 95 (i) of the Company's Constitution, and being eligible have offered themselves for re-election :
 - (i) Dato' Ab Rahim Abu Bakar **Ordinary Resolution 2**
 - (ii) Datuk Hj Faisyal Datuk Yusof Hamdain Diego **Ordinary Resolution 3**

Datuk Wira Mohd Hafarizam Harun, a Director who retires by rotation in accordance with Article 95 (i) of the Company's Constitution has given notice that he will not be seeking for re-election. Hence he will retain office until the close of the 52nd AGM.
4. To approve a first and final single-tier dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2016. **Ordinary Resolution 4
Please refer to Note 3**
5. To approve the payment of Directors' Fees for the financial year ended 31 December 2016. **Ordinary Resolution 5**
6. To approve an amount of up to RM1,500,000 as benefits payable to the Non-Executive Directors in accordance with Section 230(1) of the Companies Act, 2016 with effect from 1 January 2017 to 31 December 2017. **Ordinary Resolution 6**
7. To re-appoint Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit to pass with or without any modifications, the following Resolutions :

8. Authority to issue and allot shares pursuant to Section 75 and Section 76 of the Companies Act, 2016

'THAT subject to Section 75 of the Companies Act, 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ('Bursa Malaysia'); AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company in accordance with Section 76 of the Companies Act, 2016.'

Ordinary Resolution 8

NOTICE OF 52ND ANNUAL GENERAL MEETING

9. Proposed renewal of authority for Share Buy-Back

THAT subject to the compliance with Section 127 of the Companies Act, 2016 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ('Bursa Malaysia') as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed ten per centum (10%) of the existing total number of issued shares in the ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any), and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Statement to Shareholders dated 28 April 2017.

Ordinary Resolution 9

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting ('AGM') of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Malaysia Main Market Listing Requirements and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Bursa Malaysia Main Market Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.'

10. To transact any other business for which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN for the purpose of determining a member who shall be entitled to attend this 52nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(iii) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 16 May 2017. Only a depositor whose name appears on the Record of Depositors as at 16 May 2017 shall be entitled to attend the said Meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

By Order of the Board

SHARINA SAIDON (LS 0006127)

MOHD AFENDY MD YAZIM (MAICSA 7056481)

NANI SURYANI AHMAD TAJUDIN (MAICSA 7045699)

Company Secretaries

Petaling Jaya

28 April 2017

NOTICE OF 52ND ANNUAL GENERAL MEETING

NOTES :

1. Appointment of Proxy

- (i) A member of the Company entitled to attend, speak and vote at the above-mentioned Meeting may appoint a maximum of two (2) proxies, to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company.
- (ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation.
- (iv) The Proxy Forms must be deposited at the office of the Company's Share Registrar, **Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** by hand or fax to **+(603) 78418151** not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.

2. Audited Financial Statements for the Financial Year Ended 31 December 2016

This Agenda is meant for discussion only as an approval from shareholders is not required pursuant to the provisions of Section 251 and Section 340(1)(a) of the Companies Act, 2016. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

3. Declaration of a First and Final Single-Tier Dividend

In accordance with Article 148 of the Company's Constitution, the Board is recommending that the shareholders approve the payment of a first and final single-tier dividend. Pursuant to Paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia, the first and final single-tier dividend, if approved, will be paid not later than three (3) months from the date of the shareholders' approval.

4. Directors Remuneration

Pursuant to Section 230(1) of the Companies Act, 2016, the Board has at its Meeting on 29 March 2017 agreed that the shareholders' approval shall be sought at the 52nd AGM on the Directors' Remuneration in two (2) separate resolutions as follows :

- (i) Resolution 5 - Payment of Directors' Fees for the financial year ended 31 December 2016; and

Details of the Directors' Fees for the financial year ended 31 December 2016 are as disclosed on page 64 of the Annual Report 2016.

- (ii) Resolution 6 - Benefits payable to the Non-Executive Directors (excluding Directors' Fees) effective 1 January 2017 to 31 December 2017 of the Company ('the Relevant Period').

NOTICE OF 52ND ANNUAL GENERAL MEETING

The Benefits comprise Allowances, Benefits in Kind and other emoluments payable to the Non-Executive Directors, details of which are as follows :

1) Monthly Fixed Allowance :	
• Chairman KUB	RM20,000
• Chairman Board Audit Committee	RM5,000
• Chairman Business Sector	RM5,000
2) Meeting Allowance (per Meeting) :	
• Main Board :	
Chairman	RM2,000
Member	RM1,500
• Subsidiaries :	
Chairman	RM1,000
Member	RM750
• Board Audit Committee :	
Chairman	RM2,000
Member	RM1,000
• Other Committees :	
Chairman	RM1,000
Member	RM750
• Task Force Committee :	
Chairman	RM1,500
Member	RM1,500
3) Travelling Allowance	
• Local	RM500
• Oversea	RM1,000
4) Benefits in Kind	
• Medical Benefit :	
- Inpatient	
- Outpatient	
• Insurance	
• Utilities	
• Petrol	
• Car Allowance	
• Toll	
• Telecommunications	

Monthly Fixed Allowance is given to the Chairman as recognition of the significant role in leadership and oversight the wide-ranging scope of responsibilities expected from the Chairman.

The estimated total amount of the Benefits is determined by various factors such as the number of Main Board, Subsidiaries and Committee Meetings, Allowances and Benefits in Kind payable/offered to the Directors. The estimated amount of RM1,500,000 is capped for the Relevant Period.

5. Statement Accompanying Notice of Annual General Meeting of the Company

Additional information required under Appendix 8A of the Main Market Listing Requirements as set out in the Statement Accompanying Notice of Annual General Meeting of the Company.

NOTICE OF 52ND ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO THE SPECIAL BUSINESS :

1. Ordinary Resolution 8 - Authority to issue and allot shares pursuant to Section 75 and Section 76 of the Companies Act, 2016

This Proposed Ordinary Resolution 8 is for the purpose of granting a renewal General Mandate ('General Mandate'), if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to further placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 51st Annual General Meeting held on 24 May 2016 and which will lapse at the conclusion of the 52nd Annual General Meeting

2. Ordinary Resolution 9 - Proposed Share Buy-Back

Full details of the Ordinary Resolution 9 are disclosed in the Statement to Shareholders dated 28 April 2017 which is enclosed together with the Annual Report 2016.

STATEMENT ACCOMPANYING NOTICE OF 52ND ANNUAL GENERAL MEETING

The Director who is standing for re-election pursuant to Article 101 of the Company's Constitution at the 52nd Annual General Meeting ('AGM') of the Company is as follows :

- (i) Datuk Haji Mohd Haniff Haji Koslan

The Directors who are standing for re-election pursuant to Article 95 (i) of the Company's Constitution at the 52nd AGM of the Company are as follows :

- (i) Dato' Ab Rahim Abu Bakar; and
- (ii) Datuk Hj Faisyal Datuk Yusof Hamdain Diego

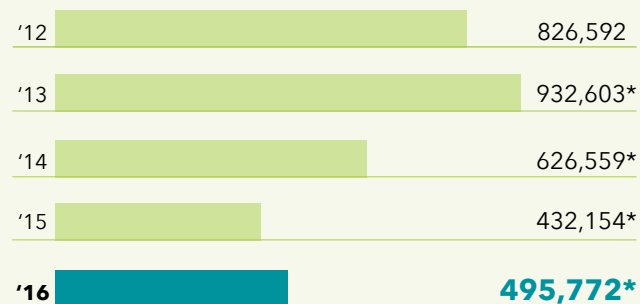
Further details of the above Directors are set out in the Profile of the Board of Directors which appear from page 16 to 21 of the Annual Report 2016.

The details of the Directors' securities holdings in the Company are set out in the Analysis of Shareholdings on page 197 of the Annual Report 2016.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

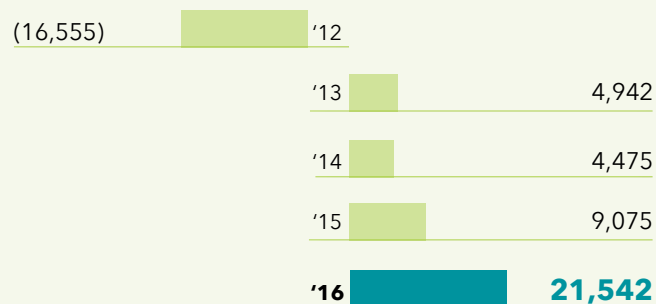
REVENUE

(RM'000)



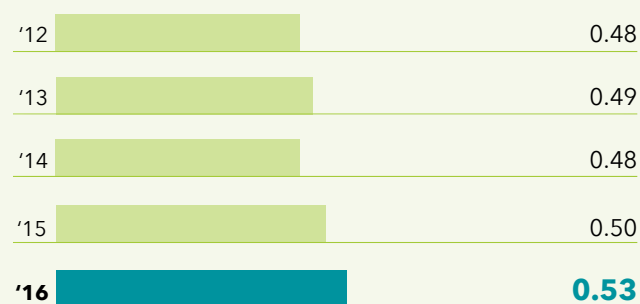
PROFIT/(LOSS) FOR THE YEAR

(RM'000)



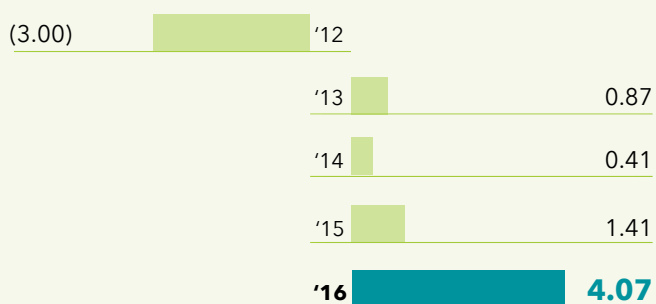
NET ASSETS PER SHARE

(RM)



BASIC EARNINGS/(LOSS) PER SHARE

(SEN)



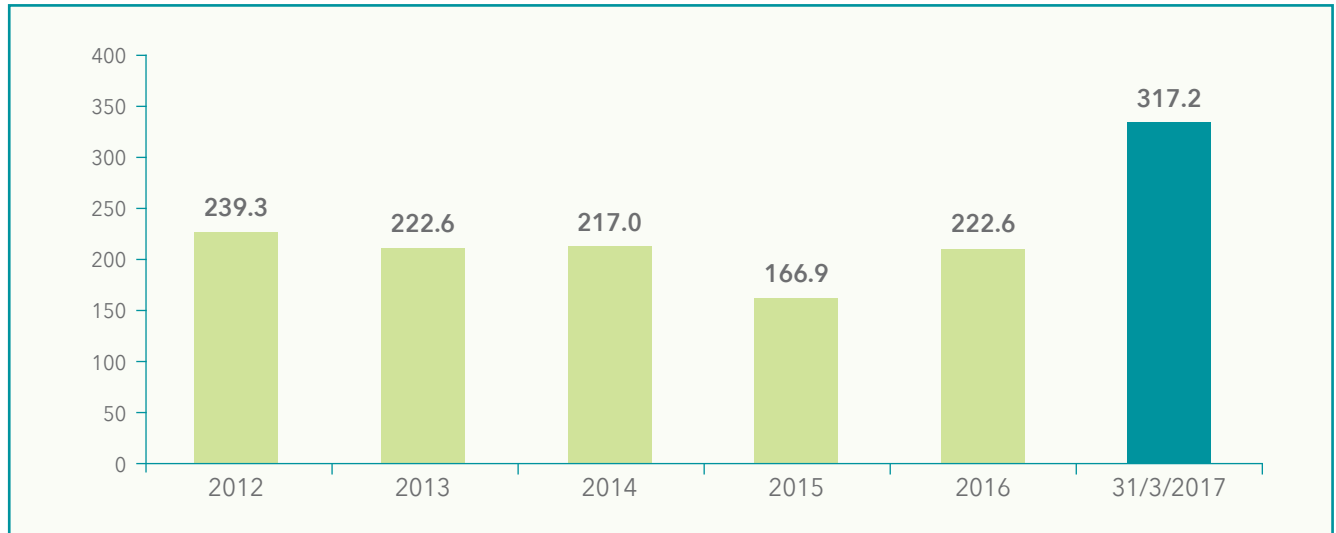
RM'000	2012	2013	2014	2015	2016
Revenue	826,592	932,603*	626,559*	432,154*	495,772*
Profit/(Loss) before taxation	(16,782)	7,535*	10,198*	50,303*	32,334*
Profit/(Loss) for the year	(16,555)	4,942	4,475	9,075	21,542
Profit/(Loss) attributable to owners of the parent	(16,714)	4,846	2,294	7,854	22,628
Shareholders' fund	265,440	273,331	269,716	277,153	296,357
Basic earnings/(loss) per share (sen)	(3.00)	0.87	0.41	1.41	4.07
Net assets per share (RM)	0.48	0.49	0.48	0.50	0.53
Dividend per share (sen)	-	-	-	0.50	1.0
Return on equity	(6%)	2%	1%	3%	8%
Gearing ratio (times)	0.46	0.32	0.21	0.20	0.21

* Note : Continuing Operations

ECONOMIC VALUE FOR SHAREHOLDERS

MARKET CAPITALISATION*

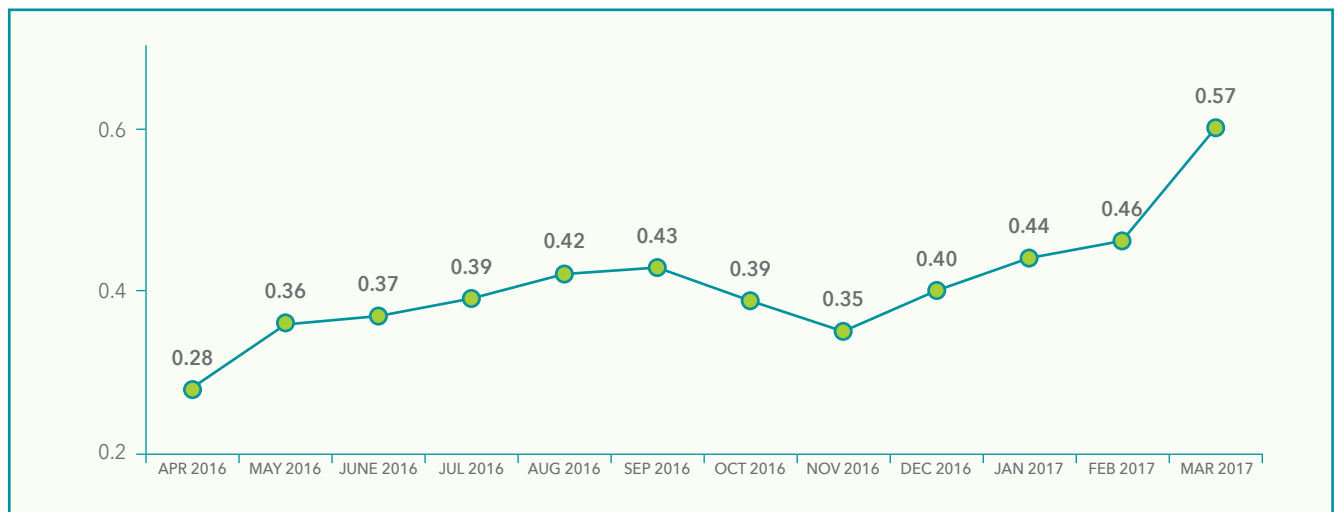
(RM MILLION)



*As at 31 December

SHARE PRICE MOVEMENT (KUB 6874)

(RM)



● Closing Price

APRIL 2016 - MARCH 2017 MONTHLY TRADING VOLUME & SHARE PRICE STATISTICS

MONTH	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Volume ('000)	7.85	8.11	6.82	4.20	81.69	45.41	29.92	35.97	27.17	30.00	49.52	164.43
High (sen)	0.30	0.38	0.39	0.41	0.46	0.44	0.42	0.38	0.41	0.45	0.49	0.62
Low (sen)	0.28	0.28	0.35	0.36	0.40	0.41	0.39	0.32	0.35	0.41	0.44	0.46
Closing Price (sen)	0.28	0.36	0.37	0.39	0.42	0.43	0.39	0.35	0.40	0.44	0.46	0.57

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' AHMAD IBNIHAJAR

Chairman/Independent Non-Executive Director

DATUK ABDUL RAHIM MOHD ZIN

President/Group Managing Director

**DATUK HJ FAISYAL DATUK YUSOF
HAMDAIN DIEGO**

Non-Independent Non-Executive Director

**DATUK WIRA MOHD HAFARIZAM
HARUN**

Independent Non-Executive Director

DATO' AB RAHIM ABU BAKAR

Independent Non-Executive Director

DATO' JAMELAH A.BAKAR

Independent Non-Executive Director

**TUNKU ALIZAN RAJA MUHAMMAD
ALIAS**

Non-Independent Non-Executive Director

TENGGU ZAHAIMI TUAN HASHIM

Non-Independent Non-Executive Director

**MOHAMMAD FARISH NIZAR
OTHMAN**

Independent Non-Executive Director

**DATUK HAJI MOHD HANIFF HAJI
KOSLAN**

Independent Non-Executive Director
(Appointed on 25 August 2016)

DATO' SOHAIMI SHAHADAN

Independent Non-Executive Director
(Resigned w.e.f. 24 May 2016)

COMPANY SECRETARIES

Sharina Saidon

(LS 0006127)

Mohd Afendy Md Yazim

(MAICSA 7056481)

Nani Suryani Ahmad Tajudin

(MAICSA 7045699)

REGISTERED OFFICE

KUB Malaysia Berhad (6022-D)

Level 8-11, Unit 1
Capital 3, Oasis Square
Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : +(603) 7680 9600

(General)

Fax : +(603) 7680 9793

(Group Secretarial Division)

Fax : +(603) 7680 9610

(General)

Website : www.kub.com

EXTERNAL AUDITORS

Deloitte PLT (LLP0010145-LCA)

Chartered Accountants (AF 0080)
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Tel : +(603) 7610 8888

Fax : +(603) 7726 8986

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

(635998-W)

Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Market : Main Market

Stock Name : KUB

Stock Code : 6874

Sector : Trading/Services

SHARE REGISTRAR

**Symphony Share Registrars Sdn Bhd
(378993-D)**

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : +(603) 7841 8000 / 7849 0777

Fax : +(603) 7841 8151 / 8152

PRINCIPAL BANKERS

Malayan Banking Berhad
Bank Pertanian Malaysia Berhad
(Agrobank)
Affin Bank Berhad
RHB Bank Berhad

CORPORATE STRUCTURE



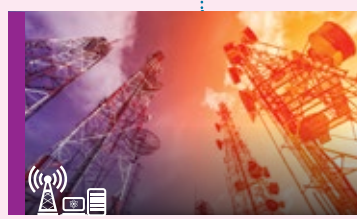
INVESTMENT HOLDING

KUB-Ekuiti Sdn Bhd
(394714-M) **100%**



ENERGY

KUB Gaz Sdn Bhd (9189-U)
(Formerly known as Summit Petroleum
(Malaysia) Sdn Bhd) **100%**



INFORMATION AND COMMUNICATIONS TECHNOLOGY

KUB Telekomunikasi Sdn Bhd
(230021-D) **100%**
KFT International (Malaysia) Sdn
Bhd (245501-X) **100%**
Empirical Systems (M) Sdn Bhd
(584218-A) **100%**



AGRO

KUB Agro Holdings Sdn Bhd
(47135-V) **100%**

AGRO

KUB Sepadu Sdn Bhd
(392172-H) **60%**
KUB Maju Mill Sdn Bhd
(307838-U) **66%**



FOOD BUSINESS

Restoran Kualiti Sdn Bhd
(477993-A) **100%**
• A&W (Malaysia) Sdn Bhd
(5168-X) **100%**



PROPERTY

KUB Tower Sdn Bhd (233906-D) **100%**
Peraharta Sdn Bhd (19250-X) **100%**



POWER

KUB Power Sdn Bhd (236338-P) **100%**



KUB-Berjaya Enviro Sdn Bhd **40%**

GROUP DIRECTORY

ENERGY SECTOR



**KUB GAZ SDN BHD (FORMERLY KNOWN AS
SUMMIT PETROLEUM (MALAYSIA) SDN BHD)**
(COMPANY NO. 9189-U)

BUSINESS ADDRESS

Corporate Office :
Level 3, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7610 9488
Fax : +(603) 7610 9489

Johor Bahru Branch :
16, Jalan Kangkar Tebrau
81100 Johor Bahru
Johor Darul Takzim
Tel : +(607) 333 1351
Fax : +(607) 332 6527

Operations Office :
Westport Branch :
Lot 55710
Lorong Kenanga 8
Liquid Bulk Terminal
Westport, Pulau Indah
42009 Port Klang
Selangor Darul Ehsan
Tel : +(603) 3101 1799
Fax : +(603) 3101 1791

INFORMATION AND COMMUNICATIONS TECHNOLOGY SECTOR



KUB TELEKOMUNIKASI SDN BHD
(COMPANY NO. 230021-D)

KFT INTERNATIONAL (MALAYSIA) SDN BHD
(COMPANY NO. 245501-X)

EMPIRICAL SYSTEMS (M) SDN BHD
(COMPANY NO. 584218-A)

BUSINESS ADDRESS

Corporate Office :
Level 29, South Wing
Menara TM
Jalan Pantai Baharu
50672 Kuala Lumpur
Wilayah Persekutuan
Tel : +(603) 2242 1087
Fax : +(603) 2242 1629

Operations Office :
1, Jalan Selukat 33/27
Shah Alam Technology Park
Section 33
40400 Shah Alam
Selangor Darul Ehsan
Tel : +(603) 5123 5000
Fax : +(603) 5124 8050

AGRO SECTOR



KUB AGRO HOLDINGS SDN BHD
(COMPANY NO. 47135-V)

KUB SEPADU SDN BHD (COMPANY NO. 392172-H)

KUB MAJU MILL SDN BHD (COMPANY NO. 307838-U)

BUSINESS ADDRESS

Level 3, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7610 9490
Fax : +(603) 7610 9496

**GROUP
DIRECTORY****FOOD
SECTOR**

A&W (MALAYSIA) SDN BHD
(COMPANY NO. 5168-X)

BUSINESS ADDRESS

No.66, Jalan Sungai Burung
AA 32/AA, Bukit Rimau, Section 32
40460 Shah Alam
Selangor Darul Ehsan
Tel : +(603) 5131 6600
Fax : +(603) 5131 3777 / 5131 3737

**PROPERTY
SECTOR**

¹ PERAHARTA SDN BHD (COMPANY NO. 19250-X)

² KUB TOWER SDN BHD (COMPANY NO. 233906-D)

¹ BUSINESS ADDRESS

Lot G-02, Lower Ground
Bangunan Seri Kinta
Jalan Sultan Idris Shah
30000 Ipoh
Perak Darul Ridzuan
Tel : +(605) 255 6506
Fax : +(605) 241 5945

² BUSINESS ADDRESS

Level 8-11, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7680 9600
Fax : +(603) 7680 9610

**POWER
SECTOR**

KUB POWER SDN BHD (COMPANY NO. 236338-P)

BUSINESS ADDRESS

Level 3, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +(603) 7610 0018
Fax : +(603) 7610 0017

Note : Registered Office of all Companies located at :

KUB Malaysia Berhad (6022-D)

Level 8-11, Unit 1, Capital 3, Oasis Square, Ara Damansara, Jalan PJU 1A/7A, 47301 Petaling Jaya, Selangor Darul Ehsan

Tel : +(603) 7680 9600 (General) Fax : +(603) 7680 9610 (General) / +(603) 7680 9793 (Group Secretarial Division)

website : www.kub.com

BOARD OF



**DATUK HAJI
MOHD HANIFF
HAJI KOSLAN**

*Independent Non-
Executive Director*

**TENGGU
ZAHAIMI TUAN
HASHIM**

*Non-Independent
Non-Executive
Director*

**TUNKU ALIZAN
RAJA MUHAMMAD
ALIAS**

*Non-Independent
Non-Executive
Director*

**DATO' AB RAHIM
ABU BAKAR**

*Independent Non-
Executive Director*

**DATUK
ABDUL RAHIM
MOHD ZIN**

*President/Group
Managing Director*

DIRECTORS



**DATO' AHMAD
IBNIHAJAR**

*Chairman/
Independent Non-
Executive Director*

**DATUK WIRA MOHD
HAFARIZAM HARUN**

*Independent Non-
Executive Director*

**MOHAMMAD
FARISH NIZAR
OTHMAN**

*Independent Non-
Executive Director*

**DATUK HJ FAISYAL
DATUK YUSOF
HAMDAIN DIEGO**

*Non-Independent
Non-Executive
Director*

**DATO' JAMELAH
A.BAKAR**

*Independent Non-
Executive Director*

PROFILE OF THE BOARD OF DIRECTORS



DATO' AHMAD IBNIHAJAR

Chairman, Independent Non-Executive Director

Malaysian, 67, Male

Date of Appointment :
27 November 2015

Membership of Board Committee :
Board Investment Committee

Academic/Professional Qualification(s)

- Bachelor of Economics (Business Administration), University of Malaya
- Fellow of the Chartered Institute of Logistics and Transport

Present Directorship(s) and/or Appointment(s)

- Listed entity** : Chairman, D'Nonce Technology Berhad
- Other public companies** : None
- Others** : • Chairman, Penang Sentral Sdn Bhd
• Board of Governors Universiti Sains Malaysia

Past Directorship(s) and/or Appointment(s)

- Director, Malaysian Resources Corporation Berhad (2000-2013)
- Chairman, Commerce Assurance Berhad (2001-2005)
- Managing Director, Penang Port Sdn Bhd (1999-2013)
- Director, PWF Consolidated Berhad (formerly known as PW Consolidated Berhad) (1997-2004)
- Managing Director, Bumiputera Technology Venture Capital Management Sdn Bhd (1996-2008)
- Director, Bumiputera Technology Venture Capital Sdn Bhd (1996-2008)
- Managing Director, Taiping Securities Sdn Bhd (1996-1999)
- Executive Director, WM Svene-Nor JV Sdn Bhd (1991-1993)
- Director, Heirs Corporation Sdn Bhd (1991)
- Managing Director, United Traders Securities Sdn Bhd (1984-1991)
- Branch Manager, Malayan Banking Berhad, Genting Highlands and Balik Pulau (1980-1984)
- Forex Dealer and Portfolio Manager, Malayan Banking Berhad, London (1976-1979)



DATUK ABDUL RAHIM MOHD ZIN

President/Group Managing Director

Malaysian, 53, Male

Date of Appointment :
17 August 2015

Membership of Board Committee :
None

Academic/Professional Qualification(s)

- Bachelor of Accountancy (Honours), National University of Malaysia
- Master Degree in Accountancy, University of Glasgow, Scotland
- Chartered Accountant
- Member of the Malaysian Institute of Accountants

Present Directorship(s) and/or Appointment(s)

- Listed entity** : None
- Other public companies** : None
- Others** : • Director of several companies within KUB Group

Past Directorship(s) and/or Appointment(s)

- Director, Labuan Shipyard and Engineering Sdn Bhd (2011-2015)
- Group Chief Executive Officer, Radimax Group Sdn Bhd (formerly known as Realmild (M) Sdn Bhd) (2010-2015)
- Director, Malaysian Bulk Carriers Berhad (2003-2007)
- Director, Global Carriers Berhad (2003-2007)
- Director, Global Maritime Ventures Berhad (2003-2007)
- President and Group Managing Director, Bank Pembangunan Malaysia Berhad Group (2003-2007)
- Chief Executive Officer, Southern Finance Berhad (2001-2003)
- Senior General Manager, Amanah Merchant Bank Berhad (1998-2000)
- General Manager, Group Finance, Southern Bank Berhad (1996-1998)
- General Manager, Corporate Finance, Bumiputra Merchant Bankers Berhad (last held position, 1996)

PROFILE OF THE BOARD OF DIRECTORS



DATUK HJ FAISYAL DATUK YUSOF HAMDAIN DIEGO

Non-Independent Non-Executive
Director

Malaysian, 54, Male

Date of Appointment :

18 August 2005 (Redesignated as Non-Independent Non-Executive Director on 18 August 2014)

Membership of Board Committee :

- Board Audit Committee
- Board Risk Management Committee

Academic/Professional Qualification(s)

- Degree in Economics, York University, Toronto, Ontario, Canada
- Diploma in Accountancy, Toronto School of Business, Ontario, Canada
- Masters of Business Administration in Shipping and Logistics, Middlesex University, London

Present Directorship(s) and/or Appointment(s)

- Listed entity** : Chairman, Suria Capital Holdings Berhad
- Other public companies** : Governor and member, Yayasan Bursa Malaysia
- Others** : • Director of several companies within KUB Group
- Chairman, SCHB Engineering Services Sdn Bhd (a subsidiary of Suria Capital Holdings Berhad)
 - Executive Chairman, Arus Sutera Sdn Bhd
 - Director, Perkasa Trading Sdn Bhd (a subsidiary of Sabah Economic Development Corporation)

Past Directorship(s) and/or Appointment(s)

- Chairman, Yayasan Bumiputera Sabah (wholly-owned by the State Government of Sabah) (2010-2012)
- Director, Bursa Malaysia Berhad (2004-2010)
- Treasurer, Dewan Perniagaan Melayu Malaysia (Sabah) (1997-2007)



DATUK WIRA MOHD HAFARIZAM HARUN, JP

Independent Non-Executive Director

Malaysian, 44, Male

Date of Appointment :

19 December 2011

Membership of Board Committee :

- Board Audit Committee (Chairman)
- Board Risk Management Committee (Chairman)
- Board Nomination and Remuneration Committee
- Board of Employee Shares Option Scheme (ESOS) Committee

Academic/Professional Qualification(s)

- LL.M, University of Warwick, United Kingdom
- LLB (Honours), International Islamic University of Malaysia
- Advocate and Solicitor of the High Court of Malaya (1997)

Present Directorship(s) and/or Appointment(s)

- Listed entity** : None
- Other public companies** : Director, Felda Holdings Berhad
- Others** : • Chairman of Peraharta Sdn Bhd (a wholly-owned subsidiary of KUB Malaysia Berhad)
- Director, Felda Global Ventures Sugar Sdn Bhd (a wholly-owned subsidiary of Felda Global Ventures Holdings Berhad)
 - Managing Partner, Messrs. Hafarizam Wan & Aisha Mubarak

Past Directorship(s) and/or Appointment(s)

- Senior Associate, Messrs. Shahrizat Rashid & Lee (2004)
- Legal Assistant, Messrs. Rashid & Lee (1999)

PROFILE OF THE BOARD OF DIRECTORS



DATO' AB RAHIM ABU BAKAR

Independent Non-Executive Director

Malaysian, 65, Male

Date of Appointment :
5 August 2013

Membership of Board Committee :

- Board Investment Committee (Chairman)
- Board Audit Committee
- Board Nomination and Remuneration Committee
- Board Risk Management Committee
- Board of Employee Shares Option Scheme (ESOS) Committee

Academic/Professional Qualification(s)

- Bachelor of Electrical Engineering, NED University of Engineering and Technology

Present Directorship(s) and/or Appointment(s)

Listed entity : None

Other public companies : None

- Others :
- Director of several companies within KUB Group
 - Chief Executive Officer, Nouva ASP (M) Sdn Bhd (a subsidiary of BARTEC Group International)
 - Chairman, EDMI Meters Sdn Bhd
 - Chairman, VITZROTND (M) Sdn Bhd

Past Directorship(s) and/or Appointment(s)

- General Manager, Marketing and Project Division, EPE Power Corporation Berhad
- Schneider and Arab Malaysian SGB
- President, Persatuan Usahawan Tenaga Malaysia
- President, Bumiputera Manufacturers and Services
- Vice President, National Malay Chamber of Commerce
- President, Pahang State National Malay of Chamber
- Deputy President, Pahang Malays Football Association



DATO' JAMELAH A. BAKAR

Independent Non-Executive Director

Malaysian, 64, Female

Date of Appointment :
5 August 2013

Membership of Board Committee:

- Board of Employee Shares Option Scheme (ESOS) Committee (Chairwoman)
- Board Investment Committee
- Board Nomination and Remuneration Committee

Academic/Professional Qualification(s)

- Associate Degree in Printing and Advertising, United States of America
- Diploma in Journalism, International Institute of Journalism, Berlin, Germany

Present Directorship(s) and/or Appointment(s)

Listed entity : None

Other public companies : Director, Perbadanan Usahawan Nasional Berhad

- Others :
- Director of several companies within KUB Group
 - EXCO Member, United Malays National Organisation ('UMNO')s Women Wing (2008-2018)
 - Chairwoman, Women & Family Development Bureau, National Drug Abuse Prevention Association (PEMADAM)
 - Member, Women's Advisory Council and Consultative Malaysia

Past Directorship(s) and/or Appointment(s)

- Journalist, Utusan Malaysia and Berita Harian Newspapers
- Representative Journalist, Berita Harian Newspaper in Washington DC
- Editor, 'Utusan Pengguna'
- Editor-in-Chief, Bahasa Malaysia publication of the Consumer Association of Penang
- Vice Chairwoman, Women and Asean Economic Community Business Foundation

PROFILE OF THE BOARD OF DIRECTORS



TUNKU ALIZAN RAJA MUHAMMAD ALIAS

Non-Independent Non-Executive
Director

Malaysian, 50, Male

Date of Appointment :
16 June 2015

Membership of Board Committee :
• Board Nomination and Remuneration
Committee (Chairman)
• Board Investment Committee

Academic/Professional Qualification(s)

- LLM, University of Bristol, United Kingdom
- LLB (Honours), University of Malaya
- Advocate and Solicitor of the High Court of Malaya (1991)

Present Directorship(s) and/or Appointment(s)

- Listed entity : • Chairman, Gabungan AQRS Berhad
• Director, Scomi Engineering Berhad
- Other public companies : None
- Others : • Director of several companies within KUB Group
• Partner, Messrs. Zul Rafique & Partners

Past Directorship(s) and/or Appointment(s)

- Partner, Messrs. David Chong & Co
- Legal Assistant, Messrs. Albar Zulkifly & Yap
- Legal Assistant, Messrs. Abdullah & Zainuddin



TENGGU ZAHAIMI TUAN HASHIM

Non-Independent Non-Executive
Director

Malaysian, 48, Male

Date of Appointment :
16 June 2015

Membership of Board Committee :
• Board Nomination and Remuneration
Committee
• Board Investment Committee

Academic/Professional Qualification(s)

- Bachelor of Science in Business Administration, University of Tulsa, Oklahoma, United States of America
- Associate Degree in Computer Information System, MARA Science College, Kuantan
- Professional Certificate in Financial Technical Analysis (with distinction), Open University
- An accredited full Member of the Society of Technical Analyst, United Kingdom

Present Directorship(s) and/or Appointment(s)

- Listed entity : None
- Other public companies : None
- Others : • Director of several companies within KUB Group
• Director, Nur Power Sdn Bhd
• Director, Nur Generation Sdn Bhd
• Director, Nur Distribution Sdn Bhd
• Director, National Aerospace and Defence Industries Sdn Bhd

Past Directorship(s) and/or Appointment(s)

- Lead Advisor to the Governor of Al-Madinah Al-Munawarah, Saudi Arabia for the Strategic Study Transformation Readiness initiative
- Regional Manager for Middle East and North Africa region based in Jeddah, Saudi Arabia
- Special Officer to the former Minister of Science, Technology and Innovation Office
- Special Officer to the Special Advisor in the Prime Ministers' Department

PROFILE OF THE BOARD OF DIRECTORS



MOHAMMAD FARISH NIZAR OTHMAN

Independent Non-Executive Director

Malaysian, 45, Male

Date of Appointment :
27 November 2015

Membership of Board Committee :

- Board Audit Committee
- Board Risk Management Committee
- Board of Employee Shares Option Scheme (ESOS) Committee

Academic/Professional Qualification(s)

- Bachelor of Accountancy (Honours), International Islamic University of Malaysia
- Member of the Malaysian Institute of Accountants
- Member of the Chartered Institute of Management Accountants

Present Directorship(s) and/or Appointment(s)

- Listed entity : None
- Other public companies : None
- Others : • Director, Corporate Services, Malaysian Technology Development Corporation ('MTDC') (wholly-owned by Khazanah Nasional Berhad)

Past Directorship(s) and/or Appointment(s)

- General Manager, Business Development and Tender Coordination, Scomi Engineering Berhad
- Senior Vice President, Finance and Corporate Services, MTDC
- Chartered Accountant, Messrs. KPMG Kuala Lumpur
- Chartered Accountant, Messrs. PricewaterhouseCoopers Kuala Lumpur



DATUK HAJI MOHD HANIFF HAJI KOSLAN

Independent Non-Executive Director

Malaysian, 58, Male

Date of Appointment :
25 August 2016

Membership of Board Committee :

- Board Investment Committee

Academic/Professional Qualification(s)

- International Executive Master of Business Administration, Paris Graduate School of Management, France
- Certified International Project Manager & Fellow, American Academy of Project Management ('AAPM'), United States of America
- Registered Business Analyst & Fellow, American Academy of Financial Management ('AAFMM'), United States of America

Present Directorship(s) and/or Appointment(s)

- Listed entity : None
- Other public companies : None
- Others : • Director of several companies within KUB Group
- Director, Corporate Strategic and Development, HSS Engineering Sdn Bhd
 - Executive Chairman, Dorchester International Sdn Bhd
 - Executive Chairman, Tirai Sutera (M) Sdn Bhd
 - Executive Chairman, Haniff Properties Sdn Bhd
 - Chairman, DMIA Sdn Bhd

Past Directorship(s) and/or Appointment(s)

- President, Ranhill Corporation Sdn Bhd (1998-2000)
- Executive Director, Bridgecon Holdings Berhad (1997-1998)
- Executive Director, Kumpulan KKHM Sdn Bhd (1989-1997)
- Tax Consultant, Messrs. Aidid & Co Chartered Accountants and Public Accountants (1986-1989)
- Tax Consultant, K.K San Liew & Loke Chartered Accountants and Public Accountants (1984-1986)
- Tax Assistant, Inland Revenue Board of Malaysia (1980-1984)

PROFILE OF THE BOARD OF DIRECTORS

Additional Information

1. Save as disclosed below, none of the Directors has any family relationship with and is not related to any director and/or major shareholders of KUB Malaysia Berhad, nor has any personal interest in any business arrangement involving the Company :
 - i. Datuk Wira Mohd Hafarizam Harun, an Independent Non-Executive Director of KUB Malaysia Berhad is the brother-in-law to Encik Mohammad Farish Nizar Othman who is also an Independent Non-Executive Director of KUB Malaysia Berhad.
 - ii. The nominee Directors of Gaya Edisi Sdn Bhd (a substantial shareholder of the Company) are as follows :
 - Tunku Alizan Raja Muhammad Alias; and
 - Tengku Zahaimi Tuan Hashim.
 - iii. Datuk Wira Mohd Hafarizam Harun and Tunku Alizan Raja Muhammad Alias have interest in certain related party transactions as disclosed in Note 35 (d) to the financial statements.
2. None of the Directors has been convicted for offences within the past five (5) years and public sanction or penalty imposed by the relevant regulatory bodies during the financial year other than traffic offences, if any.
3. The details of Directors' attendance at Board Meetings held in the financial year ended 31 December 2016 are set out in the Statement on Corporate Governance from page 61 of this Annual Report.
4. The full profiles of the Directors are available online in the Profile of the Board of Directors section at www.kub.com.

BOARD COMMITTEES

APPOINTED WITH EFFECT FROM (W.E.F.)

BOARD AUDIT COMMITTEE

1. Datuk Wira Mohd Hafarizam Harun (Chairman)	19/12/2011 (Redesignated as Chairman w.e.f. 01/06/2014)
2. Datuk Hj Faisyal Datuk Yusof Hamdain Diego	27/11/2015
3. Dato' Ab Rahim Abu Bakar	29/06/2015
4. Mohammad Farish Nizar Othman	27/11/2015

BOARD NOMINATION AND REMUNERATION COMMITTEE

1. Tunku Alizan Raja Muhammad Alias (Chairman)	29/06/2015
2. Datuk Wira Mohd Hafarizam Harun	01/06/2015
3. Dato' Ab Rahim Abu Bakar	29/06/2015
4. Dato' Jamelah A.Bakar	29/06/2015
5. Tengku Zahaimi Tuan Hashim	27/11/2015

BOARD RISK MANAGEMENT COMMITTEE

1. Datuk Wira Mohd Hafarizam Harun (Chairman)	27/11/2015
2. Datuk Hj Faisyal Datuk Yusof Hamdain Diego	29/05/2012
3. Dato' Ab Rahim Abu Bakar	21/10/2014
4. Mohammad Farish Nizar Othman	27/11/2015

BOARD INVESTMENT COMMITTEE

1. Dato' Ab Rahim Abu Bakar (Chairman)	29/06/2015
2. Dato' Ahmad Ibnihajar	27/11/2015
3. Dato' Jamelah A.Bakar	21/10/2014
4. Tunku Alizan Raja Muhammad Alias	29/06/2015
5. Tengku Zahaimi Tuan Hashim	29/06/2015
6. Datuk Haji Mohd Haniff Haji Koslan	07/10/2016

BOARD EMPLOYEE SHARES OPTION SCHEME (ESOS) COMMITTEE

1. Dato' Jamelah A.Bakar (Chairwoman)	27/11/2015
2. Dato' Ab Rahim Abu Bakar	21/10/2014
3. Datuk Wira Mohd Hafarizam Harun	30/05/2016
4. Mohammad Farish Nizar Othman	30/05/2016

PROFILE OF SENIOR MANAGEMENT



DATUK ABDUL RAHIM MOHD ZIN

President/Group Managing Director

(As expressed in page 16 of the Profile of the Board of Directors)



AHMED FAIRUZ ABDUL AZIZ

Vice President, Group Finance

Malaysian, 39, Male

Date of Appointment :
4 January 2016

Academic/Professional Qualification(s)

- Bachelor Degree in Accounting and Finance, London School of Economics, United Kingdom
- Chartered Accountant with the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Group Chief Financial Officer ('CFO')/ Acting Group CFO/ Head of Group Corporate Finance/Senior Manager, Group Corporate Finance, Naza Corporation Group of Companies (2008-2015)
- Manager, Group Corporate Finance/ Executive, Investment Banking Division, CIMB Investment Bank Berhad (2005-2008)
- Senior Associate 1, Messrs. Ernst & Young (2002-2005)
- Associate, Messrs. Arthur Andersen & Co. (2001-2002)



AZMAN ABDULLAH

Vice President
Group Operations and Strategic
Development

Malaysian, 41, Male

Date of Appointment :
15 February 2016

Academic/Professional Qualification(s)

- Bachelor Degree in Accounting and Finance, University of Warwick, England
- Associate Member of the Chartered Institute of Management Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants

Working Experience(s)

- Chief Executive Officer, CMS Consortium Ecotour Sdn Bhd (2015-2016)
- Chief Executive Officer, Qualitest Engineering Sdn Bhd (2013-2014)
- Corporate Business Controller (CEO'S Office)/Director of Corporate Projects/ Board Director (various subsidiaries), Group Lotus PLC, United Kingdom (2008-2012)
- Executive Director, Member of Audit Committee/Executive Committee Finance Director, Mexter Technology Berhad (2007-2008)
- Senior Manager and Head of Corporate Finance/Manager, Chairman's Office, Proton Holdings Berhad (2006-2007)

Present Directorship(s)

Listed entity : None
Other public companies : None

PROFILE OF SENIOR MANAGEMENT



MOHD SHAHRIN MOHAMMAD

Vice President/Chief Executive Officer, KUB Telekomunikasi Sdn Bhd

Malaysian, 56, Male

Date of Appointment :
26 May 2013

Academic/Professional Qualification(s)

- Bachelor Degree in Computer Science, Western Michigan University, United States of America
- Diploma in Computer Science, MARA Institute of Technology

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Director, Business Development, Pace Synergy Consulting Sdn Bhd (2012-2013)
- Head, Information Technology, Bank Muamalat Malaysia Berhad (2009-2011)
- Chief Information Officer, Tune Money Sdn Bhd (2008-2009)
- Chief Information Officer, Al-Rajhi Bank Berhad (2005-2007)
- Vice President, Information Technology, RHB Bank Berhad (2001-2005)



MOHAMAD MAZRI ZAINAL ABIDIN

Vice President/Chief Executive Officer, KUB Power Sdn Bhd

Malaysian, 50, Male

Date of Appointment :
15 May 2014

Academic/Professional Qualification(s)

- Bachelor Degree in Electrical Engineering, University of Malaya
- Member of Board of Engineers Malaysia
- Member of Institution of Engineers, Malaysia

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Consultant, Multi Discovery Sdn Bhd (2013-2014)
- Senior General Manager, Mahkota Technology Sdn Bhd (2011-2013)
- General Manager, KUB Power Sdn Bhd (2007-2011)
- Senior Manager, Muhibbah Engineering Sdn Bhd (2003-2007)
- Project Manager, Schneider Electric (M) Sdn Bhd (2000-2003)



SAMAD MOHD SHARIFF

Vice President/Chief Executive Officer, A&W (Malaysia) Sdn Bhd

Singaporean, 51, Male

Date of Appointment :
2 July 2013

Academic/Professional Qualification(s)

- Advanced Diploma in Business Administration, Thames Business School, Singapore

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Director of Operations, Cosmo Restaurants Sdn Bhd (2008-2013)
- Business Development Manager, Plenitum Care (S) Pte Ltd (2007-2008)
- Sales Manager, Simplex Pte Ltd (2005-2007)
- Business Consultant, McDonalds Restaurant Pte Ltd (1991-2005)
- Sales Manager, Amazing Services Pte Ltd (1988-1991)

PROFILE OF SENIOR MANAGEMENT



AHMAD FISAL SHAFIE

Vice President/Chief Executive Officer, KUB Gaz Sdn Bhd (formerly known as Summit Petroleum (Malaysia) Sdn Bhd)

Malaysian, 55, Male

Date of Appointment :
16 November 2015

Academic/Professional Qualification(s)

- Bachelor Degree in Accountancy, University of East Anglia, United Kingdom

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Freelance Consultant on Organisation Restructuring and Business Planning (2014-2015)
- Head of Operations, Maple Icon Sdn Bhd (2011-2014)
- Group Chief Operating Officer, Aerotree Defence Services Sdn Bhd (2010-2011)
- Group Senior Vice President, KIC Oil & Gas Group of Companies (2004-2010)
- Senior Manager, LPG Marketing, Supply Department, Petronas Dagangan Berhad (2000-2004)



DR. ZAINI MOHAMED TAMBAH

Head, Plantation and Operations, KUB Agro Holdings Sdn Bhd and KUB Sepadu Sdn Bhd

Malaysian, 54, Male

Date of Appointment :
1 March 2017

Academic/Professional Qualification(s)

- Doctorate in Business Administration, University of Hertfordshire, United Kingdom
- Master in Business Administration, University of Delaware
- Diploma in Agriculture, Universiti Pertanian Malaysia (now Universiti Putra Malaysia)

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Head of Business Development and Special Project/Senior Manager, Plantation Operations Department, KUB Agro Holdings Sdn Bhd (2012-2016)
- Business Development Manager/Estate Manager/Assistant Manager/Senior Agriculture Executive, KUB Agrotech Sdn Bhd (1995-2012)
- Agriculture Executive, KUB Holdings Berhad (1994-1995)
- Assistant District Officer, Rubber Industry Smallholders Development Authority ('RISDA') (1992-1994)
- General Manager, KPK Bandar Baharu Bhd (1985-1992)



MOHD NOORKHAIRI MAHMUD

Head, KUB Maju Mill Sdn Bhd

Malaysian, 38, Male

Date of Appointment :
20 June 2016

Academic/Professional Qualification(s)

- Bachelor Degree in Mechanical Engineering, MARA University of Technology
- Diploma in Mechanical Engineering, Polytechnic of Kota Bharu, Kelantan

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Mill Manager, United Malacca Berhad (2014-2016)
- Mill Manager, Tabung Haji Plantations Berhad (2012-2014)
- Assistant Manager, Sime Darby Plantation Sdn Bhd (2005-2012)

PROFILE OF SENIOR MANAGEMENT



SHARINA SAIDON

Head, Group Secretarial
Company Secretary

Malaysian, 57, Female

Date of Appointment :

2 June 2013

Appointed as Company Secretary on
14 June 2013

Academic/Professional Qualification(s)

- LLB (Honours) in Business Law, City of London Polytechnic, UK (now London Metropolitan University)
- Diploma in Law, MARA Institute of Technology
- Licensed Company Secretary (LS 0006127)

Present Directorship(s)

Listed entity : None

Other public companies : None

Working Experience(s)

- General Manager, Legal/Company Secretary, Utusan Melayu (Malaysia) Berhad (1996-2013)
- Legal Assistant, Messrs. Maydien & Associates (1990-1996)



AZIZAN ARIFFIN

Head, Group Internal Audit

Malaysian, 49, Male

Date of Appointment :

1 July 2014

Academic/Professional Qualification(s)

- Bachelor of Accountancy (Honours), International Islamic University of Malaysia
- Chartered Accountant with the Malaysian Institute of Accountants
- Chartered Member of the Institute of Internal Auditors Malaysia
- Member of the Malaysian Institute of Management
- Qualified Risk Auditor, Professional Member of the Institute of Enterprise Risk Practitioners

Present Directorship(s)

Listed entity : None

Other public companies : None

Working Experience(s)

- Head of Group Internal Audit, NCB Holdings Bhd (2007-2014)
- Manager, Group Internal Audit, KUB Malaysia Berhad (2004 - 2007)
- Head of Internal Audit, WWE Holdings Berhad (2001-2004)
- Senior Internal Auditor, Faber Group Berhad (1997-2001)
- Internal Auditor, Credit Corporation (Malaysia) Berhad (1995 - 1996)



KHAMSIAH YA'AKOB

Head, Group Human Capital

Malaysian, 56, Female

Date of Appointment :

9 June 2016

Academic/Professional Qualification(s)

- Diploma in Human Resource Management, University of Malaya
- Member of the Malaysian Institute of Human Resource Management

Present Directorship(s)

Listed entity : None

Other public companies : None

Working Experience(s)

- Vice President, Business Process Outsourcing, HR Consulting Sdn Bhd (2007-2013)
- Manager, Human Resource and Administration, Naza Motor Trading Sdn Bhd (2004-2007)
- Senior Executive Human Resource and Administration, Sapura Holdings Sdn Bhd (1984-2003)

PROFILE OF SENIOR MANAGEMENT



DR. BADRULHISHAM MOHD GHAZALI

Assistant Vice President, Strategic
Planning and Performance Management

Malaysian, 42, Male

Date of Appointment :
5 May 2016

Academic/Professional Qualification(s)

- Doctorate in Mechanical Engineering, University of Adelaide, Australia
- Bachelor Degree in Mechanical Engineering (1st Class Honours), University of Adelaide, Australia

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Director/Consultant, Timuraxis Sdn Bhd (2015-2016)
- Chief Executive Officer, CMS Konsortium Ecotour Sdn Bhd (2014-2015)
- Head Export and Group Corporate Strategy, Proton Holdings Sdn Bhd (2008-2014)
- Head of Strategic Planning, Proton Edar Sdn Bhd (2006-2008)



MOHAMAT YUSOF ABU BAKAR

Assistant Vice President, Corporate
Advisory

Malaysian, 47, Male

Date of Appointment :
1 December 2015

Academic/Professional Qualification(s)

- Master in Economics and Management Science, Humboldt University of Berlin, Germany
- Master in Law (Banking and Finance), London School of Economics, United Kingdom
- Bachelor in Law, University of Leeds

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Senior Manager, Corporate Planning, STB-CH Management Services (2005-2006)
- Senior Executive, International Development, International Medical University (2004-2005)
- Assistant Manager, Investments, Labuan Reinsurance (L) Ltd (2002-2004)
- Investment Analyst, RHB Research Institute Sdn Bhd (2002)
- Investment Analyst, Arab-Malaysian Securities Sdn Bhd (1997-1998)



HANIE IZAWATIE AHMAD KAMIL

Assistant Vice President, Group Legal

Malaysian, 40, Female

Date of Appointment :
7 December 2015

Academic/Professional Qualification(s)

- Bachelor Degree in Law (Honours), MARA University of Technology

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Head of Legal, AirAsia X Berhad (2014-2015)
- Legal Manager, AirAsia X Berhad (2008-2014)
- Legal Associate, Messrs. Lee Hishamuddin Allen & Gledhill (2003-2008)

PROFILE OF SENIOR MANAGEMENT



ROZAIDIN JAAFAR

Senior Manager, Group Risk
Management

Malaysian, 45, Male

Date of Appointment :
3 April 2014

Academic/Professional Qualification(s)

- Bachelor Degree in Business Administration, Western Michigan University, United States of America
- Diploma in Accountancy, MARA University of Technology
- Associate Member of the Institute of Internal Auditors Malaysia
- Certified Enterprise Risk Manager, Institute of Enterprise Risk Practitioners
- Certified Integrity Officer (Malaysian Anti-Corruption Academy)

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Manager, Plant Procurement, Medilaund (M) Sdn Bhd and Clinwaste (M) Sdn Bhd (subsidiaries of Radicare (M) Sdn Bhd) (2009-2014)
- Manager, Business Risk Consultant, PSDC International Sdn Bhd (2008-2009)
- Senior Executive, Risk Management, Permodalan Nasional Berhad (2005-2008)
- Executive Internal Audit, United Engineering (M) Bhd (2000-2005)



MIOR AZHAR MIOR MOHAMED JUNID

Senior Manager, Peraharta Sdn Bhd

Malaysian, 50, Male

Date of Appointment :
1 September 2006

Academic/Professional Qualification(s)

- Master in Business Administration, MARA University of Technology
- Bachelor Degree in Business Administration (Finance), MARA University of Technology
- Diploma in Accountancy, MARA University of Technology

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Senior Manager/Officer, Peraharta Sdn Bhd (1989-present)



BADRULHISHAM SHAFIE

Head, Procurement and Strategic
Sourcing

Malaysian, 45, Male

Date of Appointment :
5 May 2016

Academic/Professional Qualification(s)

- Bachelor Degree in Horticultural Science, Universiti Putra Malaysia

Present Directorship(s)

Listed entity : None
Other public companies : None

Working Experience(s)

- Freelance Procurement Consultant (2014-2016)
- Vice President Procurement, Themed Attractions and Resorts Sdn Bhd (2011-2014)
- Vice President Procurement, Pos Malaysia Berhad (2008-2011)
- Procurement Manager, Johnson Controls Automotive Sdn Bhd (2006-2008)

PROFILE OF SENIOR MANAGEMENT



MOHD AFENDY MD YAZIM

Manager, Group Secretarial
Joint Company Secretary

Malaysian, 37, Male

Date of Appointment :

2 September 2014

Appointed as Joint Company Secretary on
9 January 2015

Academic/Professional Qualification(s)

- Bachelor Degree (Honours) in Corporate Administration, MARA University of Technology
- Diploma in Executive Secretaryship, MARA University of Technology
- Certified Integrity Officer (Malaysian Anti-Corruption Academy)
- Member of the Malaysian Institute of Chartered Secretaries and Administrators

Present Directorship(s)

Listed entity : None

Other public companies : None

Working Experience(s)

- Manager, Corporate Secretarial, National Aerospace and Defence Industries Sdn Bhd (2014)
- Compliance Officer, Kumpulan Hartanah Selangor Berhad (2012-2014)
- Secretarial Executive, Kumpulan Perangsang Selangor Berhad (2010-2012)



NANI SURYANI AHMAD TAJUDIN

External Joint Company Secretary

Malaysian, 47, Female

Date of Appointment :

8 September 2015

Academic/Professional Qualification(s)

- Master of Law Executive (Business Law), International Islamic University of Malaysia
- The Institute of Chartered Secretaries and Administrators, United Kingdom

Present Directorship(s)

Listed entity : None

Other public companies : None

Working Experience(s)

- Director, Group Secretarial and Legal, Radimax Group Sdn Bhd (2010-Present)
- General Manager, Group Secretarial and Legal, Radicare (M) Sdn Bhd (2006-2010)
- Manager, Company Secretary, Radicare (M) Sdn Bhd (2004-2006)

Additional Information

1. None of the senior management has any family relationship with and is not related to any director and/or major shareholders of KUB Malaysia Berhad, nor has any personal interest in any business arrangement involving the Company.
2. None of the senior management has been convicted for offences within the past five (5) years and public sanction or penalty imposed by the relevant regulatory bodies during the financial year other than traffic offences, if any.
3. The full profile of the Senior Management are available online at www.kub.com.

Dato' Ahmad Ibnihajar
Chairman

GROUP REVENUE

RM495.8
MILLION

PROFIT FOR THE YEAR

RM21.5
MILLION

MESSAGE FROM THE CHAIRMAN

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of KUB Malaysia Berhad ('KUB' or 'the Group'), I am pleased to present to you the Group's Annual Report and Audited Financial Statements for the financial year ended 31 December 2016 ('FY2016'). Despite the challenging environment that plagued our economy, the Group managed to produce commendable financial results on the back of encouraging growth across all divisions.

This success is the result of the strategic roadmap that was developed and implemented towards the end of the financial year ended 31 December 2015 ('FY2015'). The roadmap detailed strategies to improve operational efficiency and increase profitability by streamlining our business operations. We underwent a strategic organisational overhaul as we divested our non-core assets and non-performing businesses to focus on strengthening our core competencies.

Going forward, the Group's prospects are expected to improve in tandem with an improving global economy as we continue to implement the various transformation efforts in our quest to streamline our business operations and improve profitability.

OUR FINANCIAL PERFORMANCE

Despite the challenging economic environment, the Group has delivered a bumper year with revenue of RM495.8 million, translating to an increase of 14.7%, compared to FY2015. This is mainly attributable by our efforts in streamlining and strengthening our core competencies in the Energy, ICT and Agro businesses. The Energy sector was our core revenue contributor at 66% of the total revenue, followed by our ICT business at 14% and Agro business at 8%.

As a result in the increase in topline, the Group recorded a staggering 137.4% leap in its Profit After Tax ('PAT') to RM21.5 million. The financial results of the Group were significantly impacted by the improved operational performance, particularly in the Energy business, as well as the absence of the losses incurred in two (2) loss-making subsidiaries, which we have successfully disposed of in late FY2015 and mid-FY2016.

MESSAGE FROM THE CHAIRMAN



Ramadhan Programme at Maahad Tahfiz Al-Falahiyyah



Hari Raya Programme with the residence of Madrasah Nurul Ilmi

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY ('CSR')

In FY2016, the Board of Directors ('the Board') and the Board's Risk Management Committee adopted the Sustainability Reporting Framework ('Sustainability Framework') in a bid to improve economic, environmental and social sustainability across all our business units. The Sustainability Framework clearly defines the objectives and responsibilities of each business unit and is administered by the Board and the President/Group Managing Director.

The Group is accountable for sustainable earnings growth as well as sustainable shareholders' returns. As part of our responsibility towards economic sustainability, we are committed to deliver the highest standards of quality in our products and services and to exceed the expectations of our customers.

We take pride in our integrity, and will not tolerate any form of misconduct, criminal breach of trust, or corruption. In a bid to eradicate all such instances, we introduced strict and clearly defined policies, such as the Code of Ethics and Conduct and the whistleblowing Policy. We also developed a new Procurement Policy, emphasising fairness and ethical procurement practices when selecting vendors.

In matters of environmental sustainability, KUB is dedicated towards preserving the environment for future generations. We do not drive our profitability at the expense of the environment as evidenced by our joint venture with Berjaya Corporation Berhad to provide an environmentally friendly solid waste management solution at the Bukit Tagar Sanitary Landfill. We are also minimising our carbon footprint and energy usage by implementing energy saving practices at all our new offices.

KUB's employees are undoubtedly, valuable assets to our Group and we believe that a healthy work-life balance will uplift morale and ultimately drive performance. We encourage our employees to be fully involved and

engaged in our organisation so that they see themselves as part of the KUB family. We constantly strengthen our corporate culture by engaging with employees through recreational and social activities and regularly review our employees' benefits and compensation packages to attract and retain high calibre talent. Two-way communication is practiced within the Group to create a conducive working environment.

We promote a high performance culture and develop our team's skill sets and competence through relevant seminars and training sessions. We inspire our employees to be good leaders and ensure that their individual goals are aligned with the Group's objectives.

Our unwavering dedication and commitment to nurturing human capital is crucial in creating a successful team as we provide our employees with a conducive, safe and inspiring work environment.

Finally, KUB is determined to stand tall as an exemplary corporate citizen, improving lives beyond our business operations. As such, we take great pleasure in embarking on numerous CSR initiatives, such as upgrading and repairing the main building of Maahad Tahfiz Al-Falahiyyah, in addition to our Ramadhan and Hari Raya Programmes where the Group organised charitable activities for the orphanage home, Rumah Kasih Harmoni, Paya Jaras.



Cheque Handover Ceremony to Utusan Melayu (Malaysia) Berhad for UMNO delegates at the 70th UMNO General Assembly

MESSAGE FROM THE CHAIRMAN



The Board of Directors addressing shareholders at the 51st AGM

REWARD TO SHAREHOLDERS - DIVIDEND

I am pleased to announce, subject to the approval of the shareholders at the forthcoming Annual General Meeting, that the Board of Directors has proposed a first and final single tier dividend for FY2016 of 1.0 sen per ordinary share. The total final dividend payout will amount to RM5.6 million, translating to a payout ratio of 25%.

We will persevere and continue our efforts to grow sustainable profits and generate increasing returns for our shareholders.

MOVING FORWARD

We will continue to implement and fine-tune our roadmap, and further develop our three (3) core businesses. We have strategic growth initiatives in place and are continuously



KUB's shareholders at the 51st AGM

focusing on improving our operational efficiency and productivity to further enhance the earnings for the respective business sectors.

We will also initiate meaningful CSR activities to further add value to our communities. Our vision to generate sustainable profits and maintain premium returns to shareholders remains our priority, alongside instilling our four (4) corporate values: excellence, integrity, teamwork, and trust and mutual respect within the Group.

Challenges are certain to arise on our journey, and we are well prepared to adapt to change swiftly, and have solid long-term strategies that will fortify our fundamentals and strengthen our businesses.

APPRECIATION

First and foremost, I would like to express my deepest appreciation to my colleagues on the Board for their valuable contributions, continuous support and steadfast commitment to the Group.

On behalf of the Board, I would also like to express our gratitude to our management and employees for their dedication and contribution to the Group's performance. To all our esteemed shareholders, customers, business associates, strategic partners, financiers, suppliers and regulatory authorities, I thank you for your unwavering support and confidence in the Group.

THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



Datuk Abdul Rahim Mohd Zin
President/Group Managing Director

DEAR SHAREHOLDERS,

Global economic uncertainties, the prolonged slump in oil prices, combined with the political shockwaves of Brexit and the U.S. Presidential Election have weakened our Malaysian Ringgit to a five year low. Malaysia's gross domestic product ('GDP') growth has also slowed from 5.0% in 2015 to 4.2% in 2016, signalling a slight weakening in our economy.



Amidst the backdrop of a challenging economic environment, we remained resilient and managed to further improve our financial performance through the execution of initiatives outlined in our strategic roadmap as presented to the shareholders in our last Annual General Meeting.








The roadmap, which charts the course of our future growth and lays the foundation in delivering long-term value for our shareholders includes the following:

- 1) Improving the Group's earnings visibility by strengthening and expanding our core businesses namely the Agro, Energy and Information and Communications Technology ('ICT') sectors;
- 2) Realigning our business through disposals of non-performing/non-core business and assets to strengthen our balance sheet and redeploy resources to focus on our core businesses;
- 3) Enhancing our internal business processes to achieve operational excellence; and
- 4) Fortifying KUB's human resource and talent pool.

Guided by this and through the multi-faceted initiatives as well as the concerted and targeted efforts undertaken, I am pleased to report on the key milestones achieved in the financial year ended 31 December 2016 ('FY2016').

THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

INITIATIVES	ACHIEVEMENTS
Strengthening Core Businesses/Enhancing Financial Performance 	<ul style="list-style-type: none"> Revenue increased by 14.7% to RM495.8 million PAT improved by 137.4% to RM21.5 million Financial performance driven by core sectors namely Energy, Agro and ICT All operating segments recorded profits as compared to FY2015
Realigning Business Strategy 	<ul style="list-style-type: none"> Disposal of a loss-making subsidiary namely KUB Precast Sdn Bhd for RM19 million Unlocked value through the disposal of five (5) non-core properties for RM12.6 million located in Prai, Johor and Ipoh
Improving Cash Flow/Balance Sheet Strength 	<ul style="list-style-type: none"> Cash balances strengthened to RM133.9 million Total assets surpassed the RM500 million mark Net gearing ratio maintained at a healthy rate of 0.21 times
Enhancing Return to Shareholders 	<ul style="list-style-type: none"> Dividend proposed to shareholders increased to 1.0 sen per ordinary share, amounting to a total payout of RM5.6 million
Operational Excellence/ Human Capital Initiatives 	<ul style="list-style-type: none"> Operational improvement initiatives implemented at our core sectors Enhancement of internal process through a revision of the group management policies and establishment of a centralised procurement function Introduction of a comprehensive performance measurement framework Rolled out new reward and compensation packages, introduced a development needs programme and succession planning initiatives Attraction and retention of talent through proposed ESOS scheme (to be approved by shareholders)

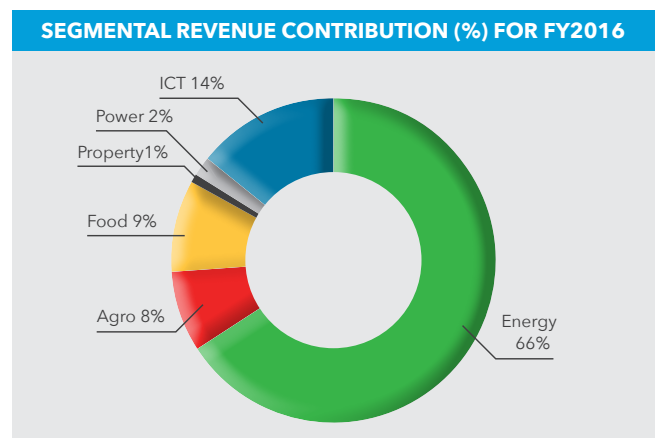
FINANCIAL AND OPERATIONAL PERFORMANCE REVIEW

As highlighted, the Group delivered an improved full year financial performance for FY2016 with revenue of RM495.8 million, representing an increase of 14.7%, as compared to the previous year of RM432.2 million. The Profit After Tax ('PAT') rose by 137.4% to RM21.5 million as compared to RM9.1 million in the previous financial year ended 31 December 2015 ('FY2015') attributable to the improved operational performance in the Energy, Agro (excluding mill), ICT (based on core earnings growth year on year) and Power sectors.

The overall results were further enhanced by the absence of a significant earnings drag from the two (2) loss-making subsidiaries, namely KUB Builders Sdn Bhd and KUB Precast Sdn Bhd, which were successfully divested in late FY2015 and August of FY2016 respectively.

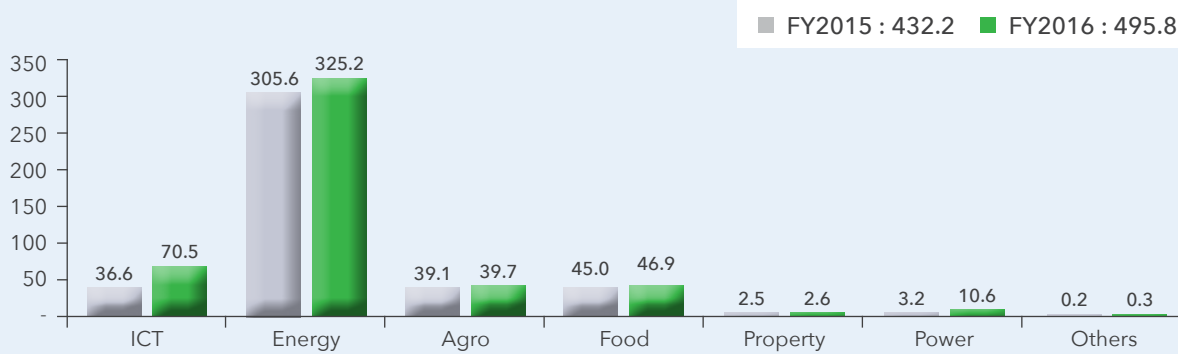
SEGMENTAL BUSINESS REVIEW

KUB's segmental revenue and PAT contribution for each business sector is shown below:

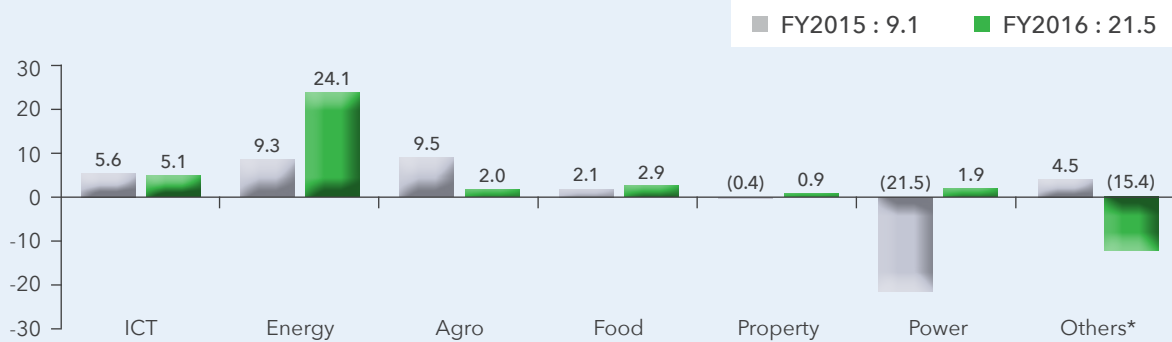


THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL REVENUE COMPARISON (RM'MILLION)



SEGMENTAL PAT COMPARISON (RM'MILLION)



*Others include investment income, contribution from associate company, group expenses and PAT from discontinued operations

ENERGY SECTOR

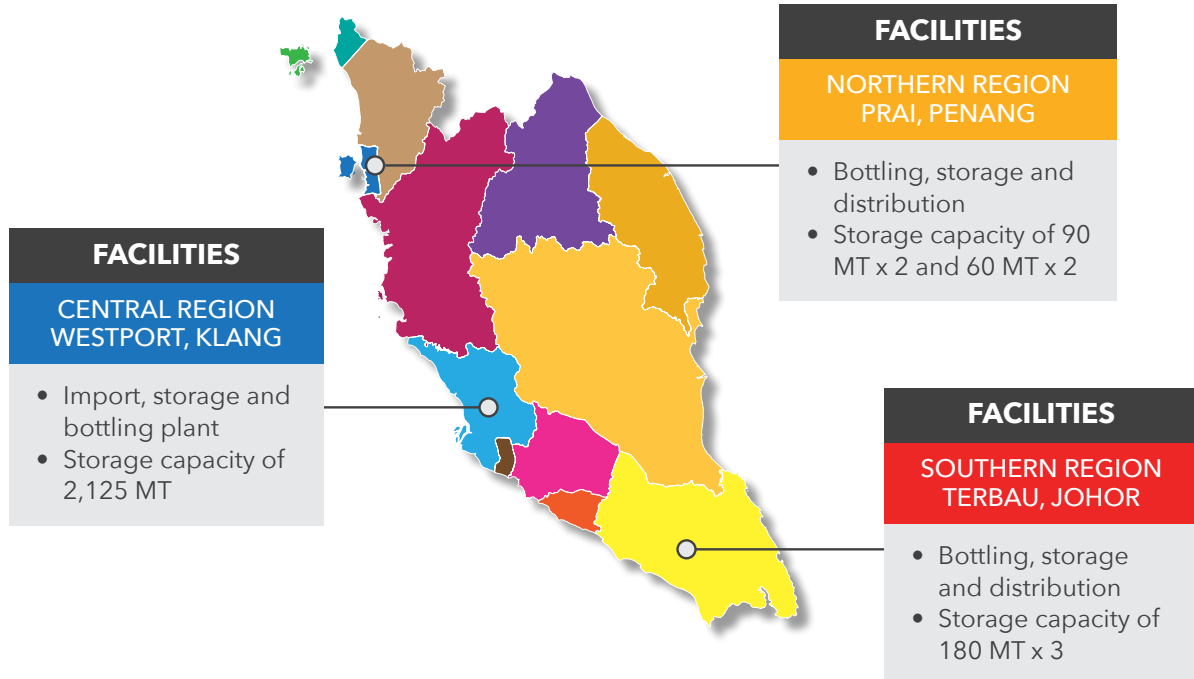
Being the largest contributor to the Group's revenue and profits, our Energy business involves the importation, bottling, marketing and distribution of liquefied petroleum gas ('LPG') under the brand name of **Solar Gas**, through our wholly-owned subsidiary, KUB Gaz Sdn Bhd ('KUB Gaz') (formerly known as Summit Petroleum (Malaysia) Sdn Bhd).

Solar Gas is sold to residential, commercial and industrial customers through KUB Gaz's appointed dealers throughout Peninsular Malaysia.

Our LPG supply is imported mainly from the Middle East through international traders and delivered through our terminal in Westport, Klang where our main bottling operations are performed. We also despatch bulk LPG to our bottling plants in Johor and Prai using LPG tank trucks. The main markets for Solar Gas are predominantly concentrated in the Central and Southern regions of Peninsular Malaysia. KUB Gaz is accredited with ISO:9001:2008 and OHSAS 18001:2007 certifications.



THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



In FY2016, the Energy sector's topline was up by 6.4% to RM325.2 million, while PAT rose by 159.1% to RM24.1 million. This significant improvement was achieved largely as a result of the increase in sales volume of LPG, rebalancing of our product distribution mix and dealer management initiatives to improve margins combined with the effect of an upward revision in the Automatic Pricing Mechanism ('APM').

As part of our cost optimisation and value unlocking strategy, we decided to dispose our land and assets in Prai which houses our bottling and storage facility in the Northern region during the year. We felt it was uneconomical for us to continue to operate the plant due to existing supply capacity concerns. However, our distribution capabilities were not affected as we will enter into a bottling arrangement with the new owner of the plant or source for third party bottlers.

We expect the disposal of our plant to be completed in the second quarter of the financial year ending 31 December 2017 ('FY2017').

FY2016 also saw KUB Gaz undertaking on a re-branding exercise geared towards strengthening its position in the country's LPG market. As part of this exercise, we initiated several activities to create brand awareness including improving our cylinder appearance and other proactive marketing measures.

We also continued to make headway in our operational improvement practices through Health, Safety, Security and Environment ('HSSE') initiatives which included repairing roads, walls and fences at our terminal plant in Westport and bottling facility in Johor. In addition to that, we are currently embarking on a business continuity management ('BCM') programme to ensure our business is operating at its full



THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

potential and well prepared for various contingencies. The BCM programme will facilitate the Group to be accorded with the ISO 22301: 2012 certification.

The LPG market outlook in FY2017 is expected to remain competitive with flattish growth prospects. Therefore, we will continue to intensify our efforts to preserve and build our market share through expanding our supply and distribution capacity, rationalising and expanding our market base as well as implement operational improvement initiatives to enhance efficiencies and our overall margins.

We are already in the process of acquiring new dealers to solidify our position in the Central and Southern regions and we are also in talks with other industry players to explore potential strategic collaborations to increase our production volume. To ensure stability at our LPG supply capacity, we are currently in the midst of extending our existing pipeline for an additional berth at Westport. We expect to complete this in the third quarter of FY2017.

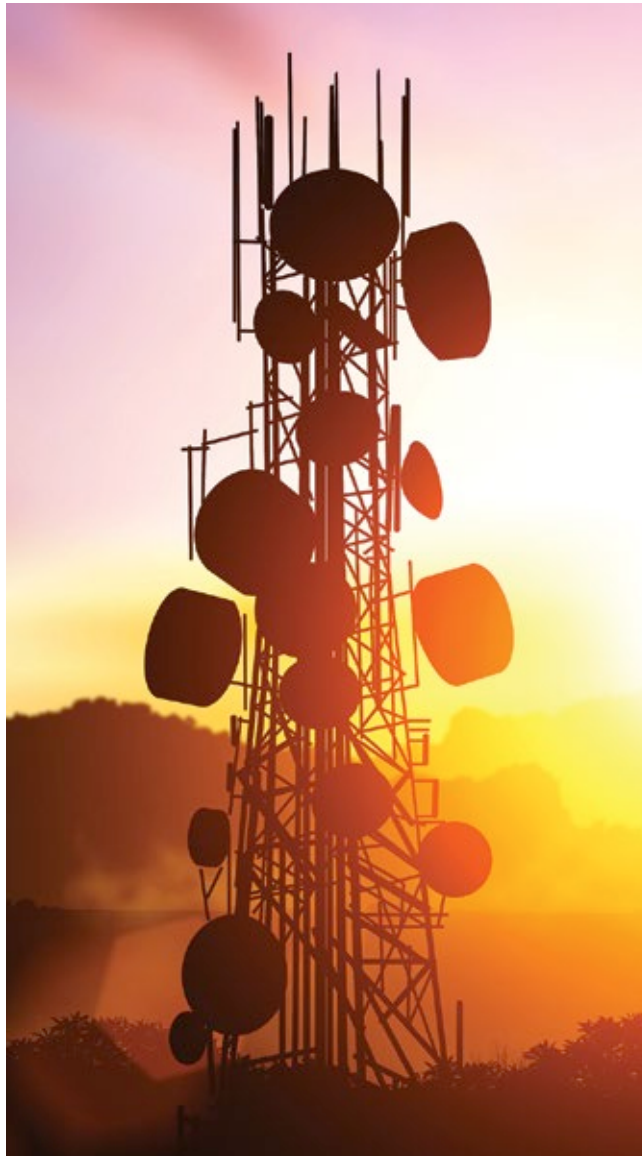
ICT SECTOR

The Group's ICT sector via our subsidiary company, KUB Telekomunikasi Sdn Bhd ('KUB Telekomunikasi') is primarily focused on the telecommunication and transportation industry, offering ICT infrastructure solutions, maintenance support and services, ancillary services and supply of ICT equipment.

KUB Telekomunikasi holds licences from the Malaysian Communications and Multimedia Commission ('MCMC') as a Network Facility Provider ('NFP'), Network Service Provider ('NSP') and Application Service Provider ('ASP').

The ICT sector is our second largest revenue generator, contributing 14.2% of the Group's total revenue. During the year under review, its revenue increased substantially by 92.6% to RM70.5 million from RM36.6 million in FY2015. Despite the large increase in revenue, the PAT was however marginally lower due to the reversal of certain cost provisions for several maintenance projects in the previous year which were no longer applicable, amounting to RM4.7 million. Excluding these reversals, the sector's core PAT grew year-on-year by RM4.2 million or 467%.

The commendable financial results were supported by two (2) main projects, specifically a RM42.1 million contract for the Automatic Fare Collection ('AFC') system for fifty-three (53) Keretapi Tanah Melayu Berhad ('KTMB') Commuter stations, which was awarded by the Ministry of Transport ('MOT') and a RM16.1 million Telecommunication Tower construction contract awarded by the Malaysian Communications and Multimedia Commission ('MCMC'), which involves the construction of twenty-one (21) units of telecommunication towers.



As at 31 December 2016, the ICT sector has secured five (5) additional contracts with a total contract value at RM54.1 million largely from Telekom Malaysia Berhad to supply and deliver telecommunication equipment pursuant to the High-Speed Broadband ('HSBB') rollout.

Going forward, the Group is expected to expand its business in this sector by leveraging on the growth momentum of the Malaysian ICT industry. In tandem with this goal, the Group will explore new avenues to expand and diversify its customer base and focus on building strategic partnerships with leading technology partners for future project collaborations. This will enhance our competitive edge and enable us to bid and secure more high value and impactful projects to replenish our order book and further enhance the earnings.

THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

AGRO SECTOR

Our Agro sector, operated through our subsidiary company, KUB Agro Holdings Sdn Bhd contributed approximately 8.0% of the Group's total revenue in FY2016.

We currently have four (4) plantation estates located in Kluang, Johor and Mukah, Sarawak representing a total area of 7,388.36 hectares, producing approximately 77,120 tonnes of fresh fruit bunches ('FFB') (FY2015 : 91,159 tonnes).

Overall, it was a mixed year for our Agro business. The total

production volume declined by 15% year-on-year due to the prolonged dry weather conditions brought about by the El-Nino phenomenon. This was however, offsetted by the improvement in CPO prices in the year resulting in a marginal increase in revenue by 1.5% from RM39.1 million to RM39.7 million.

Operationally however, we made significant progress in our productivity yield enhancement and cost optimisation initiatives by implementing the following :

INITIATIVES	DETAILS
1) Satellite Mapping/ Palm Census at our Estates	<ul style="list-style-type: none"> • Enable management to make informed decisions with regards to the planning and budget of fertiliser requirement • Identify vacant points within the estates which allows in-filling (supplying) to achieve the optimum Stand per Hectare ('SPH')
2) Area Rehabilitation and Palms	<ul style="list-style-type: none"> • Performed at Sungai Yong, Sungai Buloh and Sungai Nape estates covering an area of 1,000 hectares - activities included improvement of the field roads, weeding works, drainage and eradicating woody growth
3) Mechanisation of Field Operations	<ul style="list-style-type: none"> • Mechanise certain field operations through equipment usage i.e. mechanised cutters and mini-crawlers (commenced in 2017)
4) Improving Fertiliser Regime	<ul style="list-style-type: none"> • Optimise the rate of fertiliser application : <ul style="list-style-type: none"> * The appointment of external agronomist to determine the optimum combination of fertiliser * Application of limestone was carried out on approximately 820 hectares in Sungai Nape estate to reduce the acidity of the soil * Application of Zinc+Copper+Boron sachet was introduced in Sungai Nape estate to minimise water surface run-off * The accurate estimation of volume of fertiliser to be purchased in FY2017 is now made possible as the accurate number of SPH at all estates is available with the completion of satellite mapping



Nevertheless, our overall results fell short of the initial PAT targets set due to the unfortunate mishap at our palm oil mill in Mukah, Sarawak. As highlighted in our quarterly announcements, one (1) of the palm oil mill effluent digestive tanks ('POME') collapsed on 7 May 2016 during the testing and commissioning phase. The particular tank, together with another POME tank which was deemed inoperable, were subsequently written off during the year for an amount totalling RM2.7 million.

Since then, the Group conducted a thorough assessment of the incident and is currently implementing the required improvement measures including reconfiguring the POME system process and undertaking further testing and commissioning on the mill's machinery and equipment. Following this, the mill is expected to be operational in June of FY2017. The delay in the operational commencement of the

THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



mill however, (which was originally planned for mid FY2016) resulted in the Group incurring losses to the tune of RM8.5 million. This impacted the overall performance of the sector and caused the PAT to decline by 78.9% from RM9.5 million to RM2.0 million for the year. Excluding the exceptional losses for the mill, our Agro sector's PAT would have been RM10.5 million, translating to a 10.5% increase as compared to FY2015.

For FY2017, the performance of our Agro sector, particularly our estates, will remain very much dependent on the direction of CPO prices. It would also be impacted by rising fertiliser and labour costs. To mitigate these factors, the sector will focus on accelerating its productivity improvements, yield enhancement initiatives as highlighted above and implement more stringent cost control measures. With CPO prices expected to hover between RM2,500 - RM2,800 per tonne in FY2017, we are confident that our Agro business will be able to deliver robust earnings this year.

We also intend to undertake a replanting exercise at our estate in Kahang in a staggered manner, and do not foresee any significant downward impact to the bottomline pursuant to this. Our palm oil mill in Mukah is projected to be earnings neutral in FY2017 before contributing positively in the following year. Last but not least, we remain optimistic with our plans to increase our landbank through acquisition of 'brownfield' estates and look forward to announcing our progress in the near future.

FOOD SECTOR

Our food sector is represented by A&W (Malaysia) Sdn Bhd which was acquired by the Group in 2001 and is also known as the first established quick-service restaurant ('QSR') chain that was brought into Malaysia in 1963. It currently has thirty-one (31) outlets throughout Peninsular Malaysia.

The sector delivered higher revenue of 4.2% to RM46.9 million as compared to the previous year, predominantly due to the opening of three (3) additional outlets; two (2) outlets in the Rest and Relax ('R&R') stations on the North-South Expressway and one (1) at Teluk Cempedak, Pahang. Despite the improvement in the topline, the sector recorded lower operational earnings due to the decline in same-store sales arising from overall weaker market demand which has impacted the industry. This was however mitigated by the recognition of deferred tax assets amounting to RM1.4 million which boosted the overall PAT to RM2.9 million.

The Group will continue to focus its business expansion activities at strategic locations identified within Peninsular Malaysia. Loss-making outlets will be relocated to areas with high foot traffic. The Group will also enhance the customer service levels by providing better training to service employees as well as renovating and upgrading the existing outlets.

A&W will also introduce innovative menu offerings and new product lines to meet customers demand in this competitive industry.

We intend to open another twenty-five (25) outlets within the next three (3) years, bringing the total to fifty-two (52) by the financial year ending 31 December 2019 ('FY2019').



THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

POWER SECTOR

The principal activities of the Group's Power sector via our subsidiary company, KUB Power Sdn Bhd includes construction of substations and transmission lines, the supply and installation of electrical infrastructure for private companies and electrical maintenance contracts. The total value of projects in hand currently stood at RM51.5 million with some of the contracts expected to be completed in FY2019. During the year under review, we also secured two (2) projects in Tanjung Tokong, Penang and a Minihydro contract in Sungai Slim, Perak with an aggregate contract value worth RM39.3 million.

The main objective in FY2016 was to return the Power sector back to profitability following the heavy losses incurred in FY2015. We managed to successfully do this as revenue grew by 231.3% to RM10.6 million, and the sector recorded a PAT of RM1.9 million. The improved earnings were due to better profit margins from its projects, write-back of doubtful debt provisions and reversal of liquidated ascertained damages ('LAD') that were previously provided for certain projects.

In our effort to enhance our earnings and competitive edge for this sector, we will be looking into shifting our business to a more sustainable model which can generate recurring incomes. We are exploring niche areas such as Energy Management and Energy Efficient Systems, specifically district cooling, rehabilitation and maintenance of existing cooling systems of buildings and the Renewable Energy space, particularly in Waste-to-Energy ('WTE') and Large Scale Solar Photovoltaic ('LSSPV') power plants.



PROPERTY SECTOR

Our subsidiary company, Peraharta Sdn Bhd ('Peraharta') is involved in the property management and building maintenance of all KUB's assets in Perak, which includes Banguan Wisma Sri Kinta, Wisma KUB Kota Bharu and eight (8) units of double-storey shophouses; altogether worth approximately RM30 million. Peraharta manages and maintains over 400,000 sq ft of commercial and office spaces in Perak, of which 80% of its existing tenants are government agencies.



Being the smallest contributor to the Group's performance, our Property sector reported an increase in revenue of 4.0% to RM2.6 million. The sector earnings improved to RM0.9 million, as compared to a loss of RM0.4 million in FY2015. This improvement was mainly contributed by the gain on disposal of a vacant land amounting to RM1.2 million.

During the financial year under review, four (4) properties have been disposed for an aggregate amount of RM6.6 million. These properties were located in Johor and Perak. It is the Group's intention to unlock the value of its non-core property portfolio and redeploy the cash to fund the expansion plans for our core businesses.

As previously mentioned in FY2015 Annual Report, the Group owns a prime piece of land measuring up to 1.05 acres located in the heart of Petaling Jaya, Selangor. We are actively looking to collaborate with reputable property developers to develop the land into a vibrant commercial development. The Development Order for the land has been submitted to the authorities and we are now waiting for the respective approvals.

THE PRESIDENT/GMD'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

PROSPECTS

The year 2016 was indeed a difficult one, impacted by global economic headwinds and erratic market conditions such as volatile commodity prices, weak currency, unpredictable weather conditions and softening of consumer sentiments. Nevertheless, positive prospects for the Malaysian economy in 2017 are premised upon expectations of an improving global economy and the continued growth in domestic demand. The GDP is projected to register growth of 4.3% - 4.8% in 2017 (2016: 4.2%). Oil prices are also anticipated to be higher in FY2017 following the decision by members of OPEC and several other oil producing countries to reduce crude production to ease the glut in global oil supply. Likewise, CPO prices is expected to trend upwards from the average price of RM2,500 last year to approximately RM2,800 per metric tonne this year.

Notwithstanding the above, we are optimistic that the diverse nature of our core businesses will provide us with the strength and stability needed to withstand external shocks arising from any changes to the economic environment. Building on the solid progress we have made in strengthening these businesses, we believe we will be able to maintain our growth momentum in the year ahead.

The Energy sector will continue to be the leading contributor to the Group's earnings in the near future. With the encouraging LPG sales volumes recorded in the first quarter of FY2017 coupled with our initiatives to improve supply and distribution capacity, the segment is again expected to deliver commendable results for the year.

Our Agro sector meanwhile is projected to record a decent uplift in earnings following the narrowing of losses once the mill in Mukah becomes operational at the end of the second quarter of FY2017. The performance will potentially be further boosted with the positive outlook of CPO prices combined with the anticipated uptrend in FFB production on the back of the increased harvesting area together with the rehabilitation and cost management efforts to lift existing mature areas to higher yielding brackets. We will also target to complete an earnings accretive acquisition of a 'brownfield' estate in the year.

The outlook for the ICT sector on the other hand is expected to remain steady with the delivery and execution of our current and recent awarded contracts. 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

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 during the year.

With our well thought-out plans in place, the right operational structures and the pool of talent capable of delivering our ambitions, we look forward to KUB's progressive future together.

APPRECIATION

As the President/Group Managing Director, I would like to express my deepest gratitude to our valued shareholders for their confidence and invaluable support as we preserve ahead to streamline our businesses in these challenging times. To our valued business partners, advisers and clients, thank you for your support, loyalty and your unrelenting assistance to the Group. I would also like to take this opportunity to express my appreciation to the Board of Directors for their immense contributions in providing the stewardship, direction and corporate oversight in leading KUB forward as it steers its business trajectory. Last but not least, I would like to acknowledge our management team and staff for their tireless efforts, contributions and unremitting commitment throughout the year.



Notwithstanding the above, we are optimistic that the diverse nature of our core businesses will provide us with the strength and stability needed to withstand external shocks arising from any changes to the economic environment. Building on the solid progress we have made in strengthening these businesses, we believe we will be able to maintain our growth momentum in the year ahead.



KUB IN THE NEWS

KUB Agro serah zakat RM202,157

KUALA LUMPUR – KUB Malaysia Bhd. (KUB) melalui anak syarikat milik penahanya, KUB Agro Holdings Sdn. Bhd. (KUB Agro) menyerahkan zakat perniagaan berjumlah RM202,157 kepada Majlis Agama Islam Negeri Johor (MAIJ) daripada kesuntungan yang diestimasikan pada tahun kewangan berakhir Disember 2015.

Pengerusi KUB Agro, Senator Datuk Seri Abd. Halim Abd. Samad berkata, pembayaran zakat ini merupakan salah satu inisiatif tanggungjawab korporat kumpulan untuk berbakti kepada masyarakat.

"Sumbangan ini akan di-

agikan kepada penduduk tempatan di Johor yang miskin dan memerlukan, kami berharap agar ia dapat membantu meringankan beban mereka semasa musim perayaan," katanya.

Beliau berkata demikian dalam kenyataan bersempena majlis penyampaian zakat oleh Abd. Halim kepada Menteri Besar Johor, Datuk Mohamed Khaleid Nordin di Johor Bahru baru-baru ini.

Turut hadir Naib Presiden dan Ketua Pegawai Eksekutif KUB Agro, Mohamad Mazlan Mohd-tar dan Pengerusi Jawatankuasa MAIJ, Mutaib Abd. Ibrahim.



ABD HALIM (kanan) menyerahkan replika cek kepada Mohamad Khaleid (tengah) sambil diperterhikan oleh Mutaib di Johor Bahru baru-baru ini.

KUB open to selling more non-core assets

> If they do not perform, we will look at divestment option. Managing director

BY LEE WING CHEN
lwc@theedgeline.com

KUALA LUMPUR – KUB Malaysia Bhd could do more to improve its performance, says its managing director, Datuk Abdul Rahim Mohd Zin.

"If the management were to do better this year, we might have to consider the divestment option," he said at a press conference after KUB's AGM here yesterday.

As non-core businesses include property, construction and food businesses.

While the food chain AAW Malaysia has recently shown small profitability, he said the group has to put its resources and financial resources to grow the business.

"We've been to see how that business can be made profitable, we've reviewed all options," he said.

As part of KUB's restructuring plan, the group disposed AAW Malaysia, Telekom Selangor and ECU Holdings Sdn Bhd, resulting in an one-off disposal gain of RM100 million.

This also helped up the group's net profit to RM1.5 billion in 2015, a move that Abdul Rahim said will be the "clean up" last year the group will see better earnings contribution from its three core businesses, namely plantation, energy and ICT, which



Abdul Rahim Mohd Zin, KUB's AGM president.

contributed 70% to the group's earnings in 2015.

KUB is looking to double its oil palm plantation landbank from 200 to 400 hectares this year with a capital expenditure allocation of RM300 million to RM400 million.

He said the group is evaluating several investment proposals for expansion of its plantation landbank, in Malaysia and Indonesia. Abdul Rahim said that the group will see better earnings contribution from its three core businesses, namely plantation, energy and ICT, which

contributed 70% to the group's earnings in 2015.

KUB is looking to double its oil palm plantation landbank from 200 to 400 hectares this year with a capital expenditure allocation of RM300 million to RM400 million.

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Numbers & Quotes

With no huge surprises and having cleared up, we are going to see better earnings visibility this year

— KUB Malaysia Bhd president and managing director Datuk Abdul Rahim Mohd Zin



KUB will continue to focus on 3 core businesses

KUALA LUMPUR – KUB Malaysia Bhd will continue to focus on its three core businesses for the year 2016, says its managing director, Datuk Abdul Rahim Mohd Zin.

At the AGM here yesterday, he said the group will continue to focus on its three core businesses, namely plantation, energy and ICT, which contributed 70% to the group's earnings in 2015.

KUB is looking to double its oil palm plantation landbank from 200 to 400 hectares this year with a capital expenditure allocation of RM300 million to RM400 million.

He said the group is evaluating several investment proposals for expansion of its plantation landbank, in Malaysia and Indonesia. Abdul Rahim said that the group will see better earnings contribution from its three core businesses, namely plantation, energy and ICT, which



Datuk Abdul Rahim Mohd Zin.

KUB in for better earnings

Company focuses on 3 core businesses following revamp

KUALA LUMPUR – KUB Malaysia Bhd is looking to double its oil palm plantation landbank from 200 to 400 hectares this year with a capital expenditure allocation of RM300 million to RM400 million.

He said the group is evaluating several investment proposals for expansion of its plantation landbank, in Malaysia and Indonesia. Abdul Rahim said that the group will see better earnings contribution from its three core businesses, namely plantation, energy and ICT, which



KLIK RUMAH TERBUKA... Menteri di Jabatan Perdana Menteri, Datuk Seri Shahidan Kassim bersama tetamu kehormat dan anak yatim memeriahkan Rumah Terbuka Aidilfitri 2016 Kumpulan KUB Malaysia Berhad. Turut hadir, Pengerusi AAW, Datuk Jamelah Abu Bakar.

KUB catat pendapatan RM124.6 juta

KUALA LUMPUR – KUB Malaysia Bhd. (KUB) mencatat pendapatan sebanyak RM124.6 juta naik 18.6 peratus bagi tempoh suku kedua tahun kewangan berakhir 31 Disember 2016 berbanding RMB97 juta tempoh yang sama tahun lalu.

Presiden dan Pengerusi Utusan Kumpulan, Datuk Abdul Tahrim Mohd. Zin berkata, peningkatan ini disumbangkan oleh segmen tenaga dan juga bahagian teknologi, komunikasi dan informasi (ICT).

"Seiring dengan pertumbuhan pendapatan itu, kumpulan juga men-

catat keuntungan sebelum cukai dan keuntungan selepas cukai masing-masing sebanyak RM46.9 juta dan RM32.6 juta bagi suku pertama.

"Keputusan ini mengesahkan jika dibandingkan dengan keuntungan sebelum cukai bagi suku kedua tahun 2015 hanya mencatat RM0.90 juta manakala keuntungan selepas cukai sebanyak RM5.1 juta," katanya dalam kenyataan yang dikeluarkan di sini semalam.

Abdul Rahim menjelaskan, bagi pendapatan untuk tempoh enam bulan bagi tahun kewangan berakhir

akhir 30 Jun 2016 ialah RM254.6 juta manakala keuntungan selepas cukai naik sebanyak 24.3 peratus daripada RM2.4 million pada suku pertama tahun 2015 kepada RM9.2 juta.

Peningkatan dalam prestasi kewangan bagi tempoh kewangan ini disumbangkan oleh beberapa faktor yang mana khususnya daripada sektor tenaga hasil daripada peningkatan volume jualan gas petroleum cecair (LPG) dan kaji selidik struktur dalam struktur Mekanisma Harga Automatik dan juga keuntungan daripada tukaran nilai wang asing.



KUB aims to grow organically

CONTINUOUS ENHANCEMENT: Company to focus on growing its 3 core businesses to stay profitable

KUALA LUMPUR – KUB Malaysia Bhd aims to grow organically through its three core businesses, namely plantation, energy and ICT, which contributed 70% to the group's earnings in 2015.

KUB tumpu tiga perniagaan teras

Sektor agro, ICT, tenaga mampu tingkat pendapatan

KUALA LUMPUR – KUB Malaysia Bhd akan tumpu kepada tiga perniagaan teras iaitu sektor agro, ICT dan tenaga untuk meningkatkan pendapatan kumpulan pada tahun 2016.

KUB mencatat pendapatan sebanyak RM124.6 juta untuk tempoh suku kedua tahun kewangan berakhir 31 Disember 2016 berbanding RMB97 juta tempoh yang sama tahun lalu.



KUB staff members.



KUB RAI ANAK YATIM Pengerusi dan Pengerusi Utusan Kumpulan KUB Malaysia Bhd. (KUB), Datuk Abdul Tahrim Mohd. Zin bersama anak yatim dan ibu bapa mereka dalam program anugerah Hari Raya Aidilfitri di Jarak, Kuala Lumpur, semalam.



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SUSTAINABILITY STATEMENT

OUR APPROACH TO REPORTING

THINK SUSTAINABILITY, ACT RESPONSIBLY

KUB Malaysia Berhad's Sustainability Statement emphasises our commitment towards transparency and corporate responsibility to all stakeholders and at the same time recognises sustainability as a key business differentiator and future business driver. By focusing on sustainability, our Group as well manage our business impacts to the economy, environment and community in which we operate. It also helps to improve our operational efficiency and natural resource stewardship.



ABOUT THIS SUSTAINABILITY STATEMENT

This Statement represents KUB Malaysia Berhad's ('KUB' or 'the Group') maiden journey into Sustainability Reporting as prescribed by Bursa Malaysia Securities Berhad ('Bursa Malaysia'), guided by 'Powering Business Sustainability, Guide for Directors' and 'Sustainability Reporting Guide'.

The statement shall provide coverage of our responsibilities to our stakeholders, along with our strategies and commitments towards sustainable development. As this is our first reporting, there is no restatement of information from previous annual report and historical data for comparison purposes.

SUSTAINABILITY GOVERNANCE

Sustainability approach in KUB is driven by the Board of Directors ('the Board') and the President/Group Managing Director ('GMD'). The Board is accountable for sustainability strategy whilst the President/GMD is responsible for sustainability performance.

In assisting the Board to discharge the duties of sustainability initiatives, the Board had empowered the Board Risk Management Committee ('BRMC') to oversee and recommend the approval of necessary principles, policies and strategies. Both the Board and BRMC will receive quarterly updates of the sustainability initiatives, which is then compiled and reported by the Group Risk Management Division ('GRMD').

During the financial year ended 31 December 2016 ('FY2016'), the Board and BRMC had approved the Group's Sustainability Reporting Framework ('the Sustainability Framework'). The Sustainability Framework outlines the objectives and responsibilities of each business unit in meeting the sustainability purposes and provides the establishment of the Sustainability Working Committee ('SWC'), consisting of KUB's Senior Management. The senior management has the responsibility to initiate, review and recommend sustainability strategies (for approval by the BRMC and the Board) and progress within the Group.

SCOPE OF THE SUSTAINABILITY STATEMENT

The Sustainability Statement of KUB provides report of our sustainability initiatives for the Group, emphasising on the energy, agro and food businesses up to FY2016.

FEEDBACK

We are committed to continuously review our sustainability performance and we would welcome any comments or suggestions that will help us to enhance our sustainability initiatives. For further information, please contact the following personnel :

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SUSTAINABILITY STATEMENT

STRATEGY AND ANALYSIS

STAKEHOLDER MAPPING

We define our stakeholders as those having a direct, indirect or has potential impact on the Company, including those groups who are affected directly or indirectly from our operations. Our stakeholders include (but not in order of priority) the government, our shareholders, the Board, regulators, non-governmental organisations ('NGOs'), financial institutions, communities, suppliers, business partners, customers, employees and media.

As a preliminary step, we had engaged with selected stakeholders through various platforms, including employee engagement processes, networking, complaint channels, Annual General Meeting of shareholders and Corporate Social Responsibility ('CSR') activities. We aim to improve our stakeholder engagement process to better identify and assess material issues in our future Sustainability Reporting.

MATERIALITY ASSESSMENT

We define material issues as business activities that give real and potential impact on the economic, environment and social matters, which are considered important by our stakeholders.

By such definition, we conduct our materiality assessment by first determining the relevancy of identified issues, followed by establishing priorities for action. Any corresponding measures with regards to our first Sustainability Reporting shall be presented in the 2017 Sustainability Statement.

POLICIES AND GUIDELINES TO MANAGE SUSTAINABILITY

Based on the principles defined in our Sustainability Framework, KUB has already established several policies and procedures to meet its sustainability objectives categorised as follows :

SUSTAINABLE CATEGORY	POLICY AND PROCEDURES
ECONOMIC 	<ul style="list-style-type: none"> • Terms and Reference of the Board including : <ul style="list-style-type: none"> ▶ Board Charter; ▶ Board Audit Committee Charter; ▶ Board Nomination and Remuneration Committee Charter; ▶ Board Risk Management Committee Charter; and ▶ Board Investment Committee Charter. • KUB Management Guidelines; • KUB Limits of Authority; • Vendor Code of Business Ethics; • Anti-Corruption and Bribery Policy; and • Procurement Policy and Procedures.
ENVIRONMENTAL 	<ul style="list-style-type: none"> • Occupational Safety and Health Policy and Procedures; and • Environment friendly solid waste management business, via our investment in an associate company.
SOCIAL 	<ul style="list-style-type: none"> • Employee Conduct Handbook; • Employee Grievance Policy and Procedures; • Code of Ethics; • Whistleblowing Policy and Procedures; • Industrial Relation Policy and Procedures; • Occupational Safety and Health Policy and Procedures; and • Human Resource Policy and Procedures.

SUSTAINABILITY STATEMENT

WORKPLACE

OUR EMPLOYEES OUR GREATEST ASSET

We continue to empower our people with the right knowledge, skills and capabilities that will allow them to grow in their respective career paths through various development programmes. In addition, we also placed an emphasis on their safety and wellbeing at work, and the right to express grievances or complaints through our employee grievances policy and procedures, to ensure that any person does not arbitrarily make decisions which are prejudicial to the interests of the employees and KUB.



LABOUR PRACTICES

WORK-LIFE BALANCE

Human capital is our biggest asset and KUB firmly believes that a balanced and conducive work environment will bring the best from each employee. KUB not only provides career development needs of its employees, but also caters to social and recreational needs.

The Group Human Capital Division ('GHCD') and *Kelab Kakitangan KUB* ('KKKUB') actively organise and promote recreational and social activities to create an engagement channel for open communication among the Board, management and employees. Aside from being an outlet for mental relaxation and physical fitness, the activities are designed to foster teamwork and bridge trust between the employer and employees.

Amongst the social and recreational activities conducted in FY2016 are as follows :

- Free Medical Assessment and Health Examination at '*Corporate Wellness Day*', an association with Hospital Salam, Shah Alam;
- '*Majlis Berbuka Puasa*' and '*Majlis Hari Raya KUB*';
- Weekly Badminton Match;
- Paintball Tournament with the motto '*Embracing Teammates*';
- Walk A Hunt, an outdoor treasure hunt activity; and
- The President/GMD Trophy Bowling Tournament.

COMPETITIVE EMPLOYEE BENEFITS AND COMPENSATION PACKAGE

To attract and retain the best talents, KUB offers competitive compensation packages at par with the industry average. In FY2016, the Group had engaged Human Resource consultants to perform an assessment of its employees' benefit

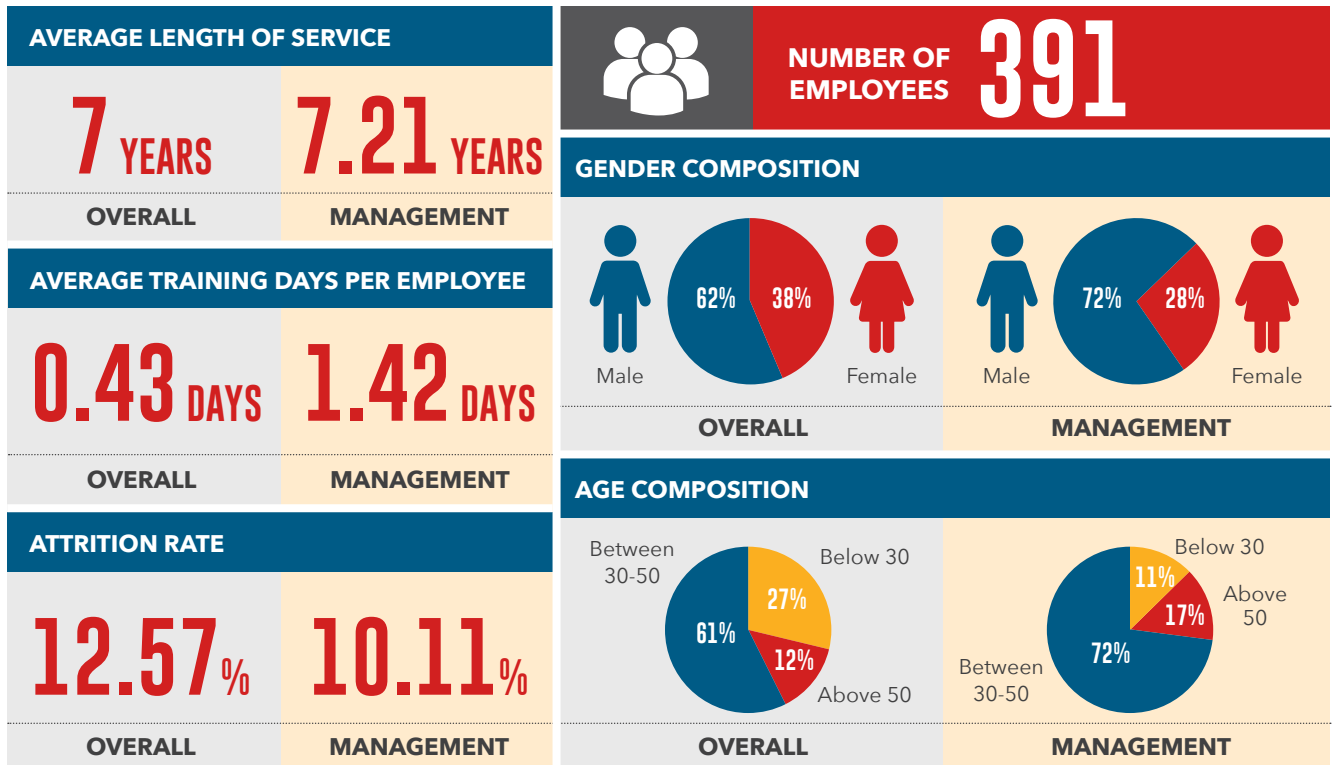
and compensation packages. The objectives of the evaluation are to assess manpower adequacy, talent suitability and review compensation packages.

The assessment resulted in an increase in overall employees' compensation, mainly by monetising parts of the benefits, such as converting a fraction of annual leave entitlement and fixed allowances into salary. The aim of this exercise is to have an 80:20 ratio of fixed to variable compensation policy that encourages higher employees' productivity.

This assessment has also helped KUB to relook at its present benefits and make it more competitive. KUB's benefits now include staff and family medical coverage, life, health and personal accident insurance, dental treatment, Haj paid leave and medical leave incentives. Our medical coverage includes outpatient treatment, hospitalisation, specialist care and ward entitlement.

SUSTAINABILITY STATEMENT

KUB'S EMPLOYEE PROFILE



RESPECT AND FAIR TREATMENT TO ALL EMPLOYEES

In KUB, we respect and value the individuality and diversity that every employee brings to the business as we seek to create a positive and open working environment.

All our employees are treated with dignity and fairly, as prescribed under the Malaysian Employment Act, 1955 and the Malaysian Anti-Corruption Act, 2009. These Acts do not tolerate to any form of discrimination, sexual, physical and mental abuse or harassment of any kind towards the employees.

KUB's Industrial Relations ('IR') Unit under the GHCD enforces social justice through fair employment practices and decent work environment. Our Human Resource Policy also covers a wide range of human rights related to topics such as prevention of forced, child and compulsory labour,

the right to freedom of opinion and expression, workplace harassment and discrimination at workplace. There have been no incidents of workplace harassment, discrimination and employment of forced labour reported for FY2016.

EMPLOYEE CAREER DEVELOPMENT

TRAINING AND STAFF DEVELOPMENT

People enrichment is integral to KUB's performance. Therefore, the Group has continuously invested in recruitment, management, development and retention of highly talented people in order to bring out the best in our employees. In FY2016, KUB has invested over 1,340 learning hours in leadership, soft skills, functional and technical development with average training hours per employee equivalent to 3.43 hours or 0.43 days.



KUB invested over

1,340

LEARNING HOURS

in leadership, soft skills, functional and technical development with average training hours per employee equivalent to 3.43 hours or 0.43 days.

SUSTAINABILITY STATEMENT



PERFORMANCE APPRAISAL

To ensure a fair performance-based compensation, we conducted performance appraisals via the Key Performance Indicator ('KPI') and Balance Scorecard ('Scorecard') on a monthly and annual basis.

In FY2016, we enhanced our Performance Management System by utilising a web based Scorecard System throughout the Group; aligning organisational strategy and measuring metric of respective divisions, departments and employees performance.

INVESTING IN FUTURE LEADERS

As part of KUB's employees' career development, such as Business Continuity Planning, solving potential disruption and shortage of leadership quality within the Group, KUB has embarked on the Employee Development Programme ('EDP'). The sixteen (16)-month programme

which began in FY2016 comprises of training modules that focus on leadership development and people management. This is to ensure that KUB's employees will continue to have qualities that make a great leader in the future.

OCCUPATIONAL SAFETY AND HEALTH (OSH)

KUB is committed to provide a safe and healthy working environment for all employees, partners, suppliers and visitors. We strive to comply with relevant laws and legislations to ensure that the safety, health and welfare are not being compromised at all times.

KUB's Health and Safety Environment ('HSE') unit oversees issues pertaining to safety and health, especially in addressing hazard control, incident prevention, compliance and rehabilitation. KUB has launched an

Occupational Safety and Health Policy in FY2016 as a commitment towards a safe and healthy working environment in every aspect of workplace and business.

The HSE unit has also established an Occupational, Safety and Health Committee ('OSHC') to review, monitor and advise on occupational health and safety matters for the Group. This includes conducting safety awareness, training and sharing sessions on basic fire fighting, outbreak of typhoid fever, working ergonomics and safety travelling tips. In addition, the HSE unit will collaborate with the GHCD in responding to any internal incident investigation and reporting. Findings from incident investigation are shared amongst the Group Operations and Strategic Development, Group Risk Management and Group Internal Audit - to device future prevention and response measure, and contingency planning, as well as insurance management.

SOCIAL WELFARE

All KUB's employees are accorded with the same basic work conditions, protection of human and social rights, and adherence to a safe working condition. KUB continuously strives to improve the social life of its workers, particularly those in the plantation and food and beverage ('F&B') industry.

For our estates workers in Mukah, Sarawak, we are in progress of building additional houses, targeting to complete one (1) block of four (4) housing units per year for three (3) consecutive years commencing in 2017. Each housing unit will have four (4) rooms each.

In the F&B sector, our wholly-owned subsidiary A&W (Malaysia) Sdn Bhd has been providing accommodation for its restaurant crew especially for those who work in urban and suburban outlets. These measures are implemented to help our restaurant crew to concentrate on their daily restaurant tasks without compromising on their safety and livelihood.

SUSTAINABILITY STATEMENT



ENVIRONMENT

OUR ENVIRONMENT OUR FUTURE

KUB strives to minimise the likelihood of any adverse impact from its operations on the environment. Short-term benefits and profits will not be at the expense of long-term environmental sustainability. We are focused and committed to drive a greater awareness in preserving the environment and conserving it for the future generations amongst our employees and stakeholders.



At KUB, we recognise that the production and provision of our products and services may have an impact on the environment, which is why we are doing our best to promote environmentally friendly practices both externally and internally within the Group. We are focused on balancing economic gain with the preservation of our nature.

Our involvement in environment protection included :

- Investment in the business of the provision of safe, efficient and environmentally friendly solid waste management solution through our associate company, KUB Berjaya Enviro Sdn Bhd at its Bukit Tagar Sanitary Landfill ('BTSL'); and
- Additional investment in new maintenance of waterways, main drains and field drains at our palm oil estates in FY2016. These efforts aim to minimise the likelihood of flooding or alleviating its impact to our estates and surrounding communities. The impact of flooding in our estates in Mukah, Sarawak is higher due to peat soil conditions which have lesser capacity to discharge water in such events.

MANAGING WATER RESOURCES

KUB is committed to reduce, re-use and recycle. Water, being a scarce resource requires a considerable amount of energy to deliver to each of the premises. KUB places a high importance in managing water use through various initiatives as follows :

- For our agro business, water is tapped from natural resources such as underground treated water for drinking supply, whilst water from nearby streams are reserved for other daily uses.
- For our Liquefied Petroleum Gas ('LPG') bottling plant, we use soap conveyor chain lubricant instead of utilising oil lubricant which causes polluted water discharge. We are planning to build an effluent treatment system to treat waste water from LPG cylinder washing and conveyer lubrication to mitigate the impact of polluted waste water.

OPTIMISING ENERGY MANAGEMENT

With the current global warming and climate change, KUB foresees that energy conservation is necessary to mitigate such phenomenon.

Increasing the energy efficiency from our operations has been central to our environmentally friendly initiatives.

We have further improved our energy usage by procuring energy saving products for all our newly built offices and renovated offices in FY2016. Moving forward, KUB is considering investing in energy tracking mechanism and smart technology for all our offices and F&B outlets.

WASTE MANAGEMENT

KUB aims to break the link between economic growth and waste production by minimising waste generation at source. We strive to minimise waste for landfill by inculcating our employees with the policy of avoidance, reduce, re-use and recycle, before finally disposing non-recyclable and hazardous waste. As such, our initial effort in FY2016 started with paperless environment for all our Board meetings and utilise smart devices as alternatives.

SUSTAINABILITY STATEMENT

COMMUNITY

OUR ENGAGEMENT WITH THE COMMUNITY

At KUB, we take a holistic view and believe that we should always be mindful of our responsibility towards the community that we serve. The Board sees corporate social responsibility ('CSR') as an important element that underpins the Group's social standing enabling us to achieve our long-term goals in a responsible and sustainable manner. We believe that we should be aware and made responsible of the society that we operate in.



Shopping Spree with children from Rumah Kasih Harmoni at Jakel Mall, Kuala Lumpur

KUB COMMUNITY OUTREACH

In the effort to achieve our long term goals in a responsible and sustainable manner, we have invested in initiatives that aim to improve lives and creating a meaningful impact such as follows :

- Upgraded and repaired the main building of Maahad Tahfiz Al-Falahiyah in Kampung Melayu Subang, Shah Alam, Selangor. The

school is dedicated to providing in-depth learning of the Holy Quran to underprivileged children with no fees charged since their establishment.

- Continuing with our commitment to improve the lives of the less privileged communities, the Group made cash donations to several orphanage homes namely Rumah Kasih Harmoni Paya Jaras, Selangor; Madrasah Nurul Ilmi Shah

Alam, Selangor; Maahad Tahfiz Al-Falahiyah Shah Alam, Selangor; and Pertubuhan Kebajikan Anak-anak Yatim dan Miskin Al-Taqwa Baling, Kedah under the Group's 2016 Ramadhan and Hari Raya Programmes. In addition to that, we invited some fifty (50) orphans from Rumah Kasih Harmoni for a shopping spree in preparation to celebrate Hari Raya Aidilfitri.



Ramadhan programme with the residence from Maahad Tahfiz Al-Falahiyah

SUSTAINABILITY STATEMENT



Cheque Donation Ceremony for Children at Pertubuhan Kebajikan Anak-anak Miskin Al-Taqwa

- Through our agro business KUB Agro Holdings Sdn Bhd, the Group made a business title payment to Majlis Agama Islam Johor ('MAIJ') in June 2016, indirectly aiding in various community programmes undertaken by MAIJ.

PRODUCT AND SERVICES RESPONSIBILITY

Delivering safe and reliable products is crucial in developing businesses with sustainable profits. KUB is committed in delivering the highest standards of products and services to all our customers.

For instance, in our energy business, KUB Gaz Sdn Bhd ('KUB Gaz') does not compromise with any risk pertaining to the safety and quality for each of the LPG cylinder that we deliver to customers. Every cylinder is thoroughly inspected and tested prior to delivery. All cylinders must undergo a process called Reconditioning and Requalification to ensure that all existing cylinders meet KUB Gaz's stringent requirements and has the ability to withstand vigorous use and robust working conditions.

To address society's concern, our food business A&W (Malaysia) Sdn Bhd ('A&W') obtained Halal certification from Jabatan Kemajuan Islam Malaysia ('JAKIM') in FY2016 for six (6) of our A&W outlets.



The Signing of Corporate Integrity Pledge between KUB and MACC

INTEGRITY

We take great pride in upholding our business ethics and integrity. We expect the highest standards of honesty and truthfulness in all matters affecting our work amongst our employees, shareholders, consultants, contractors and the public. All actions are governed by the Code of Ethic and Conduct, Whistleblowing Policy and the new Procurement Policy, Anti-Corruption and Bribery Policy and

Vendor Code of Business Ethics that were introduced in FY2016.

It is our policy to conduct all of our businesses in an honest and ethical manner, one that outlines zero tolerance policy towards any forms of bribery and corruption. Accordingly, KUB supports the Malaysian government's initiative to combat unethical practices by signing the Corporate Integrity Pledge

('CIP') in October 2016. The event was well received with an overwhelming support from the Malaysian Anti-Corruption Commission ('MACC') and as a continuation of this initiative, we had a representative within the Group to undergo a Certified Integrity Officer accreditation conducted by the Corporate Identity Development Centre MACC in August 2016.

SUSTAINABILITY STATEMENT

MARKETPLACE

OUR PROMISE AS A RESPONSIBLE CORPORATE CITIZEN

In our aspiration to be a responsible corporate citizen, we continuously seek ways to contribute to our stakeholders wherever we operate; ranging from expanding business portfolios that reflect national agenda, transparent procurement policies, supporting the local economy and integrating sustainability into our supply chain.



The Signing of MOU between KUB and CyberSecurity Malaysia

PURCHASING AND PROCUREMENT PRACTICES

With the introduction of KUB's new Procurement Policy ('The Policy') in December 2016, we strive to enhance the integrity of our business dealings through good and sustainable procurement practices. Procurement decisions within KUB are guided by a clearly defined principles, ensuring KUB and its suppliers to comply with applicable laws and regulations throughout the procurement life cycle. Elements of sustainability had also been embedded into the Policy, such as reducing resource consumption and wastage minimisation.

We continue to support local procurement by placing priorities on our Malaysian owned or Malaysian made goods and services, including utilising local agents for overseas products. The policy also governs ethical procurement, vendor management and selection of vendors, therefore, we highly

encourage tendering process to ensure fair procurement practices.

INFORMATION SECURITY

All proprietary information of the Group is confidential and shall remain in effect until such time as the information is no longer a trade secret. Examples of confidential information include information about the Group's operations, results, earnings projections, strategies, proprietary products or employees' records as well as information about the Group's merger, acquisition or divestitures transactions, securities positions, launch of new products or any other information that is deemed material to the Group.

At KUB, our policy recognises and respects the legal rights of others on matters involving the ownership, use and disclosure of intellectual property. This obligation is made to protect confidential and proprietary information to continue even after

employment ends. There is also a provision to ensure customers' information is to be kept and maintained at the highest level of confidentiality.

Information security is vital to prevent any serious breaches that could result to potential risks and may pose in a threat to the Group. In view of this, KUB has embarked on a Business Continuity Management ('BCM') certification programme, driven by Cybersecurity Malaysia ('Cybersecurity'), a national security specialist agency to increase KUB's resilience to threats and enabling immediate and appropriate action plans to counteract to such disruptive incidents. Our BCM is in accordance to ISO 22301 Standard, which is designed to ensure continuity of our businesses in every condition, including disasters and emergencies. This will provide the Group with assurance that any important services will be minimally disrupted after a major incident.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of KUB Malaysia Berhad ('the Board') remains committed to ensure that good corporate governance is practised throughout the Group in enhancing Shareholders' value and the financial performance of the Group. The Board acknowledges its responsibility for compliance with the Main Market Listing Requirements ('Listing Requirements') of Bursa Malaysia Securities Berhad ('Bursa Malaysia'), the Malaysian Code on Corporate Governance 2012 ('the Code') and all other statutory requirements.

The Board is pleased to report as follows on the extent to which the principles and recommendations of the Code and the Listing Requirements were applied throughout the financial year ended 31 December 2016.

1. STRUCTURE OF THE BOARD

The Board is responsible for ensuring that Shareholders' value and interests are protected and enhanced. The Board has since the 51st Annual General Meeting continuously reviewed and adopted various guidelines and processes to enhance the standards of the corporate governance practised within the Group. These include but not limited to review the Board Charter and Terms of Reference of its Sub-Committees and the Management Guidelines ('the Policies').

1.1 Clear Functions of the Board and Management

There is a clear separation of functions between the Board and Management.

The Board's power and functions are specified in the Board Charter. Based on the Charter, the Board assisted by its Sub-Committees is ultimately responsible for the Group's corporate governance, strategic direction, establishing the Group's business and investment policies, overseeing the conduct of KUB's business and evaluating whether these are being properly and effectively managed. A clear guideline separating the functions of the Board and its Sub-Committees with the function of the Management is further spelt out in KUB Management Guidelines ('KUBMaG'). The KUBMaG is continuously reviewed by the Board and the Group Procurement Policy and Procedures has been established in the financial year ended 31 December 2016 to suit the current business operations.

The general objective of KUBMaG is to facilitate organised dissemination of Management policies as well as timely and effective decision-making process in the Group. KUBMaG is an integral part of the management system established to achieve the planned business goals and objectives of KUB. KUBMaG will form the necessary authority framework within which the respective level of KUB personnel will operate. The specific purpose of KUBMaG is to provide a framework that clearly define and specify the authority levels for the personnel to carry out their assigned responsibilities. The framework ensures the proper execution of instrument of delegation and provision of clear policies, guidelines and procedures for executing decisions. Key matters reserved for the Board's approval include the annual business plan and budget, new ventures, expenditure above a certain pre-determined limit, material acquisitions and disposal of assets and changes to the Management and control structure of KUB and its Subsidiaries, including key policies.

The Non-Executive Directors, with their different background, professions and experiences effectively contribute to independent view and judgement to facilitate the decision making process of the Group with regards to the various business strategies and performance.

No individual or group of individuals dominates the Board's decision making process. The Board adopts the concept of independence in tandem with the definition of 'Independent Director' pursuant to Paragraph 1.01 of the Listing Requirements; 'a Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of an applicant or a listed issuer'.

CORPORATE GOVERNANCE STATEMENT

1. STRUCTURE OF THE BOARD (CONT'D)

1.2 Board Duties and Responsibilities

The Board has full control of the Group and oversees the business affairs to ensure proper management. These include adopting strategic plans, approving key business initiatives, major investments decisions, reviewing financial performance, developing corporate objectives and implementing investor relations programmes.

The Board Retreat is held annually and it is a platform for the Board and the Management to exchange and formulate ideas in reviewing and adopting strategic plan. At this platform, the Board plays an active role in the development of the Group's strategy, whereby the Management presents to the Board its recommended strategy and proposed business plan and budget for the following year at a dedicated session. At this session, the Board reviews and deliberates upon both Management and its own perspectives, as well as challenges Management's views and assumptions, to deliver the best outcomes. In furtherance of this, the Board then reviews and approves the annual business plan and budget for the ensuing year and sets the Key Performance Indicators ('KPI') under the Corporate Scorecard. The overall Group strategy will focus on growing and strengthening the core business sectors, transforming the Subsidiaries business model, turnaround the underperformance Subsidiaries and divesting the Subsidiaries' key assets to generate funds to finance key strategic goals.

The President/Group Managing Director is responsible for making and implementing operational decisions, and the day-to-day management of the business of the Group with respect to both its commercial and regulatory functions. The President/Group Managing Director, along with the Management, oversee conduct of business of the Group, chart the overall business direction of the Group, report and communicate key strategic matters and proposal to the Board and implement decisions made by the Board. The respective members of the Management were in attendance at Board meetings to support the President/Group Managing Director in presenting the updates on the progress of key initiatives, business targets and budget and achievements to date, and to provide clarification on the challenges and issues raised by the Board.

The Board also determines succession plans for Management and ensures adequate internal controls to identify and manage risks. These actions are carried out directly by the Board and through its Sub-Committees.

In order to identify emerging talents within the Group and facilitate the succession planning initiative, the Group had embarked on a leadership programme especially for Management and Senior Management positions. The objective of the programme is to cultivate well-rounded managers and develop leaders who are able to contribute effectively to the Group's long term sustainability and to ensure adequate internal talent to succeed critical positions. KUB also had implemented the Employees' Development Programme to inculcate a culture that promotes leadership, teamwork and high performance work.

In 2015 and 2016, the Group has implemented various organisational development initiatives on internal organisational alignment and human capital enhancement, which include :

- Organisational restructuring
- Revision of staff compensation and benefits
- Successor assessment
- Recruitment of key leadership roles
- Implementation of performance management system
- Implementation of a new planning cycle

The next phase of organisational enhancement will focus on :

- Recruitment of key talents at the Subsidiaries to support growth and turnaround initiatives
- Development of a new competency framework
- Roll-out leadership and functional development programme
- Upgrading of Group-wide Accounting and Management Information System

CORPORATE GOVERNANCE STATEMENT

1. STRUCTURE OF THE BOARD (CONT'D)

1.2 Board Duties and Responsibilities (Cont'd)

All scheduled meetings held during the year were preceded by a formal notice issued by the Company Secretaries in consultation with the Chairman and/or the President/Group Managing Director. Additional meetings are convened when specific directions or decisions are required expeditiously or urgently from the Board. Eleven (11) Board Meetings were held during the financial year ended 31 December 2016. All Directors fulfilled the requirements of the Company's Constitution and Listing Requirements in respect of the Board Meeting attendance.

At each quarterly meeting, the Board deliberated and considered the Group's financial results, discussed and reviewed the Group's business plan including financial performance to-date against the annual budget and financial plan previously approved by the Board for the year.

The Board has delegated certain responsibilities to the following Sub-Committees with clearly defined Terms of Reference :

Sub-Committees	Main Roles
Board Nomination and Remuneration Committee	<p>Assists the Board in identifying qualified individuals to serve as Board members and recommending such candidates for appointment to the Board and Board Committees.</p> <p>Conducts periodic evaluations to assess the effectiveness of the Board as a whole, Board Committees and contribution of individual Directors, including Independent Directors. Facilitates the Board induction and training for the Directors.</p> <p>The Terms of Reference is available at www.kub.com.</p>
Board Audit Committee	<p>Assists the Board in assessing the Group's processes relating to its risks and control environment, oversees financial reporting, evaluates the internal and external audit processes including the review of the adequacy of scope, functions and reporting of internal and external auditors, maintain through regularly scheduled meetings, a direct line of communication between the Board, external auditors, the Management and internal auditors and avails to the external and internal auditors a private and confidential audience at least twice (2) a year through the Chairman of the Committee.</p> <p>Full details on the roles and responsibilities of the Committee are reflected on page 83 to 86 of the Annual Report.</p> <p>The Terms of Reference is available at www.kub.com.</p>
Board Risk Management Committee	<p>Assists the Board in ensuring the effective functioning of the Enterprise Risk Management Framework within KUB Group and to provide oversight, direction and counsel to the Risk Management process and to advise the Board on risk related issues and recommend strategies, policies, and risk tolerance for the Board approval.</p> <p>Full details on the roles and responsibilities of the Committee are reflected on page 83 to 86 of the Annual Report.</p> <p>The Terms of Reference is available at www.kub.com.</p>

CORPORATE GOVERNANCE STATEMENT

1. STRUCTURE OF THE BOARD (CONT'D)

1.2 Board Duties and Responsibilities (Cont'd)

The Board has delegated certain responsibilities to the following Sub-Committees with clearly defined Terms of Reference : (Cont'd)

Sub-Committees	Main Roles
Board Investment Committee	Assists the Board in reviewing and recommending to the Board, significant matters related to all existing and potential investments of KUB Group. The Terms of Reference is available at www.kub.com .
Board Employee Shares Option Scheme Committee	Assists the administration of the Company's Employee Shares Scheme.

The findings of the Sub-Committees are reported to the Board during Board Meetings.

1.3 Formalised Ethical Standards through Directors' Handbook and Code of Conduct

The Board had formalised the Directors' Handbook and Code of Conduct on 25 August 2016. The Directors' Handbook and Code of Conduct is designed to provide the Directors of KUB with the guidelines on the policies and procedures governing the terms, conditions and benefits of their service with KUB.

The fundamental principles applied in developing the policies and procedures are equity among all Directors and fairness to KUB. The Directors are expected to adhere to the spirit of these principles.

For the employees, the Group has implemented the Code of Ethics incorporating the Group's corporate values. The Code of Ethics reinforces the employees' moral principles and commitments acceptable to the Group. This covers all aspects of business operations including but not limited to confidentiality of information, conflict of interests, gifts, gratuities or bribes and breach of conducts.

The Board had approved the revision of the Whistleblowing Policy on 25 February 2016. The Whistleblowing Policy outlines the avenues and procedures for whistleblowers to communicate their concerns to the Board without Management's intervention and interference. The Whistleblowing Policy also describes the procedures to be taken for the investigating and dealing with reports on the misconduct of employees.

The official avenues for disclosure by the whistleblower are via any one (1) or more of the following persons :

- (i) Dato' Ahmad Ibnihajar; or
- (ii) Datuk Wira Mohd Hafarizam Harun; or
- (iii) Dato' Ab Rahim Abu Bakar.

The Code of Ethics and Whistleblowing Policy are available on KUB's corporate website.

1.4 Strategies Promoting Sustainability

The Board promotes good corporate governance in the application of sustainability practices as outlined in the KUBMaG.

The governance structure focuses on creating and enhancing Shareholders' value by striking a balance between short-term financial performance and long-term sustainability through sound corporate governance that upholds code of ethics, risk management and effective internal controls.

A full detail of the Sustainability Statement is reflected on page 45 to 54 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

1. STRUCTURE OF THE BOARD (CONT'D)

1.5 Access to Information and Advice

In the financial year ended 31 December 2016, the Group had embarked on 'green' initiative by implementing a paperless environment or 'eBoard paper' for all Board and Board Committee meetings, which enable digital access to meeting documents instead of requiring distribution of hard copies. The implementation of eBoard paper will ensure a secured board portal with permission-driven access, secured email and reduce risks of leakages of confidential information. The customised solution also provides various functionalities which enable Directors and Committee members to access various Company documents, including Board policies, procedures, rules and guidelines, which are uploaded onto personal iPads for convenient reference. As a result, Directors and Committee members are able to access meeting documents and Company information in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making. With the eBoard software, compilation of digital Board papers can be quickly and efficiently done and the meeting documents will be easily distributed to Directors and Committee members, who can access the meeting documents via their personal iPads within three (3) days before the meeting.

The notice for each of the meetings is accompanied by the minutes of the preceding Board Meetings, together with the relevant information and supporting documents to facilitate the Board's informed decision-making process. Senior Management and consultants are also invited to attend the Board Meetings from time to time as deemed fit to assist the Board with management and operational input as well as professional advices. They also have access to the advice and services of the Company Secretaries and independent professionals as and when required. All issues raised, deliberations and decisions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. Decisions made, policies approved and follow-up actions at Board meetings will be communicated to Management after the Board Meeting.

1.6 Company Secretaries

The Company Secretaries are persons qualified to act as company secretaries pursuant to Section 235(2) of the Companies Act, 2016. The Company Secretaries are responsible and accountable to the Board, through the President/Group Managing Director, for ensuring that the secretarial function provides adequate support to the Board, Board Committees and Subsidiaries Boards for all Board-related administrative functions. The Company Secretaries are responsible to the Board in ensuring all governance matters, Board proceedings, applicable laws and regulations are complied with. The Company Secretaries are the custodian of the Board and Board Committee meetings agenda and ensure that matters for discussion are ordered appropriately so as to focus the Board's attention on critical matters requiring deliberation.

In summary, the roles of the Company Secretaries are as follows :

- ensuring compliance with the provisions of the Companies Act, 2016 and Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to the administration of companies, in particular, maintaining statutory records and registers and the timely filing of notices and forms to the Companies Commission of Malaysia
- coordinating announcements for release to Bursa Malaysia Securities Berhad
- ensuring compliance with the provisions of KUB's Constitution,
- preparing the agenda of meetings at the direction of the President/Group Managing Director, and procuring the Chairman's approval of the same
- organising the Board and Board Committee meetings including issuance of notices, preparing relevant Board/Board Committee papers and distributing the Board/Board Committee papers
- assisting in the conduct of Annual Board Evaluation
- coordinating professional development programmes for the Board members
- organising general meetings of Shareholders
- carrying out any other duty that may be reasonably required by the Board

CORPORATE GOVERNANCE STATEMENT

1. STRUCTURE OF THE BOARD (CONT'D)

1.7 Board Charter

The Board had adopted its Board Charter, of which a copy is published on KUB's website at www.kub.com. The new revision of the Board Charter was approved by the Board on 28 June 2016. The objectives of the Board Charter are to ensure that all Board members acting on behalf of KUB are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of KUB.

2. STRENGTHEN COMPOSITION

2.1 Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee comprises exclusively of Non-Executive Directors, a majority of Independent Directors. The Committee is chaired by Tunku Alizan Raja Muhammad Alias, the Non-Independent Non-Executive Director, being representative to the substantial shareholder to ensure the Board and Senior Management is adequately remunerated in discharging their obligations and responsibilities towards KUB.

The objectives of the Board Nomination and Remuneration Committee are to establish a documented formal and transparent procedure for the appointment of Directors and Senior Management as well as to assess the effectiveness of the Directors, the Board as a whole and the various Sub-Committees of the Board on an on-going basis.

During the year, the Board Nomination and Remuneration Committee reviewed its Terms of Reference and it was approved by the Board on 30 March 2016. The Board Nomination and Remuneration Committee had met seven (7) times during the financial year ended 31 December 2016 for deliberation of the following key activities :

In relation to its nomination function :

- (i) Retirement and re-election of Directors;
- (ii) Appointment of Senior Management;
- (iii) Revision of the composition of the Board Committees and Board Subsidiaries;
- (iv) Resignation of Director;
- (v) Appointment of Director;
- (vi) Annual Board Evaluation and Independent Directors' Assessment;
- (vii) Revision of the Board Charter;
- (viii) Revision of the Terms of Reference; and
- (ix) Formalisation of Directors' Handbook and Code of Conduct.

In relation to its remuneration function :

- (i) Implementation of 2016 Key Performance Indicators, Goal Setting and Targets for the corporate and all operating Companies;
- (ii) Implementation of Enterprise Performance Management System;
- (iii) Implementation of the Succession Planning and Employees Development Programme of KUB Group of Companies;
- (iv) Implementation on the review of Organisational Design, Remuneration and Reward Package and Employment Terms and Conditions of KUB Group of Companies;
- (v) Bonus Payment for the year 2015;
- (vi) Review of the Contract of Service and Remuneration Package of Senior Management;
- (vii) Directors Fees for the financial year 2015;
- (viii) Salary Increment for Senior Management; and
- (ix) Proposed revision of Directors' Remuneration Package.

CORPORATE GOVERNANCE STATEMENT

2. STRENGTHEN COMPOSITION (CONT'D)

2.1 Board Nomination and Remuneration Committee (Cont'd)

The attendance of the Members of the Board Nomination and Remuneration Committee at its Meeting held during the financial year under review is as follows :

Directors	Attendance
Tunku Alizan Raja Muhammad Alias (Chairman/Non-Independent Non-Executive Director)	7/7
Datuk Wira Mohd Hafarizam Harun (Independent Non-Executive Director)	5/7
Dato' Ab Rahim Abu Bakar (Independent Non-Executive Director)	7/7
Dato' Jamelah A.Bakar (Independent Non-Executive Director)	7/7
Tengku Zahaimi Tuan Hashim (Non-Independent Non-Executive Director)	7/7

The Board through the Board Nomination and Remuneration Committee continuously reviews its size and composition to ensure effective functioning of the Board.

2.2 Recruitment Process and Annual Assessment of Directors

Recruitment Process

The Board delegated to the Board Nomination and Remuneration Committee including but not limited to the responsibility of recommending the appointment of any new Directors, review of KUB's succession plans and training programmes.

The policies and procedures for recruitment and appointment including re-election are embedded in the Board Charter and the Directors' Handbook and Code of Conduct. The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the Board Nomination and Remuneration Committee. The Board Nomination and Remuneration Committee has adopted the process for identification of suitable candidates for appointment to the Board, having regard to the skills required and the skills represented.

In identifying, selecting and appointing a new Director, the Board Nomination and Remuneration Committee and the Board will assess the following criteria :

- The needs of the Board to maximise the likelihood that there is a range of skills, experience and perspectives represented, including an understanding of :
 - the industry in which KUB operates;
 - the regulatory environment in which KUB operates;
 - the markets in which KUB operates; and
 - the communities impacted by KUB's operations.
- The potential candidate particular skills and experience
- The potential candidate capability to bring new skills, experience and perspective to and enhance the culture within the existing Board and KUB

CORPORATE GOVERNANCE STATEMENT

2. STRENGTHEN COMPOSITION (CONT'D)

2.2 Recruitment Process and Annual Assessment of Directors (Cont'd)

Once the Board Nomination and Remuneration Committee and the Board have determined the above criteria, the Board Nomination and Remuneration Committee will assess the factors need to be considered in appointing a new Director including but not limited to the following :

- The time commitment required by a Director to discharge effectively the duties to KUB;
- The nature of existing positions, directorships or other material relationships and the impact that each may have on the potential appointee's ability to exercise an independent judgement;
- The extent to which the potential appointee is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board;
- The strategic and operational advantages of broadening the membership of the Board in terms of diversity of experience, skills, values, perspectives and backgrounds; and
- The extent to which the potential appointee meets the independence criteria as outlined in the Listing Requirements and the Code.

In the event that the Board Nomination and Remuneration Committee believes that a new Director needs to be appointed, either to fill a casual vacancy or increase the total number of directors, the Curriculum Vitae or background information of potential candidates are to be sought from existing Board members. In addition, the Board Nomination and Remuneration Committee may engage the services of non-governmental agencies for Curriculum Vitae of potential candidates if required. The Board Nomination and Remuneration Committee will review the list of nominees against the criteria and factors set out above with the assistance from the Company Secretary.

One (1) or more of the Board Nomination and Remuneration Committee members appointed by the Chairman of the Board Nomination and Remuneration Committee will then contact the shortlisted candidates and confirm the suitability of the candidates for appointment as a Director ('the Discussion'). The one (1) or more Board Nomination and Remuneration Committee members will report back to the Board Nomination and Remuneration Committee on the Discussion. The Board Nomination and Remuneration Committee may make any other enquiries regarding the shortlisted candidates as it deems appropriate.

Once satisfied that all relevant information has been obtained and assessed, the Board Nomination and Remuneration Committee will make an appropriate recommendation to the Board. If approved, the Board will then authorise the Company Secretary to formally invite the candidates to join the Board in conjunction with KUB's induction programme for new Directors, including a letter of appointment.

Board Assessment

Annual Board Evaluation comprises the Board and Board Committees Effectiveness and a Directors' Self and Peer Assessment ('the Exercise'). The Exercise was conducted to assess the Board's performance as well as to recommend improvement areas and remedial actions on the Board's administration and process. The performance evaluation was conducted for the Board as a whole, its Board Committees and contribution of each individual Director.

Annual Board Evaluation is intended to accomplish the following :

- Improve the overall performance of KUB and its Board
- Assess individual and collective success
- Improve working relationship
- Reinforce individual relationship
- Improve the support given to the Board members

CORPORATE GOVERNANCE STATEMENT

2. STRENGTHEN COMPOSITION (CONT'D)

2.2 Recruitment Process and Annual Assessment of Directors (Cont'd)

Findings of the Annual Board Evaluation were generated based on Directors' feedback via the Annual Board Evaluation Form. Upon collation and tabulation of the results and analysis of output, the Company Secretary consulted the Chairman of the Board Nomination and Remuneration Committee for in-depth analysis of the Annual Board Evaluation Results.

A summarised report will be presented to the Board Nomination and Remuneration Committee and the Board to enable the Board to identify its strengths, areas for improvement and potential issues for the Board, Board Committees and individual Directors.

The effectiveness of the Board and Board Committees is assessed in the areas of the Board roles and responsibilities, composition, ways to foster commitment, meeting process, administration and conduct, interaction and communication with Management, Stakeholders and Board engagement, as well as the effectiveness of the Chairman.

Self and Peer Evaluation are conducted to assess each Director's professional competency, performance, leadership and integrity, Board contribution and commitment and strategic thinking and management.

The Board, through the Board Nomination and Remuneration Committee continuously reviews and evaluates the performance of the Board, Board Committees and individual Directors.

Review of Directors proposed for re-election

Procedures relating to the appointment and re-election of Directors are contained in the Directors' Handbook and Code of Conduct. Pursuant to the KUB's Constitution, Directors are to be re-elected at every Annual General Meeting of KUB, where one-third (1/3) of the Directors who have been longest in office since their last election should retire. Eligible Directors may seek re-election at the Annual General Meeting.

Based on the schedule of retirement by rotation, the Board Nomination and Remuneration Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election. This recommendation is based on formal reviews of the performance of the Directors, taking into account their Annual Board Evaluation Results, contribution and commitment to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interest of KUB in decision-making.

2.3 Remuneration Policies

The Board Nomination and Remuneration Committee is responsible for reviewing the Group's compensation policy and ensuring alignment of compensation to corporate performance, and that compensation offered is in line with the market practice. In the financial year ended 31 December 2016, the Board had approved on the review of Organisational Design, Remuneration and Reward Package and Employment Terms and Conditions of the Group.

The implementation of the Compensation Policy provides the employees of the Group a detailed description of a defined standards and processes relative to the development, implementation, management and governance of compensation practice in the Group.

The objectives of the Group are to maintain a Compensation Policy that :

- Support a performance culture that is based on merit and generates the Group's business growth
- Provide clear focus and measurement on key objectives with a meaningful link to reward
- Provide competitive compensation opportunities that retain performers focusing on external competitiveness as the primary driver of reward opportunities
- Encourage performance driven culture and fosters teamwork and collaboration across the Group

CORPORATE GOVERNANCE STATEMENT

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration Policies (Cont'd)

The above objectives are to be supported by the following three (3) components which form the key approach of the Group in achieving its business objectives :

- Performance alignment :
 - Align business achievement to compensation quantum for reward contribution
 - Align reward to annual performance and in relation to its KPI
 - Recognise and reward cross-companies/divisional collaboration in pursuit of KUB's business goals
 - Award and differentiate compensation based on individual performance and contributions
- Individual compensation determination :
 - Facilitate competitiveness through market positioning, competitive compensation positions for comparable job positions
 - Promote meritocracy and fairness by recognising individual performance with a clear emphasis on performance contribution
 - Equal compensation opportunity and equitable of application across the Group
- Compensation structure and instruments :
 - Maintain appropriate balance of Fixed Compensation and Variable Compensation
 - Significant portion of Variable Pool be allocated and aligned with the business performance of the Group
 - The administration of the benefit items be subjected to proper control and governance across the Group
 - Promote sound human resource management practices that are consistently applied throughout the Group

In line with the Compensation Policy in ensuring alignment of compensation to corporate performance, the Group had introduced an Automated Balance Scorecard System across the Group to improve existing KPI with focus on performance based remuneration and improved performance management system. The benefits of the System are as follows :

- Automates the employees Balance Scorecard ('BSC') for ease of tracking and monitoring
- Able to view the performance anytime, anywhere on any smart devices
- Facilitates the cascading of the BSC KPI framework down to executive level
- Facilitates the performance appraisal process based on objective targets linked to the financial performance

The Board ensures that the Group's remuneration policy remains competitive to attract and retain employees of such calibre who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of the Group. The Board of Directors is of the view that the disclosure of remuneration by appropriate components and bands are sufficient to meet the objectives set out in the Listing Requirements.

The remuneration of the Directors for the financial year ended 31 December 2016 is as follows :

Directorate	Level	Remuneration (RM)						
		Fees	Salary	Bonus	EPF	Allowances	Benefits in Kind	Total
Executive Director	Company	-	840,000	105,000	151,200	-	51,819	1,148,019
	Subsidiaries	-	-	-	-	-	-	-
	Group Total	-	840,000	105,000	151,200	-	51,819	1,148,019
Non-Executive Directors	Company*	525,000	-	-	-	546,750	134,784	1,206,534
	Subsidiaries	381,900	-	-	-	431,739	23,606	837,245
	Group Total*	906,900	-	-	-	978,489	158,390	2,043,779

* Note : Includes resigned Directors

CORPORATE GOVERNANCE STATEMENT

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration Policies (Cont'd)

Payment for services rendered by company/firm in which two (2) directors are deemed interested :

- i) Datuk Wira Mohd Hafarizam Harun
Rental of venue and provision of food and beverages

Company	RM 105,886
Subsidiaries	RM 23,533
Group Total	RM 129,419

- ii) Tunku Alizan Raja Muhammad Alias
Provision of legal services

Company	RM 65,333
Subsidiaries	RM 172,178
Group Total	RM 237,511

The number of Directors whose total remuneration falls within the following bands for the financial year ended 31 December 2016 is as follows :

*Company Range of remuneration	Number of Directors		Total
	Executive	Non-Executive	
Below RM50,000	-	2	2
RM50,001 – RM100,000	-	4	4
RM100,001 – RM150,000	-	2	2
RM150,001 – RM200,000	-	1	1
RM350,001 – RM400,000	-	1	1
RM1,100,001 – RM1,150,000	1	-	1

* Note : Includes resigned Directors

*Group Range of remuneration	Number of Directors		Total
	Executive	Non-Executive	
RM50,001 – RM100,000	-	3	3
RM150,001 – RM200,000	-	2	2
RM200,001 – RM250,000	-	1	1
RM250,001 – RM300,000	-	1	1
RM300,001 – RM350,000	-	2	2
RM350,001 – RM400,000	-	1	1
RM1,100,001 – RM1,150,000	1	-	1

* Note : Includes resigned Directors

The Board is of the opinion that whilst individual Directors' remuneration is not disclosed, the information provided above is in compliance with the Listing Requirements.

3. REINFORCE INDEPENDENCE

3.1 Assessment of Independence Annually

The Board adopts the concept of independence in tandem with the definition of Independent Director under Paragraph 1.01 of the Listing Requirements that he/she is independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of KUB, taking into account the candidate's character, integrity and professionalism.

CORPORATE GOVERNANCE STATEMENT

3. REINFORCE INDEPENDENCE (CONT'D)

3.1 Assessment of Independence Annually (Cont'd)

The Board approved the assessment criteria of the independence of Directors embedded in the Directors' Handbook and Code of Conduct to formalise the process of determining the Non-Executive Directors' independence by having each of them complete the Form of Declaration/Confirmation of Independence on an annual basis.

The Board is generally satisfied that each Independent Non-Executive Director remains independent in character and judgement and is free from relationships or circumstances which are likely to affect or could appear to affect the Director's judgement.

In reaching this conclusion, the Board has considered all relevant facts and circumstances of these relationships, which include whether the Independent Director :

- Is a major shareholder of KUB or an officer of, or otherwise associated directly with, a major shareholder of KUB
- Is employed, or has previously been employed within the last two (2) years in an executive capacity by KUB
- Has been engaged as an adviser by KUB or is presently a partner, Director (except an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to KUB
- Has engaged in any transaction with KUB or is presently a partner, Director or major shareholder, as the case may be, of a firm or corporation which has engaged in any transaction with KUB

3.2 Tenure of Independent Directors and Re-designation as Non-Independent Non-Executive Director

In line with Recommendation 3.1 of the Code, in the financial year ended 31 December 2015 the Board agreed that any Director having served the nine (9) years period, is to relinquish his/her Directorship. The criteria include independence from the Management and the absence of any business relationship which could materially interfere with, or could reasonably be perceived to materially interfere with, the Independent Director's judgement.

The Directors are also assessed on their ability to provide strong, valuable contributions to the Board's deliberations, without interference to and acting in the best interests of KUB.

3.3 Relationship of the Board with Management

The relationship between the Board and Management remain strong and cohesive during the year under review. Dato' Ahmad Ibnihajar, the Independent Non-Executive Chairman is responsible in leading and guiding the Board in achieving its objectives. Whereas, the President/Group Managing Director is responsible for the day-to-day operations of the Group and execution of the Board's decision.

The Chairman with his vast experience in various corporate sectors and non-governmental organisations ensures the effectiveness of the relationship between Directors and the Senior Management in generating an open and effective Board discussion.

3.4 Composition of the Board

As at the date of the Annual Report, the Board consists of ten (10) members comprising one (1) Chairman/Independent Non-Executive Director, one (1) the President/Group Managing Director, three (3) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors. The Independent Directors make up sixty percent (60%) of the Board membership which is in accordance with the Code.

The Board encourages female candidate to take up board positions with the appointment of Dato' Jamelah A. Bakar as Director in order to reach at least thirty percent (30%) female representation on the Board. The Board is of the view that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in KUB's business sector, should remain a priority so as not to compromise on qualification, experience and capability.

CORPORATE GOVERNANCE STATEMENT

3. REINFORCE INDEPENDENCE (CONT'D)

3.5 Conflicts of Interest Policy

To foster ethical and independent decision-making, KUB requires Director with any direct or indirect interest in a proposal or transaction being considered by the Board or its Committee to declare that interest and abstain himself/herself from the deliberations. The affected Director will take no part in the decision-making.

The Conflict of Interest Policy is designed to protect the Director and the Company and to enhance Corporate Governance, transparency and integrity, and defines the situations in which personal interests and/or dealings may conflict or be perceived to conflict with the discharge of duties and responsibilities. The Conflict of Interest Policy is formed as part of the Directors' Handbook and Code of Conduct.

4. FOSTER COMMITMENT

4.1 Commitment of the Board Members

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. This is evidenced by the attendance record of the Directors at Board Meetings as set out below :

Directors	Attendance
Dato' Ahmad Ibnihajar (Chairman/Independent Non-Executive Director)	10/11
Datuk Abdul Rahim Mohd Zin (President/Group Managing Director)	11/11
Datuk Hj Faisyal Datuk Yusof Hamdain Diego (Non-Independent Non-Executive Director)	10/11
Datuk Wira Mohd Hafarizam Harun (Independent Non-Executive Director)	9/11
Dato' Ab Rahim Abu Bakar (Independent Non-Executive Director)	11/11
Dato' Jamelah A.Bakar (Independent Non-Executive Director)	10/11
Tunku Alizan Raja Muhammad Alias (Non-Independent Non-Executive Director)	10/11
Tengku Zahaimi Tuan Hashim (Non-Independent Non-Executive Director)	11/11
Mohammad Farish Nizar Othman (Independent Non-Executive Director)	8/11
Datuk Haji Mohd Haniff Haji Koslan (Independent Non-Executive Director) <i>(Appointed w.e.f. 25 August 2016)</i>	5/5
Dato' Sohaimi Shahadan (Independent Non-Executive Director) <i>(Resigned w.e.f. 24 May 2016)</i>	3/4

CORPORATE GOVERNANCE STATEMENT

4. FOSTER COMMITMENT (CONT'D)

4.1 Commitment of the Board Members (Cont'd)

Protocol for accepting new directorship

By accepting the appointment, the Director undertakes that he/she has sufficient time to carry out his/her duties and has declared to the Board details of all other significant business and other interests and a broad indication of the time spent devoted to such commitments. The Director must advise the Board of any subsequent changes to these commitments.

In order to foster commitment among Directors, the Directors should devote sufficient time to carry out their responsibilities, the existing Directors will notify in writing to the Chairman of the Board whilst the Chairman of the Board will notify in writing to all Board members before accepting new Directorship in other companies, including indication of time that will be spent on the new appointment.

4.2 Continuing Education Programmes

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. The Directors will continue to attend other training courses to equip themselves effectively and discharge their duties as Directors on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements. Apart from the Mandatory Accreditation Programme, the Group Secretarial Division facilitates the Directors in attending relevant training programme and seminar organised by the relevant regulatory authorities and professional bodies.

The training structure for the Board will be continuously reviewed to be relevant with the changing business needs. In the financial year ended 2016, the Group Secretarial Division has conducted two (2) in-house programmes for Directors and Management.

Induction briefing and updates on KUB, as well as KUB's aspirations, business targets and Group performance were organised for the newly appointed Directors in the financial year ended 31 December 2016.

Particulars of training programmes attended by the Directors during the period under review are as follows :

Name	Programmes/ Training/ Conferences
Dato' Ahmad Ibnihajar	Related Party Transaction and Recurrent Related Party Transaction - 2 June 2016 Role of the Chairman and Independent Directors' Seminar 2016 - 28 September 2016 Corporate Governance, Risk Management and Internal Controls that affect Listed Issuers, their Boards and Management - 6 October 2016
Datuk Abdul Rahim Mohd Zin	Corporate Governance, Risk Management and Internal Controls that affect Listed Issuers, their Boards and Management - 6 October 2016
Datuk Hj Faisyal Datuk Yusof Hamdain Diego	Corporate Governance, Risk Management and Internal Controls that affect Listed Issuers, their Boards and Management - 6 October 2016
Datuk Wira Mohd Hafarizam Harun	Related Party Transaction and Recurrent Related Party Transaction - 2 June 2016 Audit Committee Workshop - Workshop E&F Malaysian Institute of Accountants - 13 July 2016 Role of the Chairman and Independent Directors' Seminar 2016 - 28 September 2016 Corporate Governance, Risk Management and Internal Controls that affect Listed Issuers, their Boards and Management - 6 October 2016

CORPORATE GOVERNANCE STATEMENT

4. FOSTER COMMITMENT (CONT'D)

4.2 Continuing Education Programmes (Cont'd)

Particulars of training programmes attended by the Directors during the period under review are as follows : (Cont'd)

Name	Programmes/ Training/ Conferences
Dato' Ab Rahim Abu Bakar	Amendments to Bursa's Listing Requirements - 1 June 2016 Related Party Transaction and Recurrent Related Party Transaction - 2 June 2016 Role of the Chairman and Independent Directors' Seminar 2016 - 28 September 2016 Corporate Governance, Risk Management and Internal Controls that affect Listed Issuers, their Boards and Management - 6 October 2016
Dato' Jamelah A.Bakar	Overview on Proposed Company Bill - 16 December 2015 Latest Updates on Directors' Remuneration - Seminar 2016 - 20 July 2016
Tunku Alizan Raja Muhammad Alias	Corporate Governance Breakfast series with Directors - Improving Board Risk Oversight Effectiveness - 26 February 2016 i) Malaysian Goods and Services Tax - An Overview for Directors; ii) Alternative Energy Outlook for Malaysia and the Region - 13 March 2016 Related Party Transaction and Recurrent Related Party Transaction - 2 June 2016 Latest Updates on Directors' Remuneration - Seminar 2016 - 20 July 2016 Corporate Governance, Risk Management and Internal Controls that affect Listed Issuers, their Boards and Management - 6 October 2016 Designing Directors' Performance Assessment for Director's Independence and Effectiveness - 18 November 2016
Tengku Zahaimi Tuan Hashim	Latest Updates on Directors' Remuneration - Seminar 2016 - 20 July 2016
Mohammad Farish Nizar Othman	Related Party Transaction and Recurrent Related Party Transaction - 2 June 2016
Datuk Haji Mohd Haniff Haji Koslan	Mandatory Accreditation Programme for Directors of Public Listed Companies -13 and 14 October 2016 Corporate Governance, Risk Management and Internal Controls that affect Listed Issuers, their Boards and Management - 6 October 2016

CORPORATE GOVERNANCE STATEMENT

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board is responsible for ensuring that financial statements prepared for each financial year give a true and fair view of the Group's state of affairs. The Directors took due care and reasonable steps to ensure that the requirements of accounting standards were fully met. Quarterly financial statements were reviewed by the Board Audit Committee and approved by the Board prior to their releases to Bursa Malaysia.

5.2 Assessment of Suitability and Independence of External Auditors

KUB has established a transparent and appropriate relationship with the Group's external auditors through the Board Audit Committee. The Board Audit Committee meets the external auditors without the presence of the Management at least twice (2) a year.

The Board Audit Committee also undertakes an annual assessment of the performance, suitability and independence of the external auditors in recommending the re-appointment of the external auditors which encompassed the performance of the external auditors and the quality of their communication with the Board Audit Committee and the Group, based on the feedback obtained via assessment questionnaires from KUB personnel with the external audit team and external auditors throughout the year. The Board Audit Committee also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings, which demonstrated their independence, objectivity and professionalism. The external auditors' performance and independence checklist is embedded in the Board Charter.

In the financial year ended 31 December 2016, the Board Audit Committee has obtained a written assurance from Messrs. Deloitte PLT, the External Auditors, that they have maintained their independence in accordance with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

The Board Audit Committee was satisfied with the performance, suitability and independence of the external auditors based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit.

The role of the Board Audit Committee in relation to the external auditors is described on page 83 to 86 of the Annual Report.

6. RECOGNISE AND MANAGE RISKS

6.1 Framework to Manage Risks

The Board Risk Management Committee assists the Board to oversee the risk management matters relating to the activities of the Group. The Board Risk Management reviews the Enterprise Risk Management Framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk mitigation action plans for the management and control of the significant risks. Enterprise Risk Management Framework was approved by the Board on 30 March 2016. The Enterprise Risk Management Framework is to provide a formal process to assist KUB in among others :

- Providing the foundations and arrangements on the application of risk management process
- Developing and implementing procedures to ensure that risks are identified, assessed against accepted criteria and appropriate measures are implemented
- Ensuring the Group framework and process for risk management is integrated with all aspects of the business
- The internal audit function provides independent appraisal of the adequacy and effectiveness of internal control

The risk management and internal control system is regularly reviewed by the Management and relevant recommendations are made to the Board for approval. KUB continues to maintain and review its internal control procedures to ensure that its assets and its shareholders' investments are protected.

Full report on KUB's Risk Management and Internal Control is reflected on page 75 to 82 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

6. RECOGNISE AND MANAGE RISKS (CONT'D)

6.2 Internal Audit Function

The Board has established an internal audit function within KUB. Internal audit is independent of both business management and of the activities under its review. Internal audit is responsible for providing assurance that the design and operations of the Group's internal control system is effective.

The Group Internal Audit Division carries out the internal audit function of KUB. Led by the Head of Internal Audit, the Group Internal Audit Division reports functionally to the Board Audit Committee, thereafter to the Board and administratively to the President/Group Managing Director. The Board Audit Committee oversees and monitors the Group Internal Audit Division's activities and reviews its performance. It approves the annual audit activities and receives reports from the Group Internal Audit Division concerning the effectiveness of internal control.

The Group Internal Audit Division also conducts regular reviews of the effectiveness of the governance, risk management and internal control within the Group.

The details of the Group's internal control system are set out in the Statement on Risk Management and Internal Control of this Annual Report.

6.3 Corporate Integrity

In ensuring the interests of the Stakeholders are protected, KUB has signed the Corporate Integrity Pledge on 27 October 2016 to indicate its support towards anti-corruption efforts in Malaysia in line with the objectives of the National Key Result Area of Fighting Corruption under the Government Transformation Programme.

With this Pledge, KUB commits to, amongst others, promote values of integrity, transparency and good governance in carrying out its business activities and comply with anti-corruption laws, policies and procedures.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy and Procedures

KUB adopts the requirement on corporate disclosure as stipulated under Chapters 9 and 10 of the Listing Requirements. KUB has in place the Group's Communication Guidelines as spelt out in the KUBMaG. It facilitates and ensures compliance by Bursa Malaysia and serves to enhance awareness of corporate disclosure requirements among employees. Clear roles and responsibilities of Directors, Management and employees are provided with the levels of authority to be accorded to designated person and spokesperson in handling the disclosure of material information.

The persons responsible for preparing the disclosure will conduct due diligence and proper verification and coordinate the timely disclosure of material information to the investing public.

In ensuring consistency to the Group's corporate image and standard format, all official communications on the Group to the investing public by way of announcements, media, event management, advertisement and promotions, donations and gifts, publications and corporate identity events must be approved by the President/Group Managing Director.

7.2 Leverage on Information Technology

KUB website includes 'About KUB' section and Investor Relations section which provides all relevant information on KUB and accessible to the public. The Investor Relations section includes among others all announcements made by KUB, share price information, annual reports, notices of general meetings and minutes of general meetings whereas 'About KUB' section includes among others the corporate and governance structure of KUB.

The Group maintains its corporate website which is accessible at www.kub.com.

CORPORATE GOVERNANCE STATEMENT

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholders' Participation at General Meetings

The Board recognises the importance of effective communication with shareholders and the investment community, and adheres strictly to the disclosure requirements of Bursa Malaysia.

Quarterly reports on the Group's results and announcements can be accessed from Bursa Malaysia's website. Shareholders are notified of the meeting and provided with a copy of the abridged Annual Report earlier than the minimum notice period of twenty-one (21) days before the meeting. KUB distributes an Administrative Guide when issuing notice of the Annual General Meeting, which provides information to the Shareholders regarding the details of the Annual General Meeting and their entitlement (if any) to attend the Annual General Meeting.

In addition, the Group's Annual Report contains a review of its financial performance, supported by facts and statistics. The Annual General Meeting is the principal forum for dialogue with Shareholders. The Board provides an opportunity for the Shareholders to raise questions pertaining to the business activities of the Group. Highlights on the Group's financial performance are also presented to the Shareholders at the Annual General Meeting for their information. The President/Group Managing Director also shared with the Shareholders of KUB's responses to questions submitted in advance of the Annual General Meeting by the Minority Shareholders Watchdog Group.

All Directors are available to respond to questions from Shareholders during the Annual General Meeting. The external auditors are also present to provide professional and independent clarification on issues and concerns raised by the Shareholders.

8.2 Encourage Poll Voting

The Board encourages the Shareholders to request for the resolutions put forth to be voted by poll. This is in line with the amendments of the Listing Requirements in mandating poll voting for all resolutions set out in the notice of general meetings. The procedure for voting by polls is in accordance with KUB's Constitution. KUB's Constitution allows poll voting to be conducted manually using voting slips or electronically using various electronic voting devices, for the purpose of more efficiently determining the outcome of resolutions. KUB will conduct an electronic poll voting or 'e-polling' for the 52nd Annual General Meeting.

8.3 Communication and Engagements with Shareholders and/or Stakeholders

The Group's Communication Guidelines empowers the Chairman and/or the President/Group Managing Director as the spokespersons of the Group. In order to ensure that the Stakeholders and investing public have updated information on the Group's performance, operations and other significant developments, various corporate announcements required under the Listing Requirements have been made during the period under review. In addition, detailed information on the Group's significant corporate events and developments were made through the media via press release and/or press conference.

COMPLIANCE STATEMENT

KUB is committed to achieve high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. KUB is taking the necessary steps to enhance the processes and procedures from time to time in compliance with the Listing Requirements, the Code and other regulatory requirements.

In this regard, the Board considers that the Group has complied satisfactorily with the principles and recommendations as stipulated in the Code throughout the financial year ended 31 December 2016.

This Statement is made in accordance with the resolution of the Board of Directors dated 27 February 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR THE AUDITED FINANCIAL STATEMENT

The Board is required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and KUB at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Board has :

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been complied with; and
- Prepared financial statements on a going concern basis, as the Board has reasonable expectations, having made enquiries that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Board is responsible for ensuring that KUB maintain its accounting records which disclose with reasonable accuracy the financial position of the Group and KUB and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Board has the overall responsibility of taking such steps as are reasonably available to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto :

a. Utilisation of Proceeds Raised from any Corporate Proposal

There were no proceeds raised from any Corporate Proposal in the financial year ended 31 December 2016.

b. Audit and Non-Audit Fees

The amount of audit fees paid or payable to the external auditors, Messrs. Deloitte PLT for the services rendered to the Group and the Company for the financial year ended 31 December 2016 amounted to RM353,000.00 and RM108,000.00 respectively.

The amount of non-audit fees paid or payable to the external auditors, Messrs. Deloitte PLT, and their affiliated companies for services rendered to the Group and the Company for the financial year ended 31 December 2016 amounted to RM96,500.00 and RM14,500.00 respectively.

c. Material Contracts

During the financial year, there were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving interests of Directors and major shareholders.

d. Recurrent Related Party Transactions

At the 51st AGM of the Company on 24 May 2016, there was no motion on the Recurrent Related Party Transactions of a revenue and/or trading nature tabled for the Shareholders' approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to the Main Market Listing Requirements ('Listing Requirements') of Bursa Malaysia Securities Berhad with regards to the Group's compliance with the Principles and Best Practices provisions relating to risk management and internal controls as stipulated in the Malaysian Code on Corporate Governance 2012 ('the Code').

The Board is pleased to provide the Statement on Risk Management and Internal Control of the Group (excluding associated companies) which outlines the processes adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control of the Group.

BOARD RESPONSIBILITY AND ACCOUNTABILITY

Board of Directors

The Board is responsible for the Group's system of risk management and internal control to safeguard the stakeholders' interests and the Group's assets as prescribed by the Code.

The Board acknowledges that the system of risk management and internal controls are designed to manage rather than to eliminate risks that may impede the achievement of the Group's objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatements, fraud or losses. The system of risk management and internal controls cover risk management, financial, strategy, organisational, operational, regulatory and compliance controls.

The Board confirms that there is an on-going process of identifying, evaluating and managing significant risks by the Management. The process has been in place throughout the year under review and up to the date of approval of the annual report and financial statements. It has been reviewed at regular intervals by the Board and is guided by the Statement on Risk Management and Internal Control, Guidelines for Directors of Listed Issuers ('SRMICG').

Board Risk Management Committee

The Board is assisted by the Board Risk Management Committee ('BRMC') to assume the responsibilities for the supervision and monitoring of principal risks, whose main responsibilities are to review the effectiveness of the risk management processes, report key risks and recommend appropriate risk management strategies, policies, risk tolerance and mitigation plans for the Board's approval. The details of the activities undertaken by BRMC are highlighted in the Board Risk Management Committee Report in page 80 of the Annual Report 2016.

Board Audit Committee

The Board Audit Committee ('BAC') consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director who have unrestricted access to both the internal and external auditors. The independence of the BAC remains intact as the majority of the members are independent directors. BAC also has the right to convene meetings with the auditors without the presence of other directors and employees.

The BAC meets on a regular basis to review the risk management and internal control issues identified in reports prepared by the internal auditors, the external auditors and further evaluates the effectiveness and adequacy of the Group's risk management and internal control system. The BAC has active oversight on the internal audit's independence, scope of work and resources. It also reviews the Internal Audit function, particularly the scope of the annual audit plan and frequency of the internal audit activities. The minutes of the BAC meetings are tabled to the Board on a periodic basis. The details of the activities undertaken by the BAC are highlighted in the Board Audit Committee Report in page 83 to 86 of the Annual Report 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY AND ACCOUNTABILITY (CONT'D)

Group Risk Management Division

The Group has formed the Group Risk Management Division ('GRMD') to support the Board and BRMC in discharging their risk management responsibilities. GRMD is an independent business unit established to assist the BRMC in supervising the application of risk management framework and policies. GRMD has undertaken measures in identifying and managing risks recognised at the Group and subsidiary levels, and embarked on several initiatives during the year to ensure risk management processes are continuously responsive with the Group's business objectives. The initiatives are as follows :

- (a) Embed principles of risk management into the Group's strategic business plans and investment decision;
- (b) Implement systematic risk assessment and review of the Group's Risk Profiles;
- (c) Improve risk reporting structures to highlight key risks among stakeholders;
- (d) Enhance risk intelligence through database subscription to a Credit Rating Agency;
- (e) Update of risk mitigation strategies whilst exploring potential opportunities of such risk;
- (f) Engagement with Cybersecurity Malaysia to develop and implement a Business Continuity Management ('BCM') Programme in accordance with international BCM Standard, ISO 22301:2012;
- (g) Embark on sustainability reporting initiatives and strategies which emphasise on the Economic, Environmental and Social ('EES') aspects of the business; and
- (h) Signing of a Corporate Integrity Pledge ('CIP') whereby participants commit to uphold the principles of corruption prevention.

Group Internal Audit Division

The Group Internal Audit Division ('GIAD') reports directly to the BAC. Reviews of the internal control system are carried out by the GIAD Division. Through its internal audit, GIAD assesses compliance with policies and procedures as well as relevant laws and regulations. In addition, they examine and evaluate the effectiveness and efficiency of the Group's internal control system using the risk-based audit approach.

GIAD provides independent assurance to the BAC on the adequacy and integrity of the internal control system to manage risks across the Group. Regular internal audit reviews on the adequacy and effectiveness of the internal control procedures, assurance on the management of risk and governance processes is carried out based on the Annual Internal Audit Plan. The reports and status of corrective actions taken by the Management on audit recommendations are submitted on a regular basis to the BAC for its deliberation and approval.

RISK MANAGEMENT

The Board acknowledges that effective risk management is an essential and indispensable part of corporate management and recognises that commitment to risk management contributes to sound management practice and increasing community confidence in KUB Group is performance. The Board is committed to embed within the organisational structure, defined roles and responsibilities for all aspects of risk management with the appropriate tools to support the identification, assessment, treatment and reporting of key risks. Generally, the Group's Risk Management functional objectives are :

- (a) To provide a sound basis for integrated risk management and internal control as components of good corporate governance, while enabling systematic and prompt reporting of risks or failures of existing control measures;
- (b) To promote a risk awareness culture, with assigned employees assuming responsibility for managing risks for the benefit of the Group; and
- (c) To improve decision making, planning and prioritisation based on comprehensive understanding of the reward to risk balance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

Risk Management Framework

To ensure that effective corporate governance is practised throughout the Group, the Board has established an Enterprise Risk Management Framework ('ERMF') to allow the Group to identify, evaluate, monitor and manage the significant risk exposures inherent in its business operations. The design of this framework incorporates the principles and processes outlined in ISO 31000: 2009 Risk Management – Principles and Guidelines. The objective of this ERMF is to provide a formal process to assist the Group in :

- (a) Providing the foundations and arrangements on the application of risk management processes that will be embedded throughout the KUB Group at varying levels;
- (b) Encouraging understanding by managers and their staff on the implications of risk exposures, opportunities and their risk management, in their day-to-day work and in strategic and operational planning activities;
- (c) Developing and implementing procedures to ensure that risks are identified, assessed against accepted criteria and appropriate measures are implemented;
- (d) Inculcate risk awareness culture within KUB Group; and
- (e) Ensuring that KUB Group's framework and process for risk management is integrated with all aspects of the business, including governance, strategic planning, operational planning, management and reporting.

The framework was developed and continuously improved to ensure the Group capabilities in facing the changing and challenging business environment by continuously implementing, monitoring, reviewing and improving the overall risk management activities. The ERMF has been revised and approved by the Board to be implemented by the Group effective 31 March 2016 to suit the current business operations as well as incorporating the current statutory requirements.

Additionally, the Group's ERMF enables a structured approach in the overall risk management process via the following :

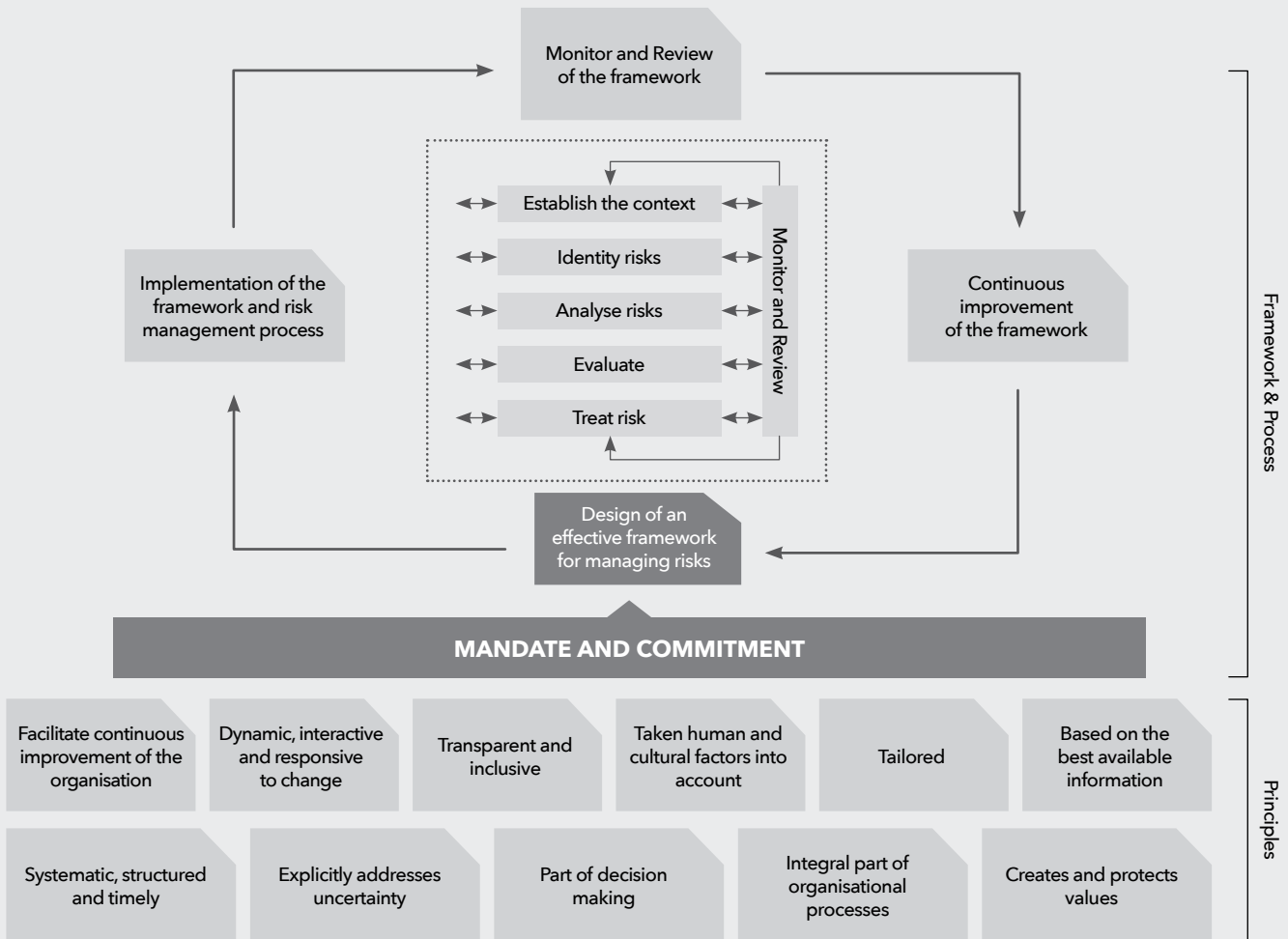
- (a) The underlying principles of Risk Management for KUB Group of Companies;
- (b) Risk Management Governance under the supervision of the Board Risk Management Committee ('BRMC');
- (c) Risk Management Governance structure which outlines the roles and responsibilities of all individuals involved in the risk management processes; and
- (d) Approach to managing risks based on ISO 31000: 2009 principles and risk management processes.

The ERMF is depicted in Figure 1 below, which defines the relationship between the risk management principles and the Group's process in managing risk.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

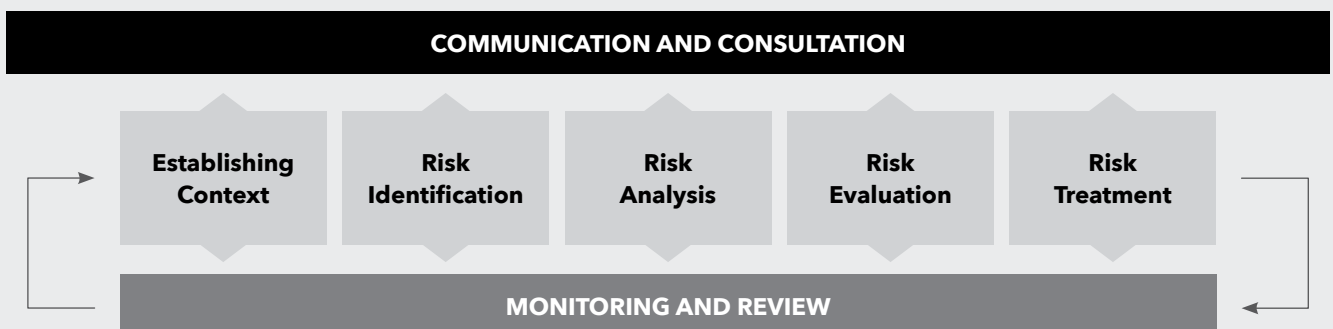
RISK MANAGEMENT (CONT'D)

Figure 1 - Risk Management - Principles, framework and process relationship (as outlined by ISO 31000: 2009)



Risk Management Process

The Group’s ERMF provides a systematic approach in identifying, evaluating, assessing, treating, monitoring and reviewing the risks. Those processes for managing risk have been entrenched in the Group’s business activities to assist the Management in informed decision making. The reporting of risks through a Risk Register allows the risks that need to be managed be escalated and communicated to the Management for implementation on risk mitigation actions and controls. The risk management process structure applied by the Group are as follows (as outlined in ISO 31000: 2009) :



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

Summary of steps in the risk management process

Process Step	Description	Purpose
Communication and Consultation	<ul style="list-style-type: none"> Involving all stakeholders and information sharing throughout the risk management process, vertically and horizontally across the KUB Group. 	<ul style="list-style-type: none"> Conduct short discussions and risk management awareness among staff involved to disseminate basis for decisions and actions Channel for knowledge transfer among KUB Group.
Establish Context	<ul style="list-style-type: none"> Understanding KUB Group's objectives and defining the external and internal environment within which KUB Group operates 	<ul style="list-style-type: none"> Understand limitations and factors influencing ability to meet objective Identify risk management framework boundaries
Risk Identification	Risk Assessment	<ul style="list-style-type: none"> Identifying risks, its sources, causes and potential consequences Generate a comprehensive list of threats and opportunities based on those events that might enhance, prevent, degrade, accelerate or delay the achievement of the objectives All identified risks are recorded in the Risk Register
Risk Analysis		<ul style="list-style-type: none"> Understanding the nature of the risk and determining the level of exposure -Likelihood and Impact Provide an understanding of the risk exposure before putting control in place (Inherent Risk) Assist in identifying outdated/absolute ineffective controls Guidance throughout the risk evaluation and risk treatment
Risk Evaluation		<ul style="list-style-type: none"> Comparing the level of exposure from risk analysis and take into account existing control (residual risk) Re-assess acceptability of the controlled risk Determine at the controls need further treatment (action plans) Manage the priorities of controls / action plans
Risk Treatment	<ul style="list-style-type: none"> Selecting one or more options for modifying the risk Reassessing the level of risks with controls and treatments in place 	<ul style="list-style-type: none"> Identify treatment for risks beyond KUB Group's risk tolerance Provide an understanding of the residual risk (level of risk with controls and treatments in place) Identify priority order in which individual risk should be treated, monitored and reviewed
Monitoring and Review	<ul style="list-style-type: none"> Determining whether the risk profile has changed and whether new risks have emerged Checking control effectiveness and progress of the treatment action plans 	<ul style="list-style-type: none"> Provide exchange of information Identified emerging risks Provide feedback on control efficiency and effectiveness Identify whether any further treatment is required Provide basis to reassess risk priorities Capture lessons learnt from failures, near misses and successful events

Risk Factors and Mitigation Strategies

The Group has identified primary risks which have significant potential impact and high likelihood of occurrence which could affect the Group's overall performance. The primary risks which have been identified and assessed are on the going concern issue for subsidiaries with negative net worth or shareholders' funds that may significantly affect the Group's overall financial performance and potential risk on legal exposures due to breaches of contracts and agreements. These primary risks have been assessed and appropriate mitigation actions have been put in place to alleviate the magnitude of impact to the Group. While for secondary risks, GRMD had conducted continuous review and close monitoring of these risks to ensure the risk mitigation actions taken are effective and efficient in managing these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY CONTROL ENVIRONMENT AND ACTIVITIES

The Board is fully committed in ensuring that a proper control environment is maintained at the Group to ensure effective strategic and operational controls over the Group's business operations. The key elements of the Group's internal control are as follows :

Board of Directors

The Board acknowledges that ensuring sound corporate governance requires effective interaction among the Board, Management, internal and external auditors. The Board assumes the responsibilities, which facilitates the discharge of the Board's stewardship through the identification of principal risks and the implementation of appropriate systems to manage these risks and review the adequacy and integrity of the Group's internal control systems and compliance to applicable laws, regulations and guidelines. The Board also ensures the adoption of strategic plans for the Group, oversees the conduct of its business and reviews of the operations and financial performance.

Board Committees

Appointment of Board Committees, including the Audit Committee and Risk Management Committee, to assist the Board in overseeing the overall management of principal areas of risk and evaluate the adequacy and effectiveness of the risk management and internal control systems. Whilst the Board Investment Committee, and Board Nomination and Remuneration Committee have been delegated with specific responsibilities pursuant to their terms of reference, these Committees have the authority to examine all matters within their scope of responsibilities and report back to the Board with their recommendations for review or approval by the Board, where appropriate. For more details on the various Board Committees, please refer to page 83 of the Annual Report 2016.

Organisational Structure

The Board has established a defined organisational structure with clear lines of responsibility and accountability in the Group that is directly aligned to the strategic and operational demands of the business. Each operational unit is headed by personnel who is fully accountable to ensure that the business activities are implemented with full compliance to the Group's objectives and policies. The structure is reviewed regularly to monitor its effectiveness and to provide support to the changing business requirements. During the financial year, the organisational structure has been revised and approved by the Board on 30 March 2016.

Policies and Procedures

The internal policies and procedures are established and defined in KUB Management Guidelines ('KUBMaG') to provide guidelines for proper management and operations of the Group's operating units. These policies and procedures are documented and subjected to regular reviews, updates and enhancements to reflect the operational requirements, ensure relevance and effectiveness of the Group's business operations. The KUBMaG has been revised and approved by the Board to be implemented by the Group effective 1 December 2016. The Limit of Authority (LOA) specified in the KUBMaG is also aligned to be in tandem with the latest organisation structure of the Group. KUBMaG and other common Group's Standard Operating Procedures are available on the Group's intranet for easy access by the staff.

Limits of Authority

The delegation of responsibilities to the Board Committees and the Management as well as the delineation of their respective authority limits are defined in the KUBMaG. The KUBMaG provides a framework that clearly defines and specifies the authority levels for personnel to carry out their assigned responsibilities. The KUBMaG is to create awareness among all employees with regards to the internal control components and the basic control policy of the Group.

Human Resources

A comprehensive human resource policy and procedures are in place within the Group to provide guidelines and ensure standardised adoption of best practices on manpower planning, recruitment and selection, rewards and recognition, industrial and employee relations, training and development, salary administration and other relevant human resources management areas. The information is accessible online through the system i.e. Human Resource Information Exchange (HRIX).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY CONTROL ENVIRONMENT AND ACTIVITIES (CONT'D)

Integrity and Anti Corruption

It is the Group policy to conduct all of its business in an honest and ethical manner, which outlines a zero tolerance policy towards all forms of bribery and corruption. The Group supports the Malaysian government's initiative to combat unethical practices by signing the Corporate Integrity Pledge ('CIP') witnessed by the Malaysian Anti-Corruption Commission ('MACC') in October 2016. In addition, KUB had sent one (1) officer to undergo a Certified Integrity Officer accreditation programme conducted by the Corporate Integrity Development Centre of the Malaysian Anti-Corruption Academy in August 2016.

Staff Competency and Performance Management

The Group believes that an effective organisation requires employees at all levels to be competent, skilled and capable of contributing to the achievement of the Group's vision and mission. Training and development programmes are established to ensure that employees are equipped with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives. Key Performance Indicators (KPIs) and Shared Values Inculcation Factors are used as tools to measure staff performance and to identify rewards in line with the Group's mission to nurture and enhance a culture that emphasises on high performance.

Insurance on Assets

In order to attract qualified prospective candidates as well as to retain the talent pool, KUB Group believes it is important to offer medical/health benefits and group term life insurance. Both benefits/insurance include the coverage for the costs of treating injuries and illnesses, rehabilitation and death.

Besides purchasing insurance for its human resource, KUB Group also purchases insurance for its physical assets. The coverage includes damage or loss of assets in the event of fire, theft of assets, liability coverage for the legal responsibility to others for accidents, bodily injury or property damage, and coverage for any loss of data stored in the computers and servers.

Insurance coverage is reviewed on a yearly basis to ensure comprehensive coverage to mitigate business risks in view of the changing business environment or assets.

Business Plan and Budget Review

The Group undertakes business planning and budgeting each year to establish plans and targets against which performances are compared and monitored as well as to facilitate management in focusing on areas of concerns.

The Board and Senior Management play an important role in the stages of strategic review and update, which include among others, reviewing the plan before its finalisation, and the budget approval process to ensure that the plan developed reflects the corporate intent of the Group and that resource allocation is strategically aligned.

Sustainability Reporting and Strategies

The Group believes that the emerging trend of economic, environmental and social ('EES') risks and opportunities increasingly affects an entity's value. By incorporating sustainability considerations into the workings of an organisation, it shall lead to value creation in the long run as organisations look beyond short term profitability and consider medium to long term business viability. It also serves as a business strategy that advocates long term value creation for business, support business continuity and creating competitive advantage over the long term.

Financial and Operational Review

The BAC reviews the annual and quarterly financial statements and performance of the Group together with the Management before they are tabled to the Board for approval. The quarterly reviews enable the BAC to deliberate and assess the Group's financial results and operational performance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY CONTROL ENVIRONMENT AND ACTIVITIES (CONT'D)

Business Continuity Management

The Business Continuity Management ('BCM') Steering Committee chaired by the BRMC is committed to enhance KUB's service reliability via an improved BCM programme. The programme serves to identify potential adversities to the Group and their impact on business operations. An overall framework has also been established to build organisational resilience with an effective response mechanism to safeguard the Group's reputation, brand and the interests of its key stakeholders.

Procurement Policy

Our Procurement Policy aims to support good and sustainable procurement practices. The policy outlines that all procurement decisions within the Group will be guided with clearly defined principles, to ensure the Group and suppliers comply with all applicable laws and regulations throughout the procurement life cycle. The Policy also governs ethical procurement, vendor management and selection of vendors and encourages at all times a tender process to ensure fair procurement practices.

Whistleblowing Policy

The Whistleblowing Policy guides the employees of the Group in communicating instances of illegal and immoral conduct to the appropriate parties within the Group and at the same time protecting these employees against victimisation or discrimination in any way arising from such communications. It also provides proper investigation to be initiated on all allegations or reports received/ submitted by parties from within or outside the Group.

CONCLUSION

After due and careful inquiry on the information and assurance provided, the Board is satisfied with the process of identifying, evaluating and managing significant risks that may affect the achievement of the Group's business objectives. Where exceptions were noted, there were no material control failure or weakness that had resulted in material loss that had not been disclosed in the Group's financial statements. For areas requiring attention, measures had been and are being taken to ensure the on-going adequacy and effectiveness of risk management and internal controls. The Board and the Management will continuously improve and seek assurance on the efficiency and effectiveness of the internal control system through independent assessments by the internal and external auditors.

The Board has received assurance from the President/Group Managing Director and the Vice President, Group Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control systems adopted by the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 27 February 2017.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance with Paragraph 15.23 of the Listing Requirements, the External Auditors, Deloitte PLT have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide ('RPG') 5 (Revised), issued by the Malaysian Institute of Accountants, RPG5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement is not been prepared, in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Guidelines to be set out, nor is it factually inaccurate.

BOARD AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Board Audit Committee ('BAC') for the financial year ended 31 December 2016.

COMPOSITION

The BAC consists of the following members :

Datuk Wira Mohd Hafarizam Harun

Chairman, Independent Non-Executive Director

Datuk Hj Faisyal Datuk Yusof Hamdain Diego

Non-Independent Non-Executive Director

Dato' Ab Rahim Abu Bakar

Independent Non-Executive Director

Mohammad Farish Nizar Othman

Independent Non-Executive Director

The BAC is governed by its Terms of Reference as set out in the Governance section at www.kub.com. Conforming to the requirements of the Malaysian Code on Corporate Governance 2012 ('the Code'), the three (3) members of the BAC are Independent Non-Executive Directors and one (1) member is a Non-Independent Non-Executive Director. One of the Independent Non-Executive Director is a member of the Malaysian Institute of Accountants ('MIA'), thereby complying with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ('Listing Requirements') of Bursa Malaysia Securities Berhad ('Bursa Malaysia').

MEETINGS

During the financial year ended 31 December 2016, the BAC held a total of five (5) meetings, with the following record of attendance :

Directors Attendance

DIRECTORS	ATTENDANCE
Datuk Wira Mohd Hafarizam Harun	5/5
Datuk Hj Faisyal Datuk Yusof Hamdain Diego	4/5
Dato' Ab Rahim Abu Bakar	5/5
Mohammad Farish Nizar Othman	4/5

The Company Secretary was present during all the meetings except for the private sessions with the external auditors. The Head of Group Internal Audit, representatives of the external auditors, Deloitte PLT, as well as the President/ Group Managing Director, the Vice President of Group Finance and Senior Management personnel also attended the meetings upon invitation.

The BAC Chairman updates the Board of Directors on matters deliberated after each BAC Meeting. This is to ensure that the Board is updated on any matter of significant concerns raised by the internal and external auditors.

BOARD AUDIT COMMITTEE REPORT

MEETINGS (CONT'D)

The BAC in the discharge of its functions and duties had carried out the following works to meet its responsibilities during the financial year ended 31 December 2016 :

1. Financial Results and Corporate Governance

- Reviewed the quarterly unaudited financial results, year-end financial statements and announcements to Bursa Malaysia before recommending to the Board for approval focusing particularly on :
 - (i) changes in or implementation of major accounting policy changes; and
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters were addressed;
- Reviewed the Company's compliance, in particular the quarterly and year-end financial statements with the Listing Requirements, Financial Reporting Standards issued by the Malaysian Accounting Standards Board ('MASB') and other legal and regulatory requirements;
- Reviewed the audited financial statements of the Group with external auditors prior to submission to the Board for its consideration and approval. The review is to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 2016 and the Financial Reporting Standards issued by MASB;
- Reviewed the issuance of the Letter of Financial Support in respect of KUB Group of Companies for recommendation to the Board for approval;
- Reviewed the proposed renewal of the authority for the purchase by KUB of its own ordinary shares representing up to ten percent (10%) of its issued and paid-up share capital prior to recommending to the Board for its recommendation for approval;
- Reviewed minutes of the BAC meetings;
- Reviewed the application of corporate governance principles and the Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement, Statement on Risk Management and Internal Control and the Board Audit Committee Report pursuant to the Listing Requirements for the Board's approval;
- Reviewed the Related Party Transactions ('RPT') entered by the Group in compliance with the Listing Requirements before recommending to the Board for its approval; and
- Reviewed and subsequently recommending to the Board for approval the revision to the Whistleblowing Policy, and Approving Authority Limits and new RICA (Recommend, Inform, Consult, Approve) Framework, collectively known as the 'KUB Group Limits of Authority' or 'KUB Group LOA', and new Group Procurement Policy and Procedures.

2. External Audit

- Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors the results of audit, audit report and management letter, including the management's response, evaluation of the system of internal controls, and the assistance given by the employees to the external auditors;
- Considered and recommended to the Board for approval the audit fees payable to the external auditors as disclosed in the Financial Statements;
- Met with the external auditors twice (2) during the year without the presence of the Management; and
- Reviewed the nomination of the external auditors before recommending to the Board for approval.

BOARD AUDIT COMMITTEE REPORT

MEETINGS (CONT'D)

3. Internal Audit

- Reviewed the internal audit reports which incorporate the internal audit programme, processes, the results of internal audit programme, process or investigation undertaken presented by the Group Internal Audit Division ('GIA') on findings and recommendations with respect to the adequacy and integrity of the internal control system;
- Reviewed with Management on corrective actions taken on all matters raised in the internal audit reports to improve the system of internal control;
- Assessed the performance of the GIA via the status updates on the Internal Audit Plan as compared to the Internal Audit Plan and reviewed the reasonableness of compensation of members of the function; and
- Reviewed and approved the GIA budget and Internal Audit Annual Plan to ensure adequacy in its resources, competencies, scope, functions and coverage. The authority of internal audit function to carry out its work is spelt out in the Internal Audit Charter, approved by the BAC.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

GIA assists the BAC in discharging its duties and responsibilities throughout the financial year under review. The terms of reference of the internal audit function are clearly spelt out in the Internal Audit Charter. Internal audit principal role is to undertake independent, regular and systematic reviews of the internal control systems, so as to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's system of internal control, risk management and governance process.

Internal audit functions have no operational responsibility and authority over the activities it audits and adopts a risk-based approach in preparing its Internal Audit Annual Plan. The audit plan, budget, key performance indicators and manpower resources are submitted to the BAC for its review and approval.

During the financial year under review, a total of twenty-seven (27) audits were carried out on holistic approach in accordance with the Internal Audit Annual Plan including special audit reviews requested by the Management with subsequent endorsement by the BAC. The audit engagements encompassed scheduled, ad-hoc and follow-up audits covering the Information and Communications Technology ('ICT') Sector, Food Related Sector (inclusive of outlet audits), Energy Sector, Agro Business Sector and Property, Engineering & Construction ('PEC') Sector.

The key assurance process include carrying out analysis to determine the efficiency of business carried out by the Group, and evaluating the systems established to ensure compliance with laws, regulations, policies, plans and procedures which could have significant risk and impact on the Group.

Among the key areas covered during the financial year are project management, business development, sales and marketing, contract management, tender and procurement process, safety and security, operation management, human resource management, property and maintenance management, plantation management, and financial management.

BOARD AUDIT COMMITTEE REPORT

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION (CONT'D)

GIA presented audit reports incorporating the risk assessment, non-compliance with laws, regulations, policies, plans and procedures, financial performance evaluation, internal control assessment, areas for improvement, and management's action plan.

The resulting reports from the internal audits undertaken were forwarded to the Management for necessary corrective actions. The Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame. GIA continuously monitors the implementation of audit recommendations through periodic follow-up reviews, which are reported and presented to the BAC regularly.

GIA is a corporate member of the Institute of Internal Auditors of Malaysia ('IIAM'). Being a member, GIA has access to internal audit information, networking and trainings. GIA is also committed to ensure that its activities meet the standards required by The Institute of Internal Auditors International Professional Practices Framework ('IPPF').

The total costs incurred by GIA for the internal audit function of the Group in 2016 amounted to RM822,076.

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The subsidiaries are principally engaged in the business of property, engineering and construction, agricultural businesses, information, communications and technology, energy, food, power and others as stated in Note 42 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year except for the cessation of its engineering and construction segment following the disposal of its manufacturing and trading of precasted concrete company. The disposal of the subsidiary is disclosed in Note 18(a)(i) to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows :

	Group RM'000	Company RM'000
Continuing operations		
Profit/(Loss) before zakat and taxation	32,334	(12,375)
Zakat	(202)	-
Taxation	(10,084)	(3)
Profit/(Loss) for the year from continuing operations	22,048	(12,378)
Discontinued operations		
Loss for the year from discontinued operations, net of tax	(506)	-
Profit/(Loss) for the year	21,542	(12,378)
Profit/(Loss) attributable to :		
Owners of the parent	22,628	(12,378)
Non-controlling interests	(1,086)	-
	21,542	(12,378)

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**DIRECTORS'
REPORT****DIVIDEND**

Since the end of the previous financial year, the Company had paid the first and final single tier dividend of 0.5 sen on 556,464,690 ordinary shares amounting to RM2,782,323 for the financial year ended 31 December 2015.

The Directors have 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. If approved, the dividend, amounting approximately RM5,564,647, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Group and the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Group and of the Company. As of the end of the financial year, there were no unissued shares of the Group and of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps :

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances :

- (a) which would render the amount of bad debts written off or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist :

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are :

Dato' Ahmad Ibnihajar (Chairman)
 Datuk Abdul Rahim Mohd Zin (President/Group Managing Director)
 Datuk Hj Faisyal Datuk Yusof Hamdain Diego
 Datuk Wira Mohd Hafarizam Harun
 Dato' Ab Rahim Abu Bakar
 Dato' Jamelah A. Bakar
 Tunku Alizan Raja Muhammad Alias
 Tengku Zahaimi Tuan Hashim
 Mohammad Farish Nizar Othman
 Datuk Haji Mohd Haniff Haji Koslan (appointed on 25 August 2016)
 Dato' Sohaimi Shahadan (resigned on 24 May 2016)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year except as follows :

	Number of ordinary shares of RM0.40 each			
	As of 1.1.2016	Acquired	Sold	As of 31.12.2016
Share of the Company				
KUB Malaysia Berhad				
Direct Interest				
Datuk Abdul Rahim Mohd Zin	1,050	-	-	1,050

Except for the above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**DIRECTORS'
REPORT****DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 10 to the financial statements or the fixed salary of a full-time employee of the ultimate holding company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 35(d) to the Financial Statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

DATO' AHMAD IBNIHAJAR

Petaling Jaya

29 March 2017

DATUK ABDUL RAHIM MOHD ZIN

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **KUB MALAYSIA BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2016, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 96 to 189.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) for Professional Accountants of Malaysian Institute of Accountants ("By-Laws") of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our audit performed and responses thereon
<p>Revenue recognition</p> <p>Revenue arising from construction contracts in its Power and ICT Segments, represents 11.1% of the Group's total revenue.</p> <p>The Group recognises contract revenue and contract cost in the profit and loss by using the stage of completion method. The stage of completion is measured by the proportion that construction contract costs incurred for work performed to date over the total construction contract costs.</p> <p>Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction project. In making the judgement, the Group evaluates based on past experience and external economic factor.</p> <p>The construction contracts revenue and cost of sales recognised in the profit or loss are disclosed in Note 5 and Note 6 of the financial statements respectively.</p>	<p>We have performed the procedures below:</p> <ul style="list-style-type: none"> • Tested relevant key internal controls over revenue and cost recognition and budgeting process for projects. • Selected on a sampling basis management prepared budgets for certain construction contracts and verified contract sum against underlying documents. We tested computation of budgeted costs and checked that the budgets are regularly reviewed by management. • Selected on a sampling basis actual costs incurred during the year. Tested the appropriateness of actual costs incurred and that they are recorded in the correct accounting period. • Performed recomputation of revenue and costs based on the percentage of completion.

**INDEPENDENT
AUDITORS' REPORT**

TO THE MEMBERS OF KUB MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)*Information Other than the Financial Statements and Auditors' Report thereon*

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include in the financial statements and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors is also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of the Group and of the Company.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that :

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) we have considered the accounts and auditors' reports of the subsidiary companies of which we have not acted as auditors, as shown in Note 42 to the financial statements, being accounts that have been included in the financial statements of the Group;

**INDEPENDENT
AUDITORS' REPORT**

TO THE MEMBERS OF KUB MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)*Report on Other Legal and Regulatory Requirements (Cont'd)*

- (c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purposes; and
- (d) the auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under sub-section (3) of Section 174 of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 45 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Board of Directors is responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits and Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN
Partner - 2903/11/17 (J)
Chartered Accountant

29 March 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	Group 2015 RM'000 (Re-presented)	2016 RM'000	Company 2015 RM'000
Continuing operations					
Revenue	5	495,772	432,154	7,045	7,102
Cost of sales	6	(406,608)	(367,543)	-	-
Gross profit		89,164	64,611	7,045	7,102
Other income		13,328	50,543	29,711	34,587
Distribution expenses		(1,736)	(1,369)	-	-
Administrative expenses		(62,781)	(49,373)	(18,328)	(11,808)
Other expenses		(15,571)	(24,673)	(31,895)	(56,849)
Profit/(Loss) from operating activities		22,404	39,739	(13,467)	(26,968)
Finance income	7	3,094	2,379	1,725	1,881
Finance costs	7	(739)	(1,367)	(633)	(1,117)
Share of results of associates		7,575	9,552	-	-
Profit/(Loss) before zakat and taxation	8	32,334	50,303	(12,375)	(26,204)
Zakat		(202)	(301)	-	-
Taxation	11	(10,084)	(7,450)	(3)	-
Profit/(Loss) for the year from continuing operations		22,048	42,552	(12,378)	(26,204)
Discontinued operations					
Loss for the year from discontinued operations	12	(506)	(33,477)	-	-
Profit/(Loss) for the year		21,542	9,075	(12,378)	(26,204)
Other comprehensive (loss)/income					
Net (loss)/gain on available-for-sale financial assets					
- (Loss)/gain on fair value changes, net of tax		(642)	15	(642)	15
Foreign currency translation		-	(432)	-	-
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax		(642)	(417)	(642)	15
Total comprehensive income/(loss) for the year		20,900	8,658	(13,020)	(26,189)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Re-presented)	2016 RM'000	2015 RM'000
Profit/(Loss) attributable to :					
Owners of the parent					
- from continuing operations		23,134	41,331	(12,378)	(26,204)
- from discontinued operations		(506)	(33,477)	-	-
		22,628	7,854	(12,378)	(26,204)
Non-controlling interests		(1,086)	1,221	-	-
		21,542	9,075	(12,378)	(26,204)
Total comprehensive income/ (loss) attributable to :					
Owners of the parent					
- from continuing operations		22,492	40,914	(13,020)	(26,189)
- from discontinued operations		(506)	(33,477)	-	-
Non-controlling interests		(1,086)	1,221	-	-
		20,900	8,658	(13,020)	(26,189)
Basic and diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen)					
	13				
- from continuing operations		4.16	7.43		
- from discontinued operations		(0.09)	(6.02)		
		4.07	1.41		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Non-current assets					
Property, plant and equipment	14	160,325	181,834	26,205	25,687
Land held for property development	15	-	4,612	-	-
Plantation development expenditure	16	52,543	50,902	-	-
Investment properties	17	15,629	11,369	3,517	3,592
Investments in subsidiaries	18	-	-	220,029	221,195
Investments in associates	19	34,069	28,294	9,000	9,000
Other investments	20	3,824	4,466	3,824	4,466
Intangible assets	21	902	818	-	-
Due from subsidiaries	22	-	-	1,028	13,250
Deferred tax assets	24	3,224	3,202	-	-
		270,516	285,497	263,603	277,190
Current assets					
Inventories	25	8,869	12,614	-	-
Trade and other receivables	22	84,835	61,515	937	1,968
Tax recoverable		365	509	-	-
Cash and bank balances	26	133,865	105,150	15,277	10,960
		227,934	179,788	16,214	12,928
Non-current assets held for sale	12	3,534	-	-	-
Total assets		501,984	465,285	279,817	290,118

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	27	222,586	222,586	222,586	222,586
Reserves	28	54,078	51,918	7,944	8,586
Retained earnings	29	19,693	2,649	29,947	45,107
		296,357	277,153	260,477	276,279
Non-controlling interest		10,374	11,460	-	-
Total equity		306,731	288,613	260,477	276,279
Non-current liabilities					
Borrowings	30	51,136	48,116	1,286	2,858
Deferred tax liabilities	24	12,346	12,382	-	-
Deferred Income	31	2,673	-	-	-
Due to subsidiaries	32	-	-	6,395	-
		66,155	60,498	7,681	2,858
Current liabilities					
Trade and other payables	32	113,396	104,106	9,809	9,216
Borrowings	30	11,951	8,794	1,847	1,765
Derivative financial liabilities	33	7	21	-	-
Provision for tax		3,744	3,253	3	-
		129,098	116,174	11,659	10,981
Total liabilities		195,253	176,672	19,340	13,839
Total equity and liabilities		501,984	465,285	279,817	290,118

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Equity attributable to owners of the parent		Attributable to owners of the parent					Non-distributable					Non-controlling interests RM'000
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	(Premium)/Discount paid on acquisition RM'000	Translation reserve RM'000	Merger reserve RM'000	
2016 Group													
As 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 year	21,542	22,628	-	-	22,628	-	-	-	-	-	-	-	(1,086)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax	(642)	(642)	-	-	-	(642)	-	-	(642)	-	-	-	-
Total comprehensive income/(loss)	20,900	21,986	-	-	22,628	(642)	-	-	(642)	-	-	-	(1,086)
Transactions with owner													
Disposal of a subsidiary (Note 18(a)(i))	-	-	-	-	(2,802)	2,802	-	-	-	2,802	-	-	-
Dividend paid	(2,782)	(2,782)	-	-	(2,782)	-	-	-	-	-	-	-	-
Total transactions with owners	(2,782)	(2,782)	-	-	(5,584)	2,802	-	-	-	2,802	-	-	-
As at 31 December 2016	306,731	296,357	222,586	5,965	19,693	48,113	34,016	312	1,667	971	-	11,147	10,374

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2015 Group	Equity attributable to owners of the parent		Share premium		Share capital		Retained earnings		Other reserves, total		Capital reserve		Capital redemption reserve		Fair value adjustment reserve		(Premium)/Discount 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	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As 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 year																										
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax	9,075	7,854	-	-	7,854	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,221	
	(417)	(417)	-	-	-	(417)	-	-	-	(417)	-	-	-	-	15	-	(432)	-	-	-	-	-	-	-	-	
Total comprehensive income/(loss)	8,658	7,437	-	-	7,854	(417)	-	-	-	(417)	-	-	-	15	-	(432)	-	-	-	-	-	-	-	-	1,221	
Transactions with owner																										
Disposal of subsidiaries (Note 18(b)(i))	-	-	-	-	(8,248)	8,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend paid to non-controlling interest at subsidiary	(140)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(140)	
Total transactions with owners	(140)	-	-	-	(8,248)	8,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(140)	
As 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 accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Non-distributable			Distributable		Non-distributable		Fair value Adjustment Reserve RM'000
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital redemption reserve RM'000		
2016								
Company								
As at 1 January 2016	276,279	222,586	5,965	45,107	2,621	312	2,309	
Loss for the year	(12,378)	-	-	(12,378)	-	-	-	
Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax	(642)	-	-	-	(642)	-	(642)	
Total comprehensive loss	(13,020)	-	-	(12,378)	(642)	-	(642)	
Dividends paid	(2,782)	-	-	(2,782)	-	-	-	
As at 31 December 2016	260,477	222,586	5,965	29,947	1,979	312	1,667	
2015								
Company								
As at 1 January 2015	302,468	222,586	5,965	71,311	2,606	312	2,294	
Loss for the year	(26,204)	-	-	(26,204)	-	-	-	
Other comprehensive profit to be reclassified to profit or loss in subsequent periods, net of tax	15	-	-	-	15	-	15	
Total comprehensive (loss)/income	(26,189)	-	-	(26,204)	15	-	15	
As at 31 December 2015	276,279	222,586	5,965	45,107	2,621	312	2,309	

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM'000	2015 RM'000 (Re-presented)	2016 RM'000	2015 RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit/(Loss) before taxation				
- continuing operations	32,334	50,303	(12,375)	(26,204)
- discontinued operations	(506)	(33,477)	-	-
Adjustments for :				
Amortisation of :				
- plantation development expenditure	2,882	2,591	-	-
- intangible assets	159	118	-	-
- continuing operations	159	81	-	-
- discontinued operations	-	37	-	-
Depreciation of :				
- property, plant and equipment	11,409	12,795	1,355	1,103
- continuing operations	10,424	10,419	1,355	1,103
- discontinued operations	985	2,376	-	-
- investment properties	480	478	75	72
Finance costs	1,022	2,402	633	1,117
- continuing operations	739	1,367	633	1,117
- discontinued operations	283	1,035	-	-
Loss on fair value changes of derivative instruments	7	21	-	-
Provision for liquidated ascertained damages	1,479	1,332	-	-
Impairment losses on inventories				
- discontinued operations	-	1,007	-	-
Provision for foreseeable losses	-	9,672	-	-
Allowance for impairment on trade receivables :	376	9,248	-	-
- continuing operations	376	3,568	-	-
- discontinued operations	-	5,680	-	-
Allowance for impairment :				
- amount due from subsidiaries	-	-	2,071	10,022
- investment in subsidiaries	-	-	22,957	1,511
Impairment losses on property, plant and equipment	374	45	124	-
Property, plant and equipment written off	2,948	262	-	-
Inventories written off	6	-	-	-
Net unrealised (gain)/loss on foreign exchange	(246)	452	-	-
(Gain)/Loss on disposal of :				
- property, plant and equipment	(31)	(11)	-	-
- assets held for sale	(1,205)	(8,895)	-	(8,895)
- subsidiaries	4,722	(19,481)	5,187	40,876
Amortisation of financial guarantees	-	-	-	(101)
Reversal of provision for litigation	-	(642)	-	(266)
Dividend income	(245)	(228)	(7,045)	(7,102)
Finance income	(3,094)	(2,465)	(1,725)	(1,881)
- continuing operations	(3,094)	(2,379)	-	(1,881)
- discontinued operations	-	(86)	-	-
Reversal of impairment on property, plant and equipment	(989)	-	-	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
	(Re-presented)			
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES (CONT'D)				
Reversal of provision for liquidated ascertained damages	(1,720)	(1,283)	-	-
Reversal of provision for foreseeable loss	(28)	-	-	-
Written back of allowance for impairment on receivables	(2,201)	(112)	-	-
Written back of allowance for impairment on advances to subsidiaries	-	-	(28,841)	(15,630)
Share of results of associates	(7,575)	(9,552)	-	-
Operating Profit/(Loss) Before Changes in Working Capital	40,358	14,580	(17,584)	(5,378)
Changes in working capital :				
Inventories	3,745	1,746	-	-
Trade and other payables	12,248	(57,968)	593	(5,746)
Trade and other receivables	(17,725)	70,654	1,036	(14,787)
Cash Generated From/(Used In) Operations	38,626	29,012	(15,955)	(25,911)
Zakat and tax paid	(11,684)	(7,590)	-	-
Net Cash Generated From/(Used In) Operating Activities	26,942	21,422	(15,955)	(25,911)
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment* (Note 14)	(19,568)	(45,966)	(2,000)	(175)
Addition to intangible asset (Note 21)	(243)	(470)	-	-
Addition to plantation development expenditure (Note 16)	(4,523)	(5,275)	-	-
Advances to subsidiaries	-	-	(7,540)	(11,735)
Dividends received	245	228	7,045	7,102
Interest/profit received	3,010	2,465	1,725	1,881
Proceeds from disposal of property, plant and equipment	31	272	-	-
Proceeds from disposal of assets classified as held for sale	1,730	29,050	-	29,050
Repayment from subsidiaries	-	-	6,947	20,692
Subsequent expenditure of land held for property development (Note 15)	-	(2)	-	-
Disposal of subsidiaries				
- Proceeds from disposal, net of cash and cash equivalents disposed off (Note 36)	18,717	(16,979)	19,000	-
Net Cash (Used In)/Generated From Investing Activities	(601)	(36,677)	25,177	46,815

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM'000	2015 RM'000 (Re-presented)	2016 RM'000	2015 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Decrease of deposits pledged with licensed banks	2,918	12,355	-	-
Interest/profit paid	(1,022)	(2,486)	(633)	(1,117)
Dividend paid	(2,782)	-	(2,782)	-
Net drawdown of short-term borrowings	2,493	607	-	-
Net (repayment)/drawdown of hire purchase	(472)	(3,665)	160	(99)
Net drawdown/(repayment) of term loans	7,795	6,585	(1,650)	(13,650)
Net Cash Generated From/(Used In) Financing Activities	8,930	13,396	(4,905)	(14,866)
Net increase/(decrease) in cash and cash equivalents	35,271	(1,859)	4,317	6,038
Cash and cash equivalents at beginning of the year	74,725	76,584	10,960	4,922
Cash and cash equivalents at end of the year (Note 26)	109,996	74,725	15,277	10,960

* During the financial year ended 31 December 2016, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM20,035,000 (2015 : RM45,966,000) of which RM467,000 (2015:RMNil) was acquired by means of hire purchase. Cash payments of RM19,568,000 (2015 : RM45,966,000) were made to purchase property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The subsidiaries are principally engaged in the business of property, engineering and construction, agricultural businesses, information, communications and technology, energy, food, power and others as stated in Note 42 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year except for the cessation of its engineering and construction sector following the disposal of a manufacturing and trading of precasted concrete company. The disposal of the subsidiary is disclosed in Note 18(a)(i) to the financial statements.

The registered office and principal place of business of the Company is located at Level 8-11, Unit 1, Capital 3, Oasis Square, Ara Damansara, PJU 1A/7A, 47301 Petaling Jaya, Selangor.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of the Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

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 ventures were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture : Bearer Plants, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework shall adopt the MFRS Framework latest by 1 January 2017. On 8 September 2015, MASB confirmed that the effective date of MFRS will be deferred to annual periods beginning on or after 1 January 2018 and the effective date for Transitioning Entities to apply the MFRS Framework will be deferred to the same date.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of the Financial Statements (cont'd)

Malaysian Financial Reporting Standards (cont'd)

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

2.2 Changes in Accounting Policies

Adoption of new and revised Financial Reporting Standards

On 1 January 2016, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016.

FRS 14	Regulatory Deferral Accounts
Amendments to FRSs	Annual Improvement to FRSs 2012-2014 Cycle
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiatives
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities : Applying the Consolidation Exception

The application of the above new standard and amendments had no material impact on the disclosures or on the amount recognised in the financial statements of the Group and the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Amendments to FRSs effective for annual periods beginning on or after 1 January 2017

Amendments to FRSs	Annual Improvements to FRS Standards 2014-2016 Cycle
Amendments to FRS 107	Statement of Cash Flows (Disclosure Initiative)
Amendments to FRS 112	Income Taxes (Recognition of Deferred Tax Assets for Unrealised Losses)

FRS effective for annual periods beginning on or after 1 January 2018

FRS 9	Financial Instruments (International Financial Reporting Standard 9 - Financial Instruments as issued by International Accounting Standards Board in July 2014)
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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

The Directors anticipate that the abovementioned Standards will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application except as disclosed below :

FRS 9 Financial Instruments

FRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. FRS 9 (IFRS 9 issued by IASB in October 2010) includes requirements for the classification and measurement of financial liabilities and for de-recognition, and in February 2015, the new requirements for general hedge accounting was issued by MASB. Another revised version of FRS 9 was issued by MASB -FRS 9 (IFRS 9 issued by IASB in July 2015) mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of FRS 9 :

- (a) All recognised financial assets that are within the scope of FRS 139 Financial Instruments : Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- (b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- (c) In relation to the impairment of financial assets, FRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- (d) The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

The Directors do not anticipate that the application of FRS 9 in the future to have a material impact on amounts reported in respect of the Group's and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until the Group completes a detailed review.

The new and amended standards (which are applicable upon adoption of MFRS Framework) that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below :

Effective upon the adoption of the MFRS Framework

MFRS 141 Agriculture

MFRS 141 prescribes the accounting treatment, financial statement presentation and disclosures related to agricultural activity. It requires measurement of fair value less costs to sell, from initial recognition of biological assets up to the point of harvest.

On 2 September 2014, the amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture : Bearer Plants introduce a new category of biological assets i.e. bearer plants. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agriculture produce. Bearer plants are accounted for under MFRS 116 as an item of property, plant and equipment. Agricultural produce growing on bearer plants continue to be measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

Effective for annual periods beginning on or after 1 January 2018

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition :

- (a) Step 1 : Identify the contract(s) with a customer.
- (b) Step 2 : Identify the performance obligations in the contract.
- (c) Step 3 : Determine the transaction price.
- (d) Step 4 : Allocate the transaction price to the performance obligations in the contract.
- (e) Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases

MFRS 16 Leases supersedes MFRS 117 Leases and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying assets and lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases, and account for them differently.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted, but not before an entity applies MFRS 15.

The Group is in the process of assessing the impact on the financial statements arising from the above standards and the transition from FRSs to MFRSs.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Group and of the Company.

The principal accounting policies are set out below :

3.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as of the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following :

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) Exposure, or rights, to variable returns from its investment with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (cont'd)

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee :

- (a) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) Potential voting rights held by the Group, other vote holders or other parties;
- (c) Rights arising from other contractual arrangements; and
- (d) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 3.13(a).

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from services rendered is recognised on accrual basis over the period of the service rendered.

(c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Management fees

Management fees are recognised when services are rendered.

(f) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(g) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.5 Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as "haul (eligible period)".

Zakat expense is determined based on the Group's financial results for the year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

3.6 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except :

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except :

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.7 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Subsidiaries

A subsidiary is an entity over which the Group has all the following :

- (a) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) Exposure, or rights, to variable returns from its investment with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.9 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 Financial Instruments : Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Long-term leasehold land is initially measured at cost. Following initial recognition, long-term leasehold land is measured at cost less accumulated amortisation and accumulated impairment losses. The long-term leasehold land is amortised over their lease terms.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Work in progress that relates to equipment not yet installed at the intended specific location is also not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Factory and buildings

- Factory and buildings 2%

Plant, office renovation and equipment

- Renovations 10%-20%
 - Plant, machinery and tools 5% - 20%
 - Furniture and fittings 5% - 33%
 - Office equipment and computers 20% - 33%

Motor vehicles

- Motor vehicles 20% - 33%

Renovation in progress and assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3.12 Investment properties

Investment properties are investments in land and buildings which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 3.11.

The freehold land element of an investment property is not depreciated due to the unlimited useful life and the building element is depreciated at an annual rate of depreciation of 2%. Buildings which are situated on leasehold land are also depreciated at annual rate of depreciation of 2%.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Fair value, for purpose of disclosure in the financial statements, is arrived at by reference to market evidence of transaction prices for similar properties.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred. The cost of the property remains unchanged for disclosure purposes.

3.13 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

(b) Research and development costs

All research costs are recognised in the profit or loss as incurred. Development expenditures on individual projects to develop new products, including IT related products, are recognised as an intangible asset by capitalising and deferring them, when the Group can demonstrate :

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

All other product development expenditures which do not meet these criteria are expensed off when incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Intangible assets (cont'd)

(b) Research and development costs (cont'd)

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit not exceeding five years. During the period of development, the asset is tested for impairment annually.

(c) Initial fees

The initial fee is incurred for right granted by the franchisor to operate A&W restaurants. The restaurants' initial franchise fees are stated at cost and are amortised on a straight line basis over 10 to 15 years.

3.14 Plantation development expenditure

Plantation development expenditure includes the costs incurred on the land, plantation infrastructure and development and capitalisation of interest expense on loans and advances utilised to finance on-going development. The capitalisation of interest is ceased when the plantation is ready for its intended use.

Plantation expenditure incurred for the land development, planting and upkeep of trees is capitalised until maturity in the plantation development account. Upon maturity, the expenditure incurred is amortised based on estimated annual yield over 25 years.

3.15 Impairment of non-financial assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ('CGU') to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale.

After initial recognition, available-for-sale financial assets are measured at fair value, except for investments in equity instruments whose fair value cannot be reliably measured. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

3.19 Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Land held for property development and property development costs (cont'd)

(ii) Property development costs (cont'd)

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

3.20 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of liquefied petroleum gas is based on weighted average method, whilst the cost of other type of inventories is based on first-in, first-out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress/manufactured and inventories/finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

For the cost of contract work-in-progress, it includes costs relating to the information technology and telecommunication equipment for which the assembling/installation/commissioning has yet to be completed.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Grants

Grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached will be met. Grants relating to assets are included in non-current liabilities as deferred income and are amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment or by deducting the grants in arriving at the carrying amount of the asset. Grants relating to costs are recognised immediately through profit or loss to match them with the costs incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.24 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.25 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.26 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.3(g).

3.27 Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, employee benefits assets, financial assets and inventories) are measured at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

3.28 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the chief operating decision maker who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3.31 Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents, which comprise deposits with licensed banks and other financial institutions, cash on hand and at bank, and bank overdrafts, are short-term, highly liquid investments and are readily convertible to cash with insignificant risks of changes in value.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements :

(a) **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Judgements made in applying accounting policies (cont'd)

(b) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases. The Group assessed the following :

- (i) The land titles do not pass to the Group; and
- (ii) The rentals paid to the landlord for the commercial properties are increased to the market rent at regular intervals, and the Group does not participate in the residual value of the building.

Management judged that the Group retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Deferred taxes (Note 24)

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(b) Impairment of investments in subsidiaries (Note 18) and associates (Note 19)

The Company assesses whether there is any indication that investments in subsidiaries and associates may be impaired at each reporting date. If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets and the assets' estimated recoverable amount.

The Company determines whether investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals. Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as the discounted cash flow method.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.2 Key sources of estimation uncertainty (cont'd)

(b) **Impairment of investments in subsidiaries (Note 18) and associates (Note 19) (cont'd)**

Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

(c) **Construction contracts (Note 23)**

The Group recognises construction contracts revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date over the total construction contract costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction project. In making the judgement, the Group evaluates based on past experience, external economic factor and by relying on the work of specialists.

The construction contracts revenue and expenses recognised in the profit or loss are disclosed in Note 5 and Note 6, respectively.

(d) **Impairment of receivables (Note 22)**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

5. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
	(Re-presented)			
Contract revenue	55,209	2,649	-	-
Sale of goods	427,605	391,771	-	-
Services	12,713	37,506	-	-
Dividend income from :				
- subsidiaries	-	-	5,000	2,500
- associates	-	-	1,800	4,374
- others	245	228	245	228
	495,772	432,154	7,045	7,102

NOTES TO THE FINANCIAL STATEMENTS

6. COST OF SALES

	2016 RM'000	Group 2015 RM'000 (Re-presented)
Contract costs	45,380	4,313
Cost of inventories sold	353,035	342,178
Cost of services rendered	8,193	21,052
	406,608	367,543

7. FINANCE INCOME AND COSTS

	2016 RM'000	Group 2015 RM'000 (Re-presented)	2016 RM'000	Company 2015 RM'000
Finance income from :				
- Subsidiaries	-	-	1,413	1,625
- Banks and other financial institutions	3,094	2,379	312	256
	3,094	2,379	1,725	1,881
Finance costs on :				
- Bank borrowings	(2,877)	(2,667)	(249)	(574)
- Obligations under hire purchase	(27)	(16)	(27)	(17)
- Intercompany advances	-	-	(357)	(526)
Commission charges on bank guarantee	(83)	(32)	-	-
	(2,987)	(2,715)	(633)	(1,117)
Interest capitalised in property, plant and equipment (Note 14)	2,248	1,348	-	-
	(739)	(1,367)	(633)	(1,117)

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT/(LOSS) BEFORE ZAKAT AND TAXATION

The following items have been included in arriving at profit/(loss) before zakat and taxation for continuing operations:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
	(Re-presented)			
Amortisation of:				
- plantation development expenditure (Note 16)	2,882	2,591	-	-
- intangible assets (Note 21)	159	81	-	-
Auditors' remuneration:				
Statutory audits				
- to the Company's auditors	353	415	108	100
- to other firms of auditors	24	28	-	-
Other services				
- to the Company's auditors*	97	95	15	15
- to other firms of auditors	282	39	24	22
Depreciation of:				
- property, plant and equipment (Note 14)	10,424	10,419	1,355	1,103
- investment properties (Note 17)	480	478	75	72
Employee benefits expense (Note 9)	40,777	37,690	10,134	6,842
Non-executive Directors' remuneration (Note 10)	1,885	1,399	1,072	926
Loss on fair value changes of derivative instruments (Note 33)	7	21	-	-
Provision for liquidated ascertained damages (Note 32)	1,479	1,332	-	-
Provision for foreseeable losses (Note 23)	-	9,672	-	-
Allowance for impairment on trade receivables (Note 22)	376	3,568	-	-
Allowance for impairment:				
- due from subsidiaries (net) (Note 22)	-	-	2,071	10,022
- investment in subsidiaries (Note 18)	-	-	22,957	1,511
- property plant and equipment (Note 14)	374	45	124	-
Property, plant and equipment write off	2,948	262	-	-
Rental expense on :				
- land and buildings	44	45	-	-
- premises	6,090	6,232	76	68
- equipment	830	795	56	19
- machineries	-	52	-	-
- motor vehicle	17	-	17	-
Inventories written off	6	-	-	-
Net realised gain on foreign exchange	(881)	(2,097)	(118)	-
Net unrealised (gain)/loss on foreign exchange	(246)	452	-	-
Gain on disposal of property, plant and equipment	(31)	(11)	-	-

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT/(LOSS) BEFORE ZAKAT AND TAXATION (CONT'D)

The following items have been included in arriving at profit/(loss) before zakat and taxation for continuing operations : (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000 (Re-presented)	2016 RM'000	2015 RM'000
Gain on disposal of non-current assets held for sale	(1,205)	(8,895)	-	(8,895)
Loss/(Gain) on disposal of subsidiaries	4,722	(19,481)	5,187	40,876
Amortisation of financial guarantees	-	-	-	(101)
Rental income	(1,425)	(1,324)	(566)	(490)
Reversal of provision for litigation (Note 32)	-	(642)	-	(266)
Reversal of impairment on property, plant and equipment	(989)	-	-	-
Reversal of provision for liquidated ascertained damages (Note 32)	(1,720)	(1,283)	-	-
Reversal of provision for foreseeable losses	(28)	-	-	-
Written back of allowance for impairment on receivables (Note 22)	(2,201)	(112)	-	-
Reversal of allowance for investment in subsidiaries				
- advances to subsidiaries (Note 18)	-	-	(28,841)	(15,630)
Goodwill income	-	(9,000)	-	(9,000)

* Fees for other services to the Company's auditors, Deloitte and its other member firm, were incurred in relation to tax compliance, advisory services and review of Statement of Risk Management and Internal Control. Deloitte was engaged in these services when their expertise and experience of the Group are important and by employing another firm of auditors is neither efficient nor cost effective.

9. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2016 RM'000	2015 RM'000 (Re-presented)	2016 RM'000	2015 RM'000
Wages and salaries	31,653	30,331	7,547	5,382
Social security contributions	279	279	46	30
Contributions to defined contribution plans	3,254	2,867	898	581
Other benefits	5,591	4,213	1,643	849
	40,777	37,690	10,134	6,842

Included in employee benefits expense of the Group and the Company is the Company's executive Director's remuneration amounting to RM1,096,200 (2015 : RM364,000) as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

10. DIRECTORS' REMUNERATION

The details of remuneration for the Company's Directors during the year are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive Director :				
Salaries and other emoluments	840	314	840	314
Bonus	105	-	105	-
Defined contribution plans	151	50	151	50
Total executive Director's remuneration excluding benefits-in-kind (Note 9)	1,096	364	1,096	364
Estimated money value of benefits-in-kind	52	32	52	32
	1,148	396	1,148	396
Non-executive Directors :				
Fees				
- current year	757	404	525	431
- previous year	150	169	-	-
Allowances	978	826	547	495
Total non-executive Directors' remuneration excluding benefits-in-kind (Note 8)	1,885	1,399	1,072	926
Estimated money value of benefits-in-kind	158	141	135	125
	2,043	1,540	1,207	1,051
Total Directors' remuneration excluding benefits in kind	2,981	1,763	2,168	1,290
Estimated money value of benefits-in-kind	210	173	187	157
Total Directors' remuneration	3,191	1,936	2,355	1,447

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

Group	Number of Directors	
	2016	2015
Executive Director :		
RM350,001 - RM400,000	-	1
RM1,100,001 - RM1,150,000	1	-
Non-executive Directors :		
Below RM50,000	-	2
RM50,001 - RM100,000	3	2
RM100,001 - RM150,000	-	2
RM150,001 - RM200,000	2	1
RM200,001 - RM250,000	1	3
RM250,001 - RM300,000	1	1
RM300,001 - RM350,000	2	-
RM350,001 - RM400,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

11. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 31 December 2015 are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000 (Re-presented)	2016 RM'000	2015 RM'000
Estimated income tax :				
- Current income tax	12,213	7,959	3	-
- Overprovision in prior years	(1,849)	(134)	-	-
	10,364	7,825	3	-
Deferred tax (Note 24) :				
- Origination and reversal of temporary differences	(194)	98	-	-
- Overprovision in prior years	(86)	(473)	-	-
	(280)	(375)	-	-
Tax expense for the year	10,084	7,450	3	-

Domestic income tax is calculated at the statutory tax rate of 24% (2015 : 25%) of the estimated assessable profit/(loss) for the year.

The numerical reconciliations of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows :

	Group		Company	
	2016 RM'000	2015 RM'000 (Re-presented)	2016 RM'000	2015 RM'000
Profit/(Loss) before tax from continuing operations	32,334	50,303	(12,375)	(26,204)
Loss before tax from discontinued operations	(506)	(33,477)	-	-
Accounting profit/(loss) before taxation	31,828	16,826	(12,375)	(26,204)
Tax at statutory tax rate of 24% (2015 : 25%)	7,639	4,207	(2,970)	(6,551)
Income not subject to tax	(4,556)	(5,684)	(10,544)	(8,148)
Effect of expenses not deductible for tax purposes	4,007	10,723	11,627	16,667
Effect on share of results of associate	1,818	716	-	-
Recognition of deferred tax asset not previously recognised/(utilisation) of deferred tax asset not recognised	3,111	(1,905)	1,890	(1,968)
Overprovision of tax expense in prior years	(1,849)	(134)	-	-
Overprovision of deferred tax in prior years	(86)	(473)	-	-
Tax expense for the year	10,084	7,450	3	-

NOTES TO THE FINANCIAL STATEMENTS

12. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Discontinued Operations

In August 2016, the Group has completed the disposal of its subsidiary, KUB Precast Sdn Bhd, a company principally involved in the manufacturing and trading of pre-casted concrete slabs and concrete elements.

In the previous financial year, the subsidiary companies, namely KUB Builders Sdn Bhd and A&W Restaurants (Thailand) Co Ltd were classified under discontinued operations for the year ended 31 December 2015 due to their disposals on 7 December 2015 and 21 December 2015 respectively. Another subsidiary company, Bina Alam Sdn Bhd was also classified under discontinued operations as it has dissolved in the previous year.

Following the above, the results of the disposal companies have been classified as discontinued operations in the financial statements, in accordance with FRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

The combined results of the discontinued operations included in the profit for the year are set out below. The comparative statement of profit or loss and other comprehensive income from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

The analysis of the results of the discontinued operations is as follows :

	2016 RM'000	Group 2015 RM'000 (Re-presented)
Revenue	11,103	35,080
Cost of sales	(9,206)	(45,400)
Gross profit/(loss)	1,897	(10,320)
Other income	318	7,046
Distribution expenses	(23)	(593)
Administrative expenses	(2,002)	(16,048)
Finance income	-	86
Finance costs	(283)	(1,035)
Other expenses	(413)	(12,613)
Loss before taxation from discontinued operations	(506)	(33,477)
Taxation	-	-
Loss from discontinued operations, net of tax	(506)	(33,477)

The loss from discontinued operations of RM506,000 (2015 : RM33,477,000) is attributable entirely to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

12. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

The loss before taxation from discontinued operations is stated after charging/(crediting) the following :

	Group	
	2016 RM'000	2015 RM'000
Employee benefit expenses	1,157	8,906
Depreciation of property, plant and equipment	985	2,376
Amortisation of intangible assets	-	37
Rental of premises	243	2,171
Impairment losses on inventories	-	1,007
Allowance for impairment of trade receivable	-	5,680
Gain on foreign exchange realised	-	(5,543)
Finance costs	283	1,035

Non-current assets held for sale

The movements of the non-current assets held for sale for the current and previous financial year are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
As of 1 January	-	24,864	-	24,864
Transfer from/(to) property, plant and equipment (Note 14)	4,321	(3,633)	-	(3,633)
Disposals	(787)	(17,567)	-	(17,567)
Transfer to investment properties (Note 17)	-	(3,664)	-	(3,664)
As of 31 December	3,534	-	-	-

Non-current assets held for sale in current year

As at 31 December 2016, the non-current assets classified as held for sale of the Group are as follows :

- (i) On 28 October 2016, KUB Gaz Sdn Bhd (formerly known as Summit Petroleum (Malaysia) Sdn Bhd) had entered into a sales and purchase agreement with a third party, to sell a piece of leasehold land together with buildings and other assets erected thereon in Seberang Prai, Pulau Pinang for a sale consideration of RM6.0 million. The carrying value of the assets as at 31 December 2016 was RM2.1 million.
- (ii) On 6 May 2016, Peraharta Sdn Bhd had entered into a sales and purchase agreement with a third party, to sell a piece of leasehold land in Ipoh, Perak with a sale consideration of RM2.3 million. The carrying value of the assets as at 31 December 2016 was RM1.4 million.

As of 31 December 2016, the Group has yet to fulfill the conditions precedent in the agreement and the Directors expect that the conditions precedent will be fulfilled.

Included in the transfer from property, plant and equipment during the year was a piece of freehold land in Johor Bharu formerly held by Peraharta Sdn Bhd which had been sold for a sale consideration of RM2.0 million and carrying value of RM787,000.

NOTES TO THE FINANCIAL STATEMENTS

12. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Non-current assets held for sale in prior year

The non-current assets held for sale at the beginning of the previous year consisted of seven (7) office floors located at Oasis Square, Ara Damansara with a carrying value of RM24.9 million.

The sales of five (5) of the office floors were completed and the sales of the remaining two (2) floors were aborted and the Company decided to rent out one (1) floor (Parcel No (301)) and occupy the other floor (Parcel No (3A01)) for own usage. Following this decision, the Company had transferred part of the non-current assets held for sale to investment property with a carrying value of RM3.7 million and the other part to property, plant and equipment with a carrying value of RM3.6 million at year end.

13. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share is calculated by dividing earnings/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the earnings and share data used in the computation of basic and diluted earnings per share for the years ended 31 December :

	Group	
	2016 RM'000	2015 RM'000
Profit/(Loss) net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share		
- From continuing operations	23,134	41,331
- From discontinued operations	(506)	(33,477)
Weighted average number of ordinary shares for basic and diluted earnings/(loss) per share computation (in '000)	556,465	556,465
	2016 Sen	2015 Sen
Basic and diluted earnings/(loss) per share attributable to the owners of the parent		
- From continuing operations	4.16	7.43
- From discontinued operations	(0.09)	(6.02)
	4.07	1.41

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000	Motor vehicles RM'000	Asset under construction RM'000	Renovation in progress RM'000	Total RM'000
Cost								
As of 1 January 2016	11,811	108,952	33,617	207,124	5,895	55,999	29	423,427
Additions	-	2,055	38	8,999	627	7,459	857	20,035
Disposals	-	-	-	(3)	(85)	-	-	(88)
Disposal of subsidiary	(5,903)	(19,456)	-	(21,230)	(213)	-	-	(46,802)
Written off	-	(682)	-	(196)	(400)	(2,712)	-	(3,990)
Reclassifications	-	-	-	826	625	(565)	(886)	-
Transfer to non-current assets held for sale (Note 12)	-	(3,544)	(2,669)	(9,150)	-	-	-	(15,363)
As of 31 December 2016	5,908	87,325	30,986	186,370	6,449	60,181	-	377,219
Accumulated depreciation and impairment								
As of 1 January 2016								
Accumulated depreciation	-	37,786	6,996	167,798	5,414	-	-	217,994
Accumulated impairment losses	277	15,369	18	7,915	20	-	-	23,599
	277	53,155	7,014	175,713	5,434	-	-	241,593
Depreciation charge for the year	-	2,339	411	8,125	534	-	-	11,409
Impairment losses	-	-	-	250	124	-	-	374
Reversal of impairment losses	-	(989)	-	-	-	-	-	(989)
Disposals	-	-	-	-	(85)	-	-	(85)
Disposal of subsidiary: - depreciation	-	(5,965)	-	(17,146)	(213)	-	-	(23,324)
Written off - depreciation	-	(494)	-	(188)	(360)	-	-	(1,042)
Transfer to non-current assets held for sale (Note 12)	-	(1,666)	(281)	(9,095)	-	-	-	(11,042)
As of 31 December 2016	-	32,000	7,126	149,494	5,290	-	-	193,910
Accumulated depreciation	277	14,380	18	8,165	144	-	-	22,984
Accumulated impairment losses	277	46,380	7,144	157,659	5,434	-	-	216,894
Net carrying amount	5,631	40,945	23,842	28,711	1,015	60,181	-	160,325

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2015	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000		Motor vehicles RM'000	Asset under construction RM'000	Renovation in progress RM'000	Total RM'000
Cost									
As of 1 January 2015	11,811	109,553	36,359	213,485	8,340	20,160	29	399,737	
Additions	-	3,313	-	6,774	40	35,839	-	45,966	
Disposals	-	-	-	(1,221)	(685)	-	-	(1,906)	
Disposal of subsidiaries	-	(6,437)	(2,742)	(9,163)	(1,595)	-	-	(19,937)	
Written off	-	(1,110)	-	(2,751)	(205)	-	-	(4,066)	
Transfer from non-current assets held for sale (Note 12)	-	3,633	-	-	-	-	-	3,633	
As of 31 December 2015	11,811	108,952	33,617	207,124	5,895	55,999	29	423,427	
Accumulated depreciation and impairment									
As of 1 January 2015									
Accumulated depreciation	-	36,805	8,816	169,770	6,858	-	-	222,249	
Accumulated impairment losses	277	15,409	18	9,210	30	-	-	24,944	
	277	52,214	8,834	178,980	6,888	-	-	247,193	
Depreciation charge for the year	-	3,167	471	8,537	620	-	-	12,795	
Impairment losses	-	-	-	45	-	-	-	45	
Disposals	-	-	-	(1,142)	(503)	-	-	(1,645)	
Disposal of subsidiaries :									
- depreciation	-	(1,180)	(2,291)	(6,997)	(1,380)	-	-	(11,848)	
- impairment	-	(40)	-	(1,103)	-	-	-	(1,143)	
Written off - depreciation	-	(1,006)	-	(2,370)	(181)	-	-	(3,557)	
Written off - impairment	-	-	-	(237)	(10)	-	-	(247)	
As of 31 December 2016									
Accumulated depreciation	-	37,786	6,996	167,798	5,414	-	-	217,994	
Accumulated impairment losses	277	15,369	18	7,915	20	-	-	23,599	
	277	53,155	7,014	175,713	5,434	-	-	241,593	
Net carrying amount	11,534	55,797	26,603	31,411	461	55,999	29	181,834	

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2016	Freehold buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000	Motor vehicles RM'000	Renovation in progress RM'000	Total RM'000
Cost						
As of 1 January 2016	15,742	11,265	5,506	755	-	33,268
Additions	-	-	675	468	857	2,000
Disposals	-	-	(3)	-	-	(3)
Reclassifications	-	-	857	-	(857)	-
As of 31 December 2016	15,742	11,265	7,035	1,223	-	35,265
Accumulated depreciation and impairment						
As of 1 January 2016	1,041	2,400	3,736	404	-	7,581
Accumulated depreciation	1,041	2,400	3,736	404	-	7,581
Accumulated impairment losses	314	93	777	171	-	1,355
Depreciation charge for the year	-	-	-	124	-	124
Impairment losses	-	-	-	-	-	-
As of 31 December 2016	1,355	2,493	4,513	575	-	8,936
Accumulated depreciation	-	-	-	124	-	124
Accumulated impairment losses	1,355	2,493	4,513	699	-	9,060
Net carrying amount	14,387	8,772	2,522	524	-	26,205

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2015	Freehold buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000	Motor vehicles RM'000	Renovation in progress RM'000	Total RM'000
Cost						
As of 1 January 2015	12,109	11,265	5,302	755	29	29,460
Additions	-	-	89	-	86	175
Transfer from non-current assets held for sale (Note 12)	3,633	-	-	-	-	3,633
Reclassifications	-	-	115	-	(115)	-
As of 31 December 2015	15,742	11,265	5,506	755	-	33,268
Accumulated depreciation and impairment						
As of 1 January 2015	727	2,041	3,158	286	-	6,212
Accumulated depreciation	-	266	-	-	-	266
Accumulated impairment losses	727	2,307	3,158	286	-	6,478
Depreciation charge for the year	314	93	578	118	-	1,103
As of 31 December 2015	1,041	2,134	3,736	404	-	7,315
Accumulated depreciation	-	266	-	-	-	266
Accumulated impairment losses	1,041	2,400	3,736	404	-	7,581
Net carrying amount	14,701	8,865	1,770	351	-	25,687

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets under construction

Assets under construction were mainly costs incurred on purchase of machineries and other expenses incidental to the construction of 45MT/hour palm oil mill in Mukah, Sarawak by a subsidiary.

Included in additions to the assets under construction are finance costs capitalised of RM2.2 million (2015 : RM1.3 million) arising from the borrowings incurred for constructing the mill.

Assets held under hire purchase

During the financial year ended 31 December 2016, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM20,035,000 (2015 : RM45,966,000) of which RM467,000 (2015 : RMNil) was acquired by means of hire purchase. Cash payments of RM19,568,000 (2015 : RM45,966,000) were made to purchase property, plant and equipment.

The carrying amount of assets held under hire purchase of the Group and of the Company at the reporting date were RM1,015,000 and RM524,000 (2015 : RM461,000 and RM351,000) respectively.

Assets pledged as security

As of 31 December 2016, freehold land, leasehold land and factory and buildings of the Group and Company with net carrying amount of RM26,080,000 and RM14,387,000 (2015 : RM45,583,000 and RM14,701,000) are pledged to banks as security for borrowings as disclosed in Note 30.

Assets written off

The assets under construction that were written off amounting to RM2.7 million are in relation to two (2) units of palm oil mill effluent ("POME") digestive tanks of the Group's palm oil mill in Mukah, Sarawak.

15. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2016 RM'000	2015 RM'000
At cost		
As of 1 January	11,827	11,825
Additions	-	2
Transfer to investment property (Note 17)	(11,827)	-
As of 31 December	-	11,827
Accumulated impairment losses		
As of 1 January	7,215	7,215
Transfer to investment property (Note 17)	(7,215)	-
As of 31 December	-	7,215
Net carrying amount	-	4,612

In the previous financial year, land held for property development of the Group with net carrying amount of RM4,388,000 is pledged as security for borrowings as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

16. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2016 RM'000	2015 RM'000
At cost		
As of 1 January	82,170	76,895
Additions	4,523	5,275
As of 31 December	86,693	82,170
Accumulated amortisation		
As of 1 January	31,268	28,677
Amortisation for the year recognised in cost of sales	2,882	2,591
As of 31 December	34,150	31,268
Net carrying amount	52,543	50,902

17. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
2016			
Cost			
As of 1 January	20,229	1,222	21,451
Addition	128	-	128
Transfer from land held for property development (Note 15)	11,827	-	11,827
As of 31 December	32,184	1,222	33,406
Accumulated depreciation and impairment losses			
As of 1 January			
Accumulated depreciation	9,170	701	9,871
Accumulated impairment losses	211	-	211
	9,381	701	10,082
Depreciation for the year	396	84	480
Transfer from land held for property Development (Note 15)	7,215	-	7,215
As of 31 December			
Accumulated depreciation	9,566	785	10,351
Accumulated impairment losses	7,426	-	7,426
	16,992	785	17,777
Net carrying amount	15,192	437	15,629
Fair value	31,170	9,880	41,050

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES (CONT'D)

Group	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
2015			
Cost			
As of 1 January	16,565	1,222	17,787
Transfer from non-current assets held for sale (Note 12)	3,664	-	3,664
As of 31 December	20,229	1,222	21,451
Accumulated depreciation and impairment losses			
As of 1 January			
Accumulated depreciation	8,776	617	9,393
Accumulated impairment losses	211	-	211
	8,987	617	9,604
Depreciation for the year	394	84	478
As of 31 December			
Accumulated depreciation	9,170	701	9,871
Accumulated impairment losses	211	-	211
	9,381	701	10,082
Net carrying amount	10,848	521	11,369
Fair value	23,500	5,644	29,144

Company	Freehold buildings RM'000
2016	
Cost	
As of 1 January/31 December	3,664
Accumulated depreciation	
As of 1 January	72
Depreciation for the year	75
As of 31 December	147
Net carrying amount	3,517
Fair value	5,500

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES (CONT'D)

Company	Freehold buildings RM'000
2015	
Cost	
As of 1 January	-
Transfer from non-current assets held for sale (Note 12)	3,664
As of 31 December	3,664
Accumulated depreciation	
As of 1 January	-
Depreciation for the year	72
As of 31 December	72
Net carrying amount	3,592
Fair value	5,500

The following were recognised in profit or loss in respect of investment properties :

	2016 RM'000	Group 2015 RM'000
Rental income	2,638	2,461
Direct operating expenses	2,055	1,987

Valuation of investment properties

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fair value measurement using significant observable inputs (Level 3)				
Investment properties carried at cost	41,050	29,144	5,500	5,500

Fair value of the investment properties was determined by using market comparable method based on observed transactions involving identical or similar property.

Investment properties pledged as security

Freehold land and buildings of the Group and the Company with net carrying amount of RM7,905,000 and RM3,517,000 (2015 : RM3,592,000 and RM3,592,000), are pledged as security for borrowings as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost (a)	263,962	260,014
Less : Accumulated impairment losses	(76,944)	(53,987)
	187,018	206,027
Advances to subsidiaries (c)	264,257	275,255
Less : Accumulated impairment losses	(238,530)	(267,371)
	25,727	7,884
Financial guarantees (d)	10,397	10,397
Less : Accumulated impairment losses	(3,113)	(3,113)
	7,284	7,284
	220,029	221,195

A list of the subsidiaries is shown in Note 42.

Movement in impairment account for unquoted shares :

	Company	
	2016 RM'000	2015 RM'000
As of 1 January	53,987	85,350
Charge for the year	22,957	1,511
Disposal of a subsidiary	-	(32,874)
As of 31 December	76,944	53,987

Movement in impairment account for advances to subsidiaries :

	Company	
	2016 RM'000	2015 RM'000
As of 1 January	267,371	283,001
Written back of allowance for impairment on advances to subsidiaries	(28,841)	(15,630)
As of 31 December	238,530	267,371

(a) Transactions during the year

(i) Disposal of subsidiary

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 net carrying amount of the investment in KUB Precast Sdn Bhd at the date of disposal was RM19.0 million.

Upon the completion of the disposal on 23 August 2016, KUB Precast has ceased to be a subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Transactions during the year (cont'd)

(ii) Subscription of new shares in the subsidiaries

During the financial year, the Company had increased its investments in subsidiaries amounting to RM22.9 million by capitalising the advances that were given earlier.

(b) Transactions during the previous year

(i) The Company had on 7 December 2015 entered into a Share Sale Agreement ('Agreement') with Dynacorp Asset Management (M) Sdn. Bhd. for the disposal of 30,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid up capital of KUB Builders Sdn. Bhd. ('KUBB') at a consideration of RM2.00. Upon the completion of the disposal which was on the same date, KUBB ceased to be a subsidiary of the Company.

(ii) The Company wholly-owned subsidiary, Restoran Kualiti Sdn. Bhd. ('RKS B') and A&W (Malaysia) Sdn. Bhd. ('AWM'), a wholly-owned subsidiary of RKS B had on 4 December 2015 entered into a Share Purchase Agreement with Miss Kulpavee Chalermmeateewong for the transfer of 618,000 units of shares (inclusive of preference shares held by individual shareholders) representing 88.29% of the issued and paid up capital of A&W Restaurant (Thailand) Co. Ltd ('AWT') at a total consideration of RM3,687,500. Upon the completion of the disposal on 21 December 2015, AWT ceased to be a subsidiary of the Company.

(c) Advances to subsidiaries

The terms of the advances to subsidiaries are as follows :

- (i) The subsidiaries shall have the discretion to decide whether to pay any interest as well as the quantum of such interest;
- (ii) The advances have no fixed tenure; and
- (iii) The advances are repayable at the sole discretion of the subsidiaries.

Accordingly, the balances have been classified as part of investments in subsidiaries.

(d) Financial guarantees

This amount relates to fair value of corporate guarantee provided by the Company to banks for banking facilities granted to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Material non-controlling interests

Details of non-wholly owned subsidiaries that have material non-controlling interests :

Name of subsidiaries	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
KUB Sepadu Sdn. Bhd.	1,766	1,706	20,024	18,258
KUB Maju Mill Sdn. Bhd.	(2,897)	(28)	(2,950)	(53)

(Proportion of ownership held by non-controlling interests in KUB Sepadu Sdn Bhd : 40% (2015 : 40%) and KUB Maju Mill Sdn Bhd : 34% (2015 : 34%).

Summarised financial information in respect of the Group's subsidiaries that have a material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations.

Group

(i) Summarised statement of financial position

2016	KUB Sepadu RM'000	KUB Maju Mill RM'000
	Non-current assets	55,413
Current assets	9,243	6,701
Total assets	64,656	68,208
Non-current liabilities	9,226	43,950
Current liabilities	3,596	27,866
Total liabilities	12,822	71,816
Equity/(Capital deficiency)	51,834	(3,608)

2015	KUB Sepadu RM'000	KUB Maju Mill RM'000
	Non-current assets	53,753
Current assets	4,871	1,925
Total assets	58,624	58,254
Non-current liabilities	6,867	38,872
Current liabilities	4,338	14,468
Total liabilities	11,205	53,340
Equity	47,419	4,914

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) **Material non-controlling interests (cont'd)**

(ii) Summarised statement of comprehensive income

	KUB Sepadu RM'000	KUB Maju Mill RM'000
2016		
Revenue	23,023	-
Profit/(Loss) for the year	4,415	(8,522)
2015		
Revenue	20,045	-
Profit/(Loss) for the year	4,264	(83)

(iii) Summarised statement of cash flows

	KUB Sepadu RM'000	KUB Maju Mill RM'000
2016		
Net cash inflows/(outflows) from operating activities	9,060	(9,672)
Net cash outflows from investing activities	(5,909)	(8,003)
Net cash (outflows)/inflows from financing activities	(1,026)	23,024
Net cash inflows	2,125	5,349
2015		
Net cash inflows from operating activities	8,341	7,439
Net cash outflows from investing activities	(5,274)	(36,185)
Net cash (outflows)/inflows from financing activities	(2,863)	27,160
Net cash inflows/(outflows)	204	(1,586)

19. INVESTMENT IN ASSOCIATES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	29,652	29,652	27,822	27,822
Share of post-acquisition reserves	25,070	19,295	-	-
	54,722	48,947	27,822	27,822
Less : Accumulated impairment losses	(20,653)	(20,653)	(18,822)	(18,822)
	34,069	28,294	9,000	9,000

A list of the associates is shown in Note 43.

NOTES TO THE FINANCIAL STATEMENTS

19. INVESTMENT IN ASSOCIATES (CONT'D)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

KUB-Berjaya Enviro Sdn. Bhd.

(i) Summarised statement of financial position

	2016 RM'000	2015 RM'000
Non-current assets	137,547	109,154
Current assets	46,383	34,792
Total assets	183,930	143,946
Non-current liabilities	48,170	46,934
Current liabilities	50,586	26,278
Total liabilities	98,756	73,212

(ii) Summarised statement of comprehensive income

	2016 RM'000	2015 RM'000
Revenue	93,813	74,598
Profit for the year	18,938	21,119
Dividend received from the associates during the year	1,800	4,374

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates.

	2016 RM'000	2015 RM'000
Net assets as of 1 January	70,734	57,789
Profit for the year	18,938	21,119
Less : Dividend for the year	(4,500)	(10,935)
Net assets as of 31 December	85,172	67,973
Other adjustments	-	2,761
	85,172	70,734
Interest in associate	40%	40%
Carrying value of Group's interest in associate	34,069	28,294

(iv) There are no financial information available for the associates that are not individually material as of 31 December 2016. These associates are dormant companies and the Group and Company have fully impaired the carrying amount for these associates in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

20. OTHER INVESTMENTS

	Group/Company 2016 RM'000	2015 RM'000
Available-for-sale financial investments		
Non-current		
At cost :		
Unquoted shares in Malaysia	3,240	3,240
Less : Accumulated impairment losses	(3,100)	(3,100)
	140	140
At market value :		
Quoted shares in Malaysia	3,684	4,326
Total other investments	3,824	4,466

Available-for-sale financial investments are stated at fair value, except for unquoted shares which are continued to be carried at cost less impairment losses.

21. INTANGIBLE ASSETS

Group 2016	Goodwill RM'000	Initial fees RM'000	Development costs RM'000	Total RM'000
Cost				
As of 1 January 2016	71,286	3,883	330	75,499
Additions	-	243	-	243
As of 31 December 2016	71,286	4,126	330	75,742
Accumulated amortisation and impairment losses				
As of 1 January 2016				
Accumulated amortisation	-	2,258	96	2,354
Accumulated impairment losses	71,286	807	234	72,327
	71,286	3,065	330	74,681
Amortisation for the year recognised in other expenses	-	159	-	159
As of 31 December 2016				
Accumulated amortisation	-	2,417	96	2,513
Accumulated impairment losses	71,286	807	234	72,327
	71,286	3,224	330	74,840
Net carrying amount	-	902	-	902

NOTES TO THE FINANCIAL STATEMENTS

21. INTANGIBLE ASSETS (CONT'D)

Group 2015	Goodwill RM'000	Initial fees RM'000	Development costs RM'000	Total RM'000
Cost				
As of 1 January 2015	103,653	4,123	330	108,106
Additions	-	470	-	470
Disposal of subsidiaries	(32,367)	(710)	-	(33,077)
As of 31 December 2015	71,286	3,883	330	75,499
Accumulated amortisation and impairment losses				
As of 1 January 2015				
Accumulated amortisation	-	2,140	96	2,236
Accumulated impairment losses	103,653	1,438	234	105,325
	103,653	3,578	330	107,561
Amortisation for the year recognised in other expenses	-	118	-	118
Disposal of subsidiaries	(32,367)	(631)	-	(32,998)
As of 31 December 2015				
Accumulated amortisation	-	2,258	96	2,354
Accumulated impairment losses	71,286	807	234	72,327
	71,286	3,065	330	74,681
Net carrying amount	-	818	-	818

(a) **Goodwill**

In the previous financial year, goodwill associated with KUB Builders Sdn. Bhd. and A&W Restaurant (Thailand) Co Ltd which amounting to RM12,401,000 and RM19,966,000 respectively were eliminated as a result of disposal of the subsidiaries as stated in Note 18(b).

(b) **Initial fees**

The restaurant's initial franchise fees are related to fees charged by the franchise holder for new outlets opened during the year. In the previous financial year, initial fees associated with A&W Restaurant (Thailand) Co Ltd which amounting to RM710,000 was eliminated as a result of disposal of the subsidiary as stated in Note 18(b)(ii).

(c) **Development costs**

The development costs relate to a product, known as PROBIT, which was being internally developed by a subsidiary since the financial year ended 2009. The Company had fully impaired the development cost in prior years.

NOTES TO THE FINANCIAL STATEMENTS

22. AMOUNT DUE FROM SUBSIDIARIES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Due from subsidiaries (a)	-	-	15,725	25,876
Less : Allowance for impairment losses	-	-	(14,697)	(12,626)
	-	-	1,028	13,250
Current				
Trade				
Due from customers on contract (Note 23)	1,517	-	-	-
Trade receivables (b)	54,473	41,110	-	-
Less : Allowance for impairment losses	(14,180)	(21,660)	-	-
	40,293	19,450	-	-
	41,810	19,450	-	-
Non-trade				
Other receivables (c)	14,274	10,295	490	1,486
Less : Allowance for impairment losses	(1,974)	(1,974)	-	-
	12,300	8,321	490	1,486
Government subsidy receivable	20,627	24,518	-	-
Deposits and prepayments	10,098	9,226	447	482
	43,025	42,065	937	1,968
	84,835	61,515	937	1,968
Total trade and other receivables (current and non-current)	84,835	61,515	1,965	15,218
Add : Cash and bank balances (Note 26)	133,865	105,150	15,277	10,960
Less : Deposits and prepayments	(10,098)	(9,226)	(447)	(482)
Total loans and receivables	208,602	157,439	16,795	25,696

(a) **Amount due from subsidiaries**

The amount due from subsidiaries is unsecured, bears interest at the market Base Lending Rate ("BLR") of 6.65% (2015 : 6.85%) per annum.

Movement in allowance for impairment accounts :

	Company	
	2016 RM'000	2015 RM'000
As of 1 January	12,626	2,604
Charge for the year (Note 8)	2,071	10,022
As of 31 December	14,697	12,626

NOTES TO THE FINANCIAL STATEMENTS

22. AMOUNT DUE FROM SUBSIDIARIES, TRADE RECEIVABLES AND OTHER RECEIVABLES (CONT'D)

(b) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2015 : 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows :

	Group	
	2016	2015
	RM'000	RM'000
Neither past due nor impaired	33,735	8,683
1 to 30 days past due not impaired	932	4,844
31 to 60 days past due not impaired	396	662
61 to 90 days past due not impaired	38	259
91 to 120 days past due not impaired	2,975	489
More than 121 days past due not impaired	2,217	4,513
Past due but not impaired	6,558	10,767
	40,923	19,450
Impaired	14,180	21,660
	54,473	41,110

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

Included in this balance is the amount due from Government of Malaysia and Government Linked Companies amounting to RM5,244,000 (2015 : RM9,503,000) which are recoverable based on the creditworthiness of these debtors.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows :

	Individually impaired	
Group	2016	2015
	RM'000	RM'000
Trade receivables - nominal amounts	14,180	21,660
Less : Allowance for impairment losses	(14,180)	(21,660)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

22. AMOUNT DUE FROM SUBSIDIARIES, TRADE RECEIVABLES AND OTHER RECEIVABLES (CONT'D)

(b) Trade receivables (cont'd)

Movement in allowance for impairment accounts :

	2016 RM'000	Group 2015 RM'000
As of 1 January	21,660	18,350
Charge for the year (Note 8)	376	3,568
Written off during the year	(29)	(13)
Written back during the year (Note 8)	(2,201)	(112)
Disposal of subsidiaries	(5,626)	(133)
As of 31 December	14,180	21,660

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(c) Other receivables

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

Movement in allowance for impairment accounts :

	2016 RM'000	Group 2015 RM'000
As of 1 January	1,974	3,273
Written off during the year	-	(1,299)
As of 31 December	1,974	1,974

23. DUE FROM CUSTOMERS ON CONTRACT

	2016 RM'000	Group 2015 RM'000
Construction costs incurred to date	279,667	234,251
Attributable profits to date	33,913	22,532
	313,580	256,783
Provision for foreseeable losses	(11,287)	(11,315)
Progress billings to date	(300,776)	(247,123)
Due from/(to) customers on contract (Note 22)/(Note 32)	1,517	(1,655)

NOTES TO THE FINANCIAL STATEMENTS

23. DUE FROM CUSTOMERS ON CONTRACT (CONT'D)

	2016 RM'000	Group 2015 RM'000
Analysed as :		
Due from customers on contract	2,513	-
Due to customers on contract	(996)	(1,655)
Retention sum on contracts included within trade receivables	2,900	4,740

Construction contracts revenue and costs are disclosed in Notes 5 and 6 respectively.

Movement in provision for foreseeable losses account :

	2016 RM'000	Group 2015 RM'000
As of 1 January	11,315	1,643
(Reversal)/Provision for the year (Note 8)	(28)	9,672
As of 31 December	11,287	11,315

24. DEFERRED TAX ASSETS AND LIABILITIES

	2016 RM'000	Group 2015 RM'000
As of 1 January	9,180	4,239
Recognised in profit or loss (Note 11)	(280)	(375)
Disposal of subsidiaries	222	5,316
As of 31 December	9,122	9,180
Presented after appropriate offsetting as follows :		
Deferred tax assets	(3,224)	(3,202)
- continued operations	(3,224)	(2,980)
- discontinued operations	-	(222)
Deferred tax liabilities	12,346	12,382
	9,122	9,180

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows :

Deferred tax liabilities of the Group :

	Property, plant and equipment RM'000
As of 1 January 2015	13,708
Recognised in profit or loss	(1,109)
Disposal of subsidiaries	(217)
As of 31 December 2015/1 January 2016	12,382
Recognised in profit or loss	201
Disposal of subsidiaries	(237)
As of 31 December 2016	12,346

Deferred tax assets of the Group :

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
As of 1 January 2015	(8,371)	(2,405)	1,307	(9,469)
Recognised in profit or loss	421	329	(16)	734
Disposal of subsidiaries	4,887	-	646	5,533
As of 31 December 2015/1 January 2016	(3,063)	(2,076)	1,937	(3,202)
Recognised in profit or loss	(299)	(47)	(135)	(481)
Disposal of subsidiaries	459	-	-	459
As of 31 December 2016	(2,903)	(2,123)	1,802	(3,224)

Deferred tax assets have not been recognised in respect of the following items due to the uncertainty of their recoverability :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised tax losses	88,660	75,769	27,471	19,597
Unabsorbed capital allowances	39,315	39,307	3,667	3,667
Other deductible temporary differences	4,994	4,930	-	-
	132,969	120,006	31,138	23,264

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences of the Group and of the Company are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS

25. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost :		
Raw materials and consumables	7,931	9,397
Finished goods	-	2,578
Parts and components	792	459
	8,723	12,434
At net realisable value :		
Raw materials and consumables	146	180
	8,869	12,614

26. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash on hand and at banks	46,812	30,475	439	41
Deposits with licensed banks	87,053	74,675	14,838	10,919
	133,865	105,150	15,277	10,960

Included in cash at banks of the Group is an amount of RM6,412 (2015 : RM6,283) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which is restricted from use in other operations.

Included in deposits with licensed banks of the Group is an amount of RM23,444,000 (2015 : RM26,361,000) which has been pledged as security for borrowings of the Group as disclosed in Note 30.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as of the reporting date :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash on hand and at banks	133,865	105,150	15,277	10,960
Deposits pledged with licensed banks	(23,444)	(26,361)	-	-
Bank overdrafts (Note 30)	(425)	(4,064)	-	-
	109,996	74,725	15,277	10,960

The weighted average effective interest rates ('WAEIR') as of the reporting date and the remaining maturities of the Group and the Company's deposits with licensed banks are as follows :

	Group		Company	
	2016	2015	2016	2015
WAEIR (%)	3.3	3.0	3.2	3.2
Average remaining maturities (days)	91	107	9	9

NOTES TO THE FINANCIAL STATEMENTS

27. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised :				
As of 1 January/31 December	2,500,000	2,500,000	1,000,000	1,000,000
Issued and fully paid :				
As of 1 January/31 December	556,465	556,465	222,586	222,586
Par value (RM) per share	0.40	0.40		

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

28. RESERVES

(a) **Capital reserve**

	Group	
	2016 RM'000	2015 RM'000
Capital reserve	34,016	34,016

The capital reserve arose from the capitalisation of bonus shares issued by certain subsidiaries in prior years.

(b) **Capital redemption reserve**

	Group/Company	
	2016 RM'000	2015 RM'000
Capital redemption reserve	312	312

The capital redemption reserve arose from the redemption of the Redeemable Convertible Preference Shares by the Company in prior years.

(c) **Fair value adjustment reserve**

	Group/Company	
	2016 RM'000	2015 RM'000
Fair value adjustment reserve	1,667	2,309

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed off or impaired.

NOTES TO THE FINANCIAL STATEMENTS

28. RESERVES (CONT'D)

(d) **Translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the results and financial position of foreign operations into the Group's presentation currency. It is also used to record the exchange differences in the consolidated financial statements arising from monetary items which form part of the Group's net investment in foreign operations.

(e) **Merger reserve**

	2016 RM'000	Group 2015 RM'000
Merger reserve	11,147	11,147

Merger reserve amounting to approximately RM11,147,000 arose from the acquisition of KUB Ekuiti Sdn. Bhd. in 1997.

(f) **Discount/(Premium) paid on acquisition of non-controlling interest**

	2016 RM'000	Group 2015 RM'000
Discount/ (Premium) paid on acquisition of non-controlling interest	971	(1,831)

During the financial year, the Company entered into a Share Sale Agreement with JEKS Precast Sdn. Bhd. for the disposal of 100% of the issued and paid up capital of KUB Precast Sdn. Bhd., therefore realising the additional amount of premium paid on acquisition of non-controlling interest amounting RM2,802,000 to retained earnings (Note 18 (a)(i)).

Discount on acquisition of non-controlling interest amounting to RM971,000 arose from the acquisition of remaining equity interest of KFT International (Malaysia) Sdn Bhd in 2011 of RM1,229,000 less premium paid on acquisition of Empirical Systems (M) Sdn Bhd of RM258,000 in 2014.

In 2015, the Company has disposed off the entire equity of KUB Builders Sdn Bhd and the amount of premium paid on acquisition of non-controlling interest amounting RM8,248,000 has been realised in retained earnings (Note 18 (b)(i)).

29. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as of 31 December 2016 and 31 December 2015 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS

30. BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Long-term borrowings				
Secured				
Term loans (a)	50,695	47,315	1,000	2,650
Hire purchase payables (b)	441	801	286	208
	51,136	48,116	1,286	2,858
Short-term borrowings				
Secured				
Term loans (a)	7,763	3,348	1,650	1,650
Revolving credit	2,000	-	-	-
Trust receipts/letter of credit	1,500	1,007	-	-
Hire purchase payables (b)	263	375	197	115
Bank overdrafts	425	4,064	-	-
	11,951	8,794	1,847	1,765
Total borrowings				
Term loans (a)	58,458	50,663	2,650	4,300
Revolving credit	2,000	-	-	-
Trust receipts/Letter of credit	1,500	1,007	-	-
Hire purchase payables (b)	704	1,176	483	323
Bank overdrafts (Note 26)	425	4,064	-	-
	63,087	56,910	3,133	4,623

The range of weighted average effective of interest rates ('WAEIR') (% per annum) of the borrowings at the reporting date are as follows :

	Group		Company	
	2016 WAEIR %	2015 WAEIR %	2016 WAEIR %	2015 WAEIR %
Term loans	4.85 - 7.50	5.00 - 7.85	7.00	7.05
Trust receipts/Letter of credit	5.24 - 8.10	4.85 - 8.00	-	-
Hire purchase	2.32	2.32 - 3.70	2.32	2.32
Revolving credit	7.25	-	-	-
Bank overdrafts	8.60	8.60	-	-

The secured term loans, bank overdrafts and trust receipts of the Group and of the Company are secured by way of fixed and floating charges over certain assets of the Group and of the Company as disclosed in Notes 14, 15, 17 and 26.

NOTES TO THE FINANCIAL STATEMENTS

30. BORROWINGS (CONT'D)

(a) Term Loan

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
The maturity profile of the Group's term loans are as follows:				
Less than 1 year	7,763	3,348	1,650	1,650
Between 1 year and 2 years	11,123	11,427	1,000	1,650
Between 2 years and 5 years	33,610	21,001	-	1,000
More than 5 years	5,962	14,887	-	-
	58,458	50,663	2,650	4,300

(b) Hire purchase payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Future minimum hire purchase payables				
Less than 1 year	281	415	215	115
Between 1 year and 2 years	251	524	96	115
Between 2 years and 5 years	215	379	215	115
Total future minimum lease payments	747	1,318	526	345
Less : Future finance charges	(43)	(142)	(43)	(22)
	704	1,176	483	323
Analysis of present value of hire purchase payables				
Less than 1 year	263	375	197	115
Between 1 year and 2 years	324	484	82	113
Between 2 years and 5 years	117	317	204	95
	704	1,176	483	323
Less : Due within 12 months	(263)	(375)	(197)	(115)
Due after 12 months	441	801	286	208

31. DEFERRED INCOME

Deferred income relates to a grant received from Unit Peneraju Agenda Bumiputra (Teraju) from Dana Mudahcara for the construction of the mill. The deferred income will be recognised as income over 25 years when the mill commences its operations.

NOTES TO THE FINANCIAL STATEMENTS

32. AMOUNT DUE TO SUBSIDIARIES, TRADE AND OTHER PAYABLES (CONT'D)

(c) Provisions

Movement of provision for litigation and liquidated ascertained damages during the year is as follows :

Group	Provision for litigation RM'000	Provision for liquidated ascertained damages RM'000	Total RM'000
As of 1 January 2015	842	1,740	2,582
Additional provision (Note 8)	-	1,332	1,332
Reversal of provision (Note 8)	(642)	(1,283)	(1,925)
Utilisation of provision	(200)	-	(200)
As of 31 December 2015/1 January 2016	-	1,789	1,789
Additional provision (Note 8)	-	1,479	1,479
Reversal of provision (Note 8)	-	(1,720)	(1,720)
As of 31 December 2016	-	1,548	1,548

Company	Provision for litigation RM'000	Total RM'000
As of 1 January 2015	466	466
Reversal of provision (Note 8)	(266)	(266)
Utilisation of provision	(200)	(200)
As of 31 December 2015/31 December 2016	-	-

Provision for litigation

The provision for litigation in the previous financial year relates to legal claims against the Company and the subsidiaries of the Group from third parties. The Group and the Company have made provisions based on the management's estimate of the settlement consideration and probable outcome assessed on a case-by-case basis.

No provision for litigation in the current financial year.

Provision for liquidated ascertained damages

The provision for liquidated ascertained damages is made based on the approved contract terms and is computed on the agreed penalty charges per delay multiplied by the number of days delayed.

NOTES TO THE FINANCIAL STATEMENTS

33. DERIVATIVES

Group	2016		2015	
	Contract/ notional amount RM'000	Fair value of derivative liabilities RM'000	Contract/ notional amount RM'000	Fair value of derivative liabilities RM'000
Current				
Forward currency contracts	12,368	7	10,160	21

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's purchases denominated in United States Dollar (USD) for which firm commitments existed at the reporting date, extending to January 2017.

During the financial year, the Group recognised a loss of RM6,536 (2015:RM21,048) arising from fair value changes of derivatives as of reporting date. The fair value changes are attributable to changes in foreign exchange spot and forward rate. Forward currency contracts are valued using valuation obtained from counterparties.

34. COMMITMENTS

(a) Capital commitments

The commitments in respect of capital expenditure as of the reporting date are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Approved and contracted for :				
Property, plant and equipment	11,718	49,751	112	203
Approved but not contracted for :				
Property, plant and equipment	37,369	13,365	363	26
	49,087	63,116	475	229

(b) Operating lease commitments - as lessee

The Group has entered into commercial leases on premises used for the operations of the subsidiaries. These leases have an average tenure of between one and five years with no contingent rent provision included in the contracts.

Minimum lease payments recognised in profit or loss of the Group for the financial year ended 31 December 2016 amounting to RM3,660,000 (2015 : RM8,403,000).

NOTES TO THE FINANCIAL STATEMENTS

34. COMMITMENTS (CONT'D)

(b) Operating lease commitments - as lessee (cont'd)

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Less than 1 year	4,411	3,943	-	-
Between 1 year and 5 years	11,743	7,755	-	-
More than 5 years	1,199	3,792	-	-
	17,353	15,490	-	-

(c) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and four years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Less than 1 year	3,836	2,895	-	-
Between 1 year and 5 years	8,231	4,493	-	-
More than 5 years	-	324	-	-
	12,067	7,712	-	-

35. RELATED PARTY DISCLOSURES

(a) The Company had the following transactions with related parties during the financial year :

	Company	
	2016 RM'000	2015 RM'000
Rental income from subsidiaries	567	480
Internal audit fee charged to subsidiaries	-	33
IT services rendered by a subsidiary	(235)	(218)
Interest income from subsidiaries	1,413	1,625
Interest expense charged by subsidiaries	(357)	(526)

NOTES TO THE FINANCIAL STATEMENTS

35. RELATED PARTY DISCLOSURES (CONT'D)

- (a) The Company had the following transactions with related parties during the financial year (cont'd) :

A related party of the Company refers to :

- (i) a person or a close member of that person's family who :
- (a) has control or joint control over the Company;
 - (b) has significant influence over the Company; or
 - (c) is a member of the key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.
- (ii) a subsidiary, associate or joint venture of the Company and its subsidiaries;
- (iii) an entity of which the Company or its subsidiaries are an associate or joint venture to;
- (iv) an entity, together with the Company are joint ventures of the same third party;
- (v) an entity controlled or jointly controlled by a person identified in (i); and
- (vi) an entity of which a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (b) The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as of 31 December 2016 and 31 December 2015 are disclosed in Notes 18 and 22.

- (c) Remuneration of key management personnel other than Directors :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other key management personnel				
Short-term employee benefits :				
- salaries, allowances and bonuses	3,905	3,139	1,992	1,180
Post-employment benefits :				
- defined contribution plan	427	334	238	142
	4,332	3,473	2,230	1,322

Key management personnel comprises persons of the Group entities having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

Details of the Company's Directors remuneration for the Group and of the Company are disclosed in Note 10. Other key management personnel includes persons other than the Directors within the Group.

NOTES TO THE FINANCIAL STATEMENTS

35. RELATED PARTY DISCLOSURES (CONT'D)

- (d) Transaction between the Group and the Company with a company/firm in which certain Director is a common Director or a partner :

Group	Transactions amount for year ended 31 December RM'000	2016 Net balance outstanding as of 31 December RM'000	Transactions amount for year ended 31 December RM'000	2015 Net balance outstanding as of 31 December RM'000
Putrade Property Management Sdn Bhd.*				
Rental of venue and provision of food and beverages	129	-	93	-
Zul Rafique & Partners**				
Provision of legal services	237	-	159	-
Company				
Putrade Property Management Sdn Bhd.*				
Rental of venue and provision of food and beverages	106	-	93	-
Zul Rafique & Partners**				
Provision of legal services	65	-	159	-

* a company in which Datuk Wira Mohd Hafarizam Harun is a common Director.

** a firm in which Tunku Alizan Raja Muhammad Alias is a partner.

36. DISPOSAL OF SUBSIDIARIES

During the financial year, the Company had completed its disposal on the entire equity interest in KUB Precast Sdn Bhd on 23 August 2016 as disclosed in Note 18(a)(i).

The disposal of subsidiaries in the previous year includes KUB Builders Sdn. Bhd. and A&W Restaurant (Thailand) Co. Ltd. which were completed on 7 December 2015 and 21 December 2015 respectively.

36.1 Consideration received

	2016 RM'000	Group 2015 RM'000
Consideration received in cash and cash equivalents	19,000	3,056

NOTES TO THE FINANCIAL STATEMENTS

36. DISPOSAL OF SUBSIDIARIES (CONT'D)

36.2 Analysis of assets and liabilities over which control was lost

	2016 RM'000	Group 2015 RM'000
Non-current assets		
Property, plant and equipment	23,474	6,946
Deferred tax assets	286	5,316
Intangible assets	-	79
Total non-current assets	23,760	12,341
Current assets		
Inventories	4,427	444
Trade and other receivables	6,113	1,329
Amount due from holding company	-	5,727
Cash and bank balances	283	20,035
Total current assets	10,823	27,535
Total assets	34,583	39,876
Non-current liabilities		
Borrowings	209	-
Current liabilities		
Provision for tax	-	38
Borrowings	3,016	2,066
Amount due to related company	-	202
Trade and other payables	7,586	53,995
Total current liabilities	10,602	56,301
Total liabilities	10,811	56,301
Net assets/(liabilities) disposed off	23,772	(16,425)

36.3 Gain on disposal of subsidiaries

	2016 RM'000	Group 2015 RM'000
Consideration received	19,000	3,056
(Net assets)/liabilities disposed off	(23,722)	16,425
(Loss)/Gain on disposal	(4,722)	19,481

NOTES TO THE FINANCIAL STATEMENTS

36. DISPOSAL OF SUBSIDIARIES (CONT'D)

36.4 Net cash outflow on disposal of subsidiaries

	2016 RM'000	Group 2015 RM'000
Consideration received in cash and cash equivalents	19,000	3,056
Less : Cash and cash equivalent balances disposed off	(283)	(20,035)
	18,717	(16,979)

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy :

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
As of 31 December 2016					
Financial asset :					
Available-for-sale investments					
- Quoted investments	20	3,684	-	-	3,684
Financial liability :					
Derivatives - Forward currency contracts					
	33	-	7	-	7
As of 31 December 2015					
Financial asset :					
Available-for-sale investments					
- Quoted investments	20	4,326	-	-	4,326
Financial liability :					
Derivatives - Forward currency contracts					
	33	-	21	-	21

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels :

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the financial years ended 2016 and 2015.

- (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value :

	Note	2016		2015	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Financial liabilities :					
Borrowings (non-current)					
- Term loans	30	50,695	39,688	47,315	37,494
- Hire purchase payables	30	441	427	801	776
Company					
Financial liabilities :					
Borrowings (non-current)					
- Term loans	30	1,000	935	2,650	2,477
- Hire purchase payables	30	286	267	208	204

The fair value of the financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the interest-bearing loans and borrowings of the Group and the Company are determined using Discounted Cash Flow method at a discount rate ranging from 2.32% to 10.60% (2015 : 2.32% to 9.10%). These rates reflects the issuer's borrowing rate as of the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value :

	Note
Trade and other receivables (current)	22
Due from subsidiaries (non-current)	22 (a)
Trade and other payables (current)	32
Due to subsidiaries (non-current)	32 (a)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Derivatives

Forward currency contracts are valued using valuation obtained from counterparties.

Financial guarantees

Fair value is determined based on differential interest rate method.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimise exposure to bad debts.

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of loans and receivables, derivatives and financial guarantees amounting to RM16,795,000 (2015 : RM25,696,000) provided by the Company to financial institutions for credit facilities granted to subsidiaries.

The Group does not have any major concentration of credit risk related to any financial instruments except for the concentration of credit risk arising from exposures to the Government of Malaysia and Government Linked Corporations amounting to RM14,860,000 and RM3,616,000 (2015 : RM3,008,000 and RM4,746,000) representing 19% and 5% (2015 : 6% and 8%) of the Group's total net trade receivables, respectively.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Group			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As of 31 December 2016				
Financial liabilities :				
Trade and other payables	113,396	-	-	113,396
Borrowings	15,229	53,311	6,844	75,384
Total undiscounted financial liabilities	128,625	53,311	6,844	188,780

As of 31 December 2015

Financial liabilities :				
Trade and other payables	104,106	-	-	104,106
Borrowings	9,868	52,707	13,451	76,026
Total undiscounted financial liabilities	113,974	52,707	13,451	180,132

	Company			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As of 31 December 2016				
Financial liabilities :				
Trade and other payables	9,809	-	-	9,809
Borrowings	2,444	1,708	-	4,152
Total undiscounted financial liabilities	12,253	1,708	-	13,961

As of 31 December 2015

Financial liabilities :				
Trade and other payables	9,216	-	-	9,216
Borrowings	2,016	3,054	-	5,070
Total undiscounted financial liabilities	11,232	3,054	-	14,286

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The information on the weighted average effective interest rates ('WAEIR') as of the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk is disclosed in Notes 26 and 30.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM267,000 (2015 : RM142,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept at an acceptable level.

The Group has entered into forward currency contracts for certain transactions to manage the exposures in foreign currencies as disclosed in Note 33. The Board is of the opinion that the unhedged foreign currencies exposures are minimal and can be efficiently managed.

The amounts of trade payables denominated in foreign currencies as of the reporting date is as follows :

	2016 RM'000	Group 2015 RM'000
Trade payables hedged using forward currency contracts	12,368	10,160
Unhedged trade payables	3	1,811
	12,371	11,971

Sensitivity analysis

A 5% strengthening in the USD with all other variables held constant, will decrease the Group's profit net of tax by approximately RMNil (2015 : RM91,000).

NOTES TO THE FINANCIAL STATEMENTS

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, return capital to shareholders, adjust the dividend payment to shareholders or obtain funding through external borrowings. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

The Group monitors its capital using a gearing ratio, which is total borrowings divided by total equity. The Group's gearing ratio as at 31 December 2016 are as follows :

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Borrowings - long-term	30	51,136	48,116	1,286	2,858
Borrowings - short-term	30	11,951	8,794	1,847	1,765
Total borrowings		63,087	56,910	3,133	4,623
Total equity		306,731	288,613	260,477	276,279
Gearing ratio		21%	20%	1%	2%

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has seven reportable operating segments as follows :

- i) Information, communications and technology ("ICT")
 - ICT services and their related infrastructures
- ii) Energy
 - Importation, bottling and trading of liquefied petroleum gas ("LPG")
- iii) Agricultural businesses ("Agro")
 - Oil palm plantation and estate management
- iv) Food related ("Food")
 - Quick service restaurants
- v) Properties
 - Management of commercial properties
- vi) Power
 - Engineering and civil works in the power sectors
- vii) Others
 - Investment holding

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

During the financial year, the Management has ceased the Engineering and Construction (EC) business unit upon disposal of its manufacturing arm and is disclosed as discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT INFORMATION (CONT'D)

(a) Business segments - continuing operations

2016	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	Properties RM'000	Power RM'000	Others RM'000	Adjustments and eliminations		Total RM'000
								RM'000	Note	
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	7,111	27,836	5,396	1,707	1,028	2,011	(22,685)	-	-	22,404
Finance income	323	1,580	683	20	19	45	424	-	-	3,094
Finance costs	(2)	-	(144)	(187)	-	(130)	(276)	-	-	(739)
Share of results of associates	-	-	-	-	-	-	7,575	-	-	7,575
Profit/(Loss) before zakat and tax	7,432	29,416	5,935	1,540	1,047	1,926	(14,962)	-	-	32,334
Zakat	-	-	(202)	-	-	-	-	-	-	(202)
Taxation	(2,304)	(5,305)	(3,718)	1,399	(145)	-	(11)	-	-	(10,084)
Segment profit/(loss)	5,128	24,111	2,015	2,939	902	1,926	(14,973)	-	-	22,048
Assets										
Segment assets	71,724	130,375	159,950	23,037	18,678	9,079	90,960	(35,888)	B	467,915
Investment in associates	-	-	-	-	-	-	34,069	-	-	34,069
Total assets	71,724	130,375	159,950	23,037	18,678	9,079	125,029	(35,888)	-	501,984
Liabilities										
Segment liabilities	22,575	61,405	77,382	14,520	854	11,972	4,726	1,819	C	195,253
Other information										
Additions to non-current assets	448	6,126	12,568	2,688	141	200	2,000	-	D	24,171
Depreciation	478	4,760	1,324	2,150	711	39	1,442	-	-	10,904
Amortisation	-	-	2,882	159	-	-	-	-	-	3,041
Other non-cash (income)/expenses	1,378	(1,026)	2,007	6	77	(3,772)	5,068	-	F	3,738

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT INFORMATION (CONT'D)

(a) Business segments - continuing operations (cont'd)

2015	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	Properties RM'000	Power RM'000	Others RM'000	Adjustments and eliminations		Total RM'000
								RM'000	Note	
Revenue										
External sales	36,583	305,590	39,071	44,990	2,461	3,231	228	-	-	432,154
Inter-segment sales	238	-	-	92	-	-	19,374	(19,704)	-	-
Total revenue	36,821	305,590	39,071	45,082	2,461	3,231	19,602	(19,704)	-	432,154
Results										
Profit/(Loss) from operations	7,171	11,378	12,092	2,149	(152)	(21,583)	28,684	-	-	39,739
Finance income	319	941	598	-	13	121	387	-	-	2,379
Finance costs	(254)	-	(308)	(38)	(2)	(144)	(621)	-	-	(1,367)
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)
Taxation	(1,590)	(3,060)	(2,538)	(13)	(280)	60	(29)	-	-	(7,450)
Segment profit/(loss)	5,646	9,259	9,543	2,098	(421)	(21,546)	37,973	-	-	42,552
Assets										
Segment assets	40,417	105,640	149,762	20,931	17,586	7,614	98,548	(30,889)	B	409,609
Investment in associates	-	-	-	-	-	-	28,294	-	-	28,294
Total assets	40,417	105,640	149,762	20,931	17,586	7,614	126,842	(30,889)	-	437,903
Liabilities										
Segment liabilities	6,775	55,945	66,877	12,552	723	13,712	5,824	2,595	C	165,003
Other information										
Additions to non-current assets	133	4,483	41,792	3,801	32	39	175	-	D	50,455
Depreciation	513	4,973	1,556	2,149	403	46	1,257	-	-	10,897
Amortisation	-	-	2,591	118	-	-	-	-	-	2,709
Other non-cash (income)/expenses	(203)	(91)	275	146	-	13,251	(28,902)	-	F	(15,524)

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT INFORMATION (CONT'D)

- (b) The reportable segments of discontinued operations that are not included in the above segmental reporting are as follows :

2016	EC RM'000	Total RM'000
Revenue		
External sales	11,103	11,103
Results		
Loss from operations	(223)	(223)
Finance cost	(283)	(283)
Loss before tax	(506)	(506)
Taxation	-	-
Segment loss for the period	(506)	(506)

2015 (Re-presented)	EC RM'000	Food RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue					
External sales	20,062	15,018	-	-	35,080
Inter-segment sales	1,304	-	-	(1,304)	-
Total revenue	21,366	15,018	-	(1,304)	35,080
Results					
Profit/(Loss) from operations	(36,394)	4,239	(374)	-	(32,529)
Finance income	86	-	-	-	86
Finance cost	(1,034)	-	-	-	(1,034)
Profit/(Loss) before tax	(37,342)	4,239	(374)	-	(33,477)
Taxation	-	-	-	-	-
Segment profit/(loss) for the year	(37,342)	4,239	(374)	-	(33,477)
Assets					
Segment assets	27,382	-	-	-	27,382
Liabilities					
Segment liabilities	11,669	-	-	-	11,669

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT INFORMATION (CONT'D)

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position :

	2016 RM'000	2015 RM'000
Deferred tax assets	(1,819)	(2,595)
Investment in associates	(34,069)	(28,294)
	(35,888)	(30,889)

C The following items are included to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position :

	2016 RM'000	2015 RM'000
Deferred tax liabilities	1,819	2,595

D Additions to non-current assets relate to additions of property, plant and equipment and plantation development expenditures.

E Included in finance cost is interest expense arising from the following segments :

	2016 RM'000	2015 RM'000
ICT	(2)	(254)
Agro	(144)	(308)
Food	(187)	(38)
Properties	-	(2)
Power	(130)	(144)
Others	(276)	(621)
	(739)	(1,367)

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT INFORMATION (CONT'D)

F Other material non-cash expenses consist of the following items as presented in Note 8 :

Arising from continuing operations :

	2016	2015
	RM'000	RM'000
Loss/(Gain) on disposal of subsidiaries	4,722	(19,481)
Inventories written off	6	-
Property, plant and equipment written off	2,948	262
Gain on disposal of property, plant, and equipment	(31)	(11)
Allowance of impairment losses on property, plant and equipment	374	45
Reversal of impairment losses on property, plant and equipment	(989)	-
Gain on disposal of assets held for sale	(1,205)	(8,895)
Allowance for impairment of trade and other receivables	376	3,568
Provision for liquidated ascertained damages	1,479	1,332
Provision for foreseeable losses	-	9,672
Loss on fair value changes of derivative instruments	7	21
Written back of allowance for impairment on receivables	(2,201)	(112)
Reversal of provisions for liquidated ascertained damages	(1,720)	(1,283)
Reversal of provisions for foreseeable losses	(28)	-
Reversal for provision for litigation	-	(642)
	3,738	(15,524)

Arising from discontinued operations :

	2016	2015
	RM'000	RM'000
Impairment of receivables	-	5,680
Impairment of inventories	-	1,007

Geographical information

The Group's geographical segments primarily operate in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Company had on 6 June 2016 entered into a Share Sale Agreement ('Agreement') with JEKS Precast Sdn Bhd for the disposal of 13,830,000 units 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 disposal was completed on 23 August 2016.

42. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2016	2015	2016	2015	
		%	%	%	%	
Held by the Company :						
KUB Ekuiti Sdn. Bhd.@	Malaysia	100	100	-	-	Investment holding
Empirical Systems (M) Sdn. Bhd.@	Malaysia	100	100	-	-	Information and communication technology infrastructure and consultation
Restoran Kualiti Sdn. Bhd.* @	Malaysia	100	100	-	-	Investment holding
KUB Gaz Sdn. Bhd. (formerly known as Summit Petroleum (Malaysia) Sdn. Bhd.)	Malaysia	100	100	-	-	Importation, bottling and trading of LPG
KUB Prasarana Sdn.Bhd.*#	Malaysia	100	100	-	-	Dormant
Peraharta Sdn. Bhd.	Malaysia	100	100	-	-	Property management
Perbiba Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Pernida Berhad *	Malaysia	86	86	14	14	Dormant
Peramining Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Utama Steel Works Sdn. Bhd.*	Malaysia	51	51	49	49	Dormant
Pelita Espipi Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Gerik Timber Industries Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS

42. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2016	2015	2016	2015	
		%	%	%	%	
Held by the Company (cont'd) :						
KUB Oil & Gas Sdn.Bhd. *	Malaysia	100	100	-	-	Energy related business
Creative Communications & Events Sdn. Bhd.*#	Malaysia	100	100	-	-	Dormant
Academy of Knowledge for Accounting and Leadership Sdn. Bhd.*#	Malaysia	100	100	-	-	Dormant
KUB Precast Sdn. Bhd.	Malaysia	-	100	-	-	Manufacturing and trading of precasted concrete slabs and concrete elements
Held through KUB Ekuiti Sdn. Bhd. :						
KUB Agro Holdings Sdn. Bhd.	Malaysia	100	100	-	-	Plantation and estate management
KUB Telekomunikasi Sdn. Bhd.	Malaysia	100	100	-	-	Assembling and commissioning of telecommunication equipment
KUB Power Sdn. Bhd. @	Malaysia	100	100	-	-	Supply and erection of electrical substations and transmission lines
KUB Realty Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
KUB Development Berhad*	Malaysia	100	100	-	-	Dormant
ITTAR Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
KUB Hotel and Resort Management Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
KUB Teknologi Sdn.Bhd.* @	Malaysia	100	100	-	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS

42. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2016	2015	2016	2015	
		%	%	%	%	
Held through KUB Ekuiti Sdn. Bhd. : (Cont'd)						
Affluent Vision Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
KUB Gas Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
KUB Microelectronics Sdn. Bhd.* @	Malaysia	78.5	78.5	21.5	21.5	Dormant
Perumahan KUB Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
KUB Tower Sdn Bhd*@	Malaysia	100	100	-	-	Dormant
KUB Expertise A&I Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Held through Empirical Systems (M) Sdn. Bhd. :						
Credensoft Solutions Sdn. Bhd. @ *	Malaysia	70	70	30	30	Dormant
Held through KUB Agro Holdings Sdn. Bhd. :						
KUB Sepadu Sdn. Bhd.	Malaysia	60	60	40	40	Plantation and estate management
Held through KUB Agro Holdings Sdn. Bhd. and KUB Sepadu Sdn. Bhd. :						
KUB Maju Mill Sdn. Bhd. @	Malaysia	66	66	34	34	Processing of palm oil products

NOTES TO THE FINANCIAL STATEMENTS

42. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2016	2015	2016	2015	
		%	%	%	%	
Held through KUB Telekomunikasi Sdn. Bhd. :						
Cybertrek (Malaysia) Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
KFT International (Malaysia) Sdn. Bhd.	Malaysia	100	100	-	-	Assembling and installation of telecommunication equipment
KUB Research Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Held through ITTAR Sdn. Bhd. :						
ITTAR-IPP (PJ) Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
ITTAR-ILP (Prai) Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Held through KUB Realty Sdn. Bhd. :						
KUB Realty (PJ) Sdn. Bhd.*	Malaysia	100	100	-	-	Property management
Held through KUB Development Berhad :						
Kesina Development Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
KUB-Astana Development Sdn. Bhd.*#	Malaysia	51	51	49	49	Dormant
Held through KUB Microelectronics Sdn. Bhd. :						
KUB Microelectronics Sales and Services Sdn. Bhd.*#	Malaysia	100	100	-	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS

42. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2016	2015	2016	2015	
		%	%	%	%	
Held through KUB Hotel and Resort Management Sdn. Bhd. :						
KUB Singgahsana (PJ) Sdn. Bhd. @	Malaysia	100	100	-	-	Dormant
KUB Singgahsana (Langkawi) Sdn. Bhd.*#	Malaysia	100	100	-	-	Dormant
Held through Restoran Kualiti Sdn. Bhd. :						
A&W (Malaysia) Sdn. Bhd. @	Malaysia	100	100	-	-	Operating a chain of restaurants
Held through A&W (Malaysia) Sdn. Bhd. :						
A&W Properties Sdn. Bhd.* @#	Malaysia	100	100	-	-	Dormant
Prosperous Avenue Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
Dysec (M) Sdn. Bhd.* @	Malaysia	60	60	40	40	Dormant
Pleasant Harmony Sdn. Bhd.* @	Malaysia	60	60	40	40	Dormant

** Equals to the proportion of voting rights held

* Audited by firms other than Deloitte PLT

@ The auditors' report on the financial statements includes an emphasis of matter on the uncertainty over the ability to continue as going concern. The financial statements have been prepared on going concern basis as the Directors of these companies believe that there would be continued financial support from the Company.

The subsidiaries have commenced the striking off process under Section 308 of the Companies Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS

43. INVESTMENTS IN ASSOCIATES

Details of associates are as follows :-

Name of associates	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		Principal activities
		2016	2015	
		%	%	
Held by the Company :				
KUB-Berjaya Enviro Sdn. Bhd.	Malaysia	40	40	Sanitary waste management
Mambang Di-Awan Sdn. Bhd.	Malaysia	37.5	37.5	Dormant
Rimba Raya Sdn. Bhd.	Malaysia	20	20	Dormant
Progas Holding Limited	Pakistan	38.2	38.2	Investment holding
Held through KUB Telekomunikasi Sdn. Bhd. :				
Sphairon (Malaysia) Sdn. Bhd.	Malaysia	49	49	Dormant
Held through A&W (Malaysia) Sdn. Bhd. :				
Relk Food Services Sdn. Bhd.	Malaysia	49	49	Dormant
Matrix Consolidated Sdn. Bhd.	Malaysia	20.7	20.7	Dormant
Held through KUB Ekuiti Sdn. Bhd. :				
Editry Sdn. Bhd.	Malaysia	41	41	Dormant

NOTES TO THE FINANCIAL STATEMENTS

44. COMPARATIVE FIGURES

As disclosed in Note 36, a subsidiary company, KUB Precast Sdn Bhd was classified under discontinued operations for the year ended 31 December 2016 due to the disposal on 23 August 2016. As a result, certain comparative figures of the Group in the statement of comprehensive income for the year ended 31 December 2015, and the related notes to the financial statements have been re-presented to conform to the current year's presentation.

Additionally, during the financial year, the Group had made several reclassifications between the income and the expenses.

Group	As previously reported RM'000	Re-presented Disposal of subsidiary RM'000	Reclassifi- cation RM'000	Total RM'000
Continuing operations				
Revenue	447,350	(15,196)	-	432,154
Cost of sales	(380,661)	13,855	(737)	(367,543)
Gross profit	66,689	(1,341)	(737)	64,611
Other income	53,960	-	(3,417)	50,543
Distribution expenses	(1,110)	109	(368)	(1,369)
Administrative expenses	(54,842)	3,110	2,359	(49,373)
Other expenses	(28,945)	4,272	-	(24,673)
Profit from operating activities	35,752	6,150	(2,163)	39,739
Finance income	-	-	2,379	2,379
Finance costs	(2,138)	686	85	(1,367)
Share of results of associates	9,552	-	-	9,552
Profit before zakat and taxation	43,166	6,836	301	50,303
Zakat	-	-	(301)	(301)
Taxation	(7,450)	-	-	(7,450)
Profit for the year from continuing operations	35,716	6,836	-	42,552
Discontinued operations				
Loss for the year from discontinued operations, net of tax	(26,641)	(6,836)	-	(33,477)
Profit for the year	9,075	-	-	9,075

NOTES TO THE FINANCIAL STATEMENTS

45. SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED UNAPPROPRIATED PROFITS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries :				
Realised	(516,876)	(518,910)	29,947	45,006
Unrealised	(10,331)	(15,916)	-	101
	(527,207)	(534,826)	29,947	45,107
Total share of retained earnings/ (accumulated losses) from associated companies :				
Realised	32,772	31,335	-	-
Unrealised	(7,702)	(3,041)	-	-
	25,070	28,294	-	-
Consolidation adjustments	521,830	509,181	-	-
Retained earnings as per financial statements	19,693	2,649	29,947	45,107

The above breakdown of the retained profits and accumulated losses of the Group and of the Company as of 31 December 2016 and 31 December 2015 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

STATEMENT BY DIRECTORS

The Directors of **KUB MALAYSIA BERHAD**, state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors,

DATO' AHMAD IBNIHAJAR

29 March 2017

DATUK ABDUL RAHIM MOHD ZIN

DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **AHMED FAIRUZ ABDUL AZIZ**, the officer primarily responsible for the financial management of **KUB MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **AHMED FAIRUZ ABDUL AZIZ**
at **SELANGOR DARUL EHSAN**
on 29 March 2017.

AHMED FAIRUZ ABDUL AZIZ

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/16 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB MALAYSIA BERHAD							
HS(D) 279769, PT 9, Seksyen 26, Town of Petaling Jaya, District of Petaling	Retail Lot	Commercial	4,238 sq. meters	Leasehold (99 years expiring 2110)	8,772	12	10 Jan 2005
Parcel No. C301 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,612 sq. feet	Freehold	3,517	6	24 May 2010
Parcel No. C3A01 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. feet	Freehold	3,488	6	24 May 2010
Parcel No. C801 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. feet	Freehold	3,479	6	24 May 2010
Parcel No. C901 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. feet	Freehold	3,479	6	24 May 2010
Parcel No. C1001 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	4,711 sq. feet	Freehold	1,971	6	24 May 2010
Parcel No. C1101 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	4,711 sq. feet	Freehold	1,971	6	24 May 2010
KUB SEPADU SDN BHD							
Lot 221, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.05 hectares	Leasehold (60 years expiring 2024)	32	-	10 May 1999

LIST OF PROPERTIES

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/16 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB SEPADU SDN BHD (CONT'D)							
Lot 252, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.40 hectares	Leasehold (60 years expiring 2024)	34	-	10 May 1999
Lot 261, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.18 hectares	Leasehold (60 years expiring 2030)	33	-	10 May 1999
Lot 642, Block No. 363, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	2,431.60 hectares	Leasehold (60 years expiring 2050)	4,385	-	10 May 1999
Lot 135, Block No. 48, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1,101.10 hectares	Leasehold (60 years expiring 2050)	1,312	-	10 May 1999
Lot 8, Block No. 109, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1,139.80 hectares	Leasehold (60 years expiring 2052)	987	-	10 May 1999
KUB AGRO HOLDINGS SDN BHD							
Unit No. 39-1, Ground Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,394 sq. feet	Leasehold (89 years expiring 2109)	1,140	4	15 Apr 2013
Unit No. 39-2, First Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,659 sq. feet	Leasehold (89 years expiring 2109)	798	4	15 Apr 2013

LIST OF PROPERTIES

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/16 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB AGRO HOLDINGS SDN BHD (CONT'D)							
Unit No. 39-3, Second Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,659 sq. feet	Leasehold (89 years expiring 2109)	652	4	15 Apr 2013
Unit No. 39-4, Third Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,639 sq. feet	Leasehold (89 years expiring 2109)	618	4	15 Apr 2013
Unit No. 39-5, Fourth Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,659 sq. feet	Leasehold (89 years expiring 2109)	575	4	15 Apr 2013
PTD No. 3545, Mukim of Paloh & PTD No. 3796, Mukim of Kahang, Kluang District, Johor	Oil Palm Plantation	Agricultural	453.1 hectares and 503.02 hectares respectively	Leasehold (99 years expiring 2086)	1,578	-	17 Mar 1987
PTD No. 4901, Mukim of Kahang, PTD No. 26005 & 26006, Mukim of Kluang, District of Kluang, Johor	Oil Palm Plantation	Agricultural	1,491.81 hectares, 147.54 hectares, and 60.69 hectares respectively	Leasehold (99 years expiring 2093)	4,320	-	14 Nov 1994

LIST OF PROPERTIES

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/16 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB DEVELOPMENT BERHAD							
PT 515, PT 518 PT 524 PT 520 - PT 523 PT 528 - PT 543 and PT 546 - PT 555, Bukit Mawat Mukim of Ulu Melaka, District of Langkawi, Kedah	Vacant agricultural land	Agricultural	46.81 hectares	Freehold	4,388	-	1 Dec 2004
HSD 4280, PT No. 606, Mukim of Serting Ulu, District of Jempol, Negeri Sembilan	Vacant development land	Industrial	80,920 sq. meters	Leasehold (99 years expiring 2086)	711	-	1999
KUB TELEKOMUNIKASI SDN BHD							
No.1, Jalan Selukat 33/27, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor	Factory building & 3 storey office annex	Industrial & Commercial	75,804 sq. feet	Freehold	6,504	16	20 Dec 2000
PERAHARTA SDN BHD							
Lot 4180N, Bangunan Sri Kinta, Jalan Sultan Idris Shah, Ipoh, Perak	4-Storey podium block and 9-storey tower block	Commercial	56,855 sq. feet	Strata Title	6,519	33	1983 (4 Aug 2006)
Lot 193003 - 193005, No. 26, 28 & 30, Persiaran Orkid 1, Taman Orkid, Batu Gajah, Perak	3 units of double- storey shoplots	Commercial & Residential	5,120 sq. feet	Leasehold (99 years expiring 2090)	262	24	1992 (3 Aug 2006)
Lot PT 122810 - 122813, No. 24, 26, 28 & 30, Laluan Rokan 15, Pekan Razaki, Ipoh, Perak	4 units of double- storey shophouses	Commercial & Residential	6,337 sq. feet	Leasehold (99 years expiring 2092)	372	24	1992 (16 Sept 2002)
Lot PT 10174 and PT 10175, Industrial Estate Sri Manjung, Sitiawan, Perak	Industrial vacant land	Industrial	21,780 sq. feet	Leasehold	46	-	1993 (27 Apr 2011)

LIST OF PROPERTIES

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/16 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
PERAHARTA SDN BHD (CONT'D)							
PT No. 51, Seksyen 16, Town and District of Kota Bharu, Kelantan	Shoplot malay reserve	Commercial	915 sq. meters	Leasehold (67 years expiring 2061)	1,377	26	4 Dec 2012
PT No. 9139, District of Setapak, District of Gombak, Selangor	End terrace shoplot rectangular in shape with 3-storey shop office	Commercial	1,920 sq. feet	Freehold	1,423	33	28 Dec 2012
PN 131601, Lot No. 8713N, Bandar Ipoh, District of Kinta, Ipoh, Perak	Empty lot	Commercial	2,149 sq. meters	Leasehold (99 years expiring 2092)	1,443	-	20 Jul 2012
KUB GAZ SDN BHD (formerly known as Summit Petroleum (Malaysia) Sdn Bhd)							
HS (D) 44395, Plot 91, Mukim 01, Seberang Prai Tengah District, Pulau Pinang	Land, plant & office building	Industrial	3.35 acres	Leasehold (99 years expiring 2070)	2,091	27	1 Jan 1990
Lot 941, Seksyen 9W & Lot 942, Seksyen 9W, Town of Georgetown, District of Timur Laut, Pulau Pinang	Open-sided structure for storage purposes	Industrial	7,187 sq. feet & 8,739 sq. feet respectively	Freehold	2,700	16	1 Jul 2001

LIST OF PROPERTIES

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/16 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB GAZ SDN BHD (formerly known as Summit Petroleum (Malaysia) Sdn Bhd) (CONT'D)							
PTD 40053, Mukim of Tebrau, District of Johor Bahru, Johor	Office & Plant	Industrial	143,609 sq. feet	Freehold	902	29	1 Jul 1988
Lot 55710, Lorong Kenanga 8, Liquid Bulk Terminal, Pulau Indah Port Klang, Selangor	Office & Plant	Industrial	N/A	N/A	5,386	18	1 May 1999

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

Issued Shares	:	RM222,585,876.00 of 556,464,690 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share (On a Poll)

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	10,963	15.72	462,836	0.08
100 - 1,000	36,071	51.72	19,528,303	3.51
1,001 - 10,000	19,881	28.51	55,823,508	10.03
10,001 - 100,000	2,545	3.65	79,436,883	14.28
100,001 to less than 5%	281	0.40	110,901,690	19.93
5% and above	2	0.00	290,311,470	52.17
Total	69,743	100.00	556,464,690	100

SUBSTANTIAL SHAREHOLDERS

No.	Names	No. of Shares Held	% of Issued Capital
1.	Gaya Edisi Sdn Bhd	164,844,520	29.62
2.	Minister of Finance	125,466,950	22.55

DIRECT AND INDIRECT INTERESTS OF DIRECTORS

No.	Names	Direct Shareholdings	Indirect Shareholdings	% of Issued Capital
1.	Dato' Ahmad Ibnihajar	-	-	-
2.	Datuk Abdul Rahim Mohd Zin	1,050	-	0.00
3.	Datuk Hj Faisyal Datuk Yusof Hamdain Diego	-	-	-
4.	Datuk Wira Mohd Hafarizam Harun	-	-	-
5.	Dato' Ab Rahim Abu Bakar	-	-	-
6.	Dato' Jamelah A.Bakar	-	-	-
7.	Tunku Alizan Raja Muhammad Alias	-	-	-
8.	Tengku Zahaimi Tuan Hashim	-	-	-
9.	Mohammad Farish Nizar Othman	-	-	-
10.	Datuk Haji Mohd Haniff Haji Koslan	-	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares Held	% of Issued Capital
1.	Gaya Edisi Sdn Bhd	164,844,520	29.62
2.	Minister of Finance	125,466,950	22.55
3.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)	9,009,200	1.62
4.	Leong Kong Min	5,600,000	1.01
5.	Lim Gaik Bway @ Lim Chiew Ah	4,269,100	0.77
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng	3,350,000	0.60
7.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Areca Equitytrust Fund	3,089,600	0.56
8.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Siu Chung	2,830,000	0.51
9.	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd	2,122,000	0.38
10.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Yok Son @ Tan Siew Tuan	2,008,800	0.36
11.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak	2,000,000	0.36
12.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Meng Keat	1,746,500	0.31
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Seang Jin	1,600,000	0.29
14.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)	1,351,300	0.24
15.	Wong Siu Chung	1,284,900	0.23
16.	Datuk Tay Hock Tiam	1,200,000	0.22
17.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ravindran A/L Andikotruman Velu	1,163,000	0.21
18.	Chong Ping Jye	1,150,000	0.21
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Bee Ean	1,048,100	0.19
20.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Barclays Capital Securities Ltd	1,015,800	0.18
21.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Shafei bin Abdullah	1,000,000	0.18

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

TOP THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names	No. of Shares Held	% of Issued Capital
22.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Eow Chee Seng	983,000	0.18
23.	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tang Soon Chye	950,000	0.17
24.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Eow Chee Khai	910,500	0.16
25.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	800,000	0.14
26.	Ho Shu Keong	800,000	0.14
27.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Eow Chee Seng	780,000	0.14
28.	Teng Eng Seah	707,400	0.13
29.	Mah Siew Seong	698,000	0.13
30.	Gan Chwen Teck	613,000	0.11

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PROXY FORM



(COMPANY NO.: 6022-D)

CDS Account No.	No. of Shares Held

I/We _____ NRIC/Passport No. _____
(Block Letters)

of _____
(Full Address)

being a member/members of KUB Malaysia Berhad ('Company'), hereby appoint Chairman of the Meeting* or

_____ NRIC/Passport No. _____
(Block Letters)

of _____
(Full Address)

and/or failing him _____ NRIC/Passport No. _____
(Block Letters)

of _____
(Full Address)

as my/our proxy(ies) to vote for me/us on my/our behalf at the 52nd Annual General Meeting of the Company to be held at Matrade Hall, Level 3, MATRADE Exhibition & Convention Centre, Menara MATRADE, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur on Tuesday, 23 May 2017 at 10.00 a.m. or at any adjournment thereof.

**If you wish to appoint other person(s) as your proxy/proxies, kindly delete the phrase 'Chairman of the Meeting' and insert name(s) of the desired person(s).*

My/our proxy(ies) is/are to vote as indicated by an 'X' in the appropriate spaces below :

RESOLUTIONS		FOR	AGAINST
ORDINARY RESOLUTIONS			
1	Re-election of Datuk Haji Mohd Haniff Haji Koslan		
2	Re-election of Dato' Ab Rahim Abu Bakar		
3	Re-election of Datuk Hj Faisyal Datuk Yusof Hamdain Diego		
4	Approval of First and Final Single-Tier Dividend of 1.0 sen per Ordinary Share		
5	Approval of the Directors' Fees		
6	Approval of the Non-Executive Directors' Benefits of up to RM1,500,000 pursuant to Section 230(1) of the Companies Act, 2016 effective 1 January 2017 to 31 December 2017		
7	Re-Appointment of Deloitte PLT as Auditors		
8	Authority to issue and allot shares pursuant to Section 75 and Section 76 of the Companies Act, 2016		
9	Proposed Renewal of Authority for Share Buy-Back		

The proportion of my/our holding to be represented by my/our proxy/proxies is as follows :

First Proxy	%
Second Proxy	%
Total	100%

Dated this _____ day of _____ of 2017

Signature of Member/Common Seal/Attorney/Authorised Officer

** Strike out whichever is not desired. (Unless otherwise instructed, the Proxy/(ies) may vote as he/she thinks fit)

NOTES:

- (i) A member of the Company entitled to attend, speak and vote at the above-mentioned Meeting may appoint a maximum of two (2) proxies, to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company.
- (ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ('omnibus account') as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation.
- (iv) The Proxy Forms must be deposited at the office of the Company's Share Registrar, **Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** by hand or fax to **+(603) 7841 8151** not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.

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AFFIX
STAMP

KUB MALAYSIA BERHAD (6022-D)

c/o THE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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ADMINISTRATIVE NOTES

Day & Date : Tuesday, 23 May 2017

Time : 10.00 a.m.

Place : Matrade Hall, Level 3, MATRADE Exhibition & Convention Centre, Menara MATRADE, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur

REGISTRATION

- (i) Registration will commence at 7.30 a.m. at Level 3, MATRADE Exhibition & Convention Centre, Menara MATRADE, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur. The Annual General Meeting ('AGM') will commence punctually at 10.00 a.m. We strongly encourage you to come early to facilitate registration.
- (ii) Please read the signage to ascertain where you should register yourself for the AGM and join the queue accordingly.
- (iii) Please produce your original Identification Card ('IC') or valid National Passport ('Passport') at the registration counter for verification purposes. Kindly ensure you collect your IC and Passport upon completion.
- (iv) No person will be allowed to register on behalf of another person even with the original identification of that other person.
- (v) Upon verification of your IC/Passport, you will be given an identification wristband to enter the meeting hall.
- (vi) No person will be allowed to enter into the meeting hall without wearing the identification wristband. There will be no replacement should you lose or misplace the identification wristband.
- (vii) The registration counter will only handle verification of identities and registration.

CORPORATE REPRESENTATIVES

Any corporate member who wishes to appoint a representative instead of a proxy to attend the AGM should submit the original Certificate of Appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the AGM or to the registration staff on the AGM day for the Company's record.

HELP DESK

The Help Desk will handle the revocation of proxy's appointment and/or any clarification or queries.

FOOD AND BEVERAGE

- (i) Light refreshment will be served at Miami, Paris and Dubai Room, Level 3 between 8.30 a.m. to 9.30 a.m.
- (ii) Lunch will be served at the above said venue upon conclusion of the AGM.

VOTING PROCEDURE

- (i) The voting at the 52nd AGM will be conducted on a POLL in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- (ii) KUB have appointed Symphony Share Registrars Sdn Bhd ('the Registrar') as Poll Administrator to conduct the poll by way of electronic voting (e-polling) and a scrutineer shall be appointed to verify the poll results.
- (iii) E-polling for each of the resolutions as set out in the Notice of the 52nd AGM will take place upon conclusion of the deliberation of all businesses transacted at the 52nd AGM.

MOBILE DEVICES

Please ensure that all mobile devices i.e. phones/other sound emitting devices are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings. Any recording of the AGM proceedings, either vocal or audiovisual, is strictly prohibited.

PARKING

Parking Lots are available at the Public Car Park Area of MATRADE, on a first come first serve basis.

ANNUAL REPORT

The Annual Report 2016 is available on Bursa Malaysia Berhad's website at <http://www.bursamalaysia.com> and also at KUB Malaysia Berhad's website at <http://www.kub.com>.

ADMINISTRATIVE NOTES

ENQUIRY

If you have any general enquiries prior to the AGM, kindly contact the following during office hour between 8.30 a.m. to 5.30 p.m., Monday to Friday :

(i) **Group Secretarial Division, KUB Malaysia Berhad**

Telephone : +(603) 7680 9600

Facsimile : +(603) 7680 9793

Norita Misra / Izzati Nadiah Ibrahim

(ii) **Symphony Share Registrars Sdn Bhd**

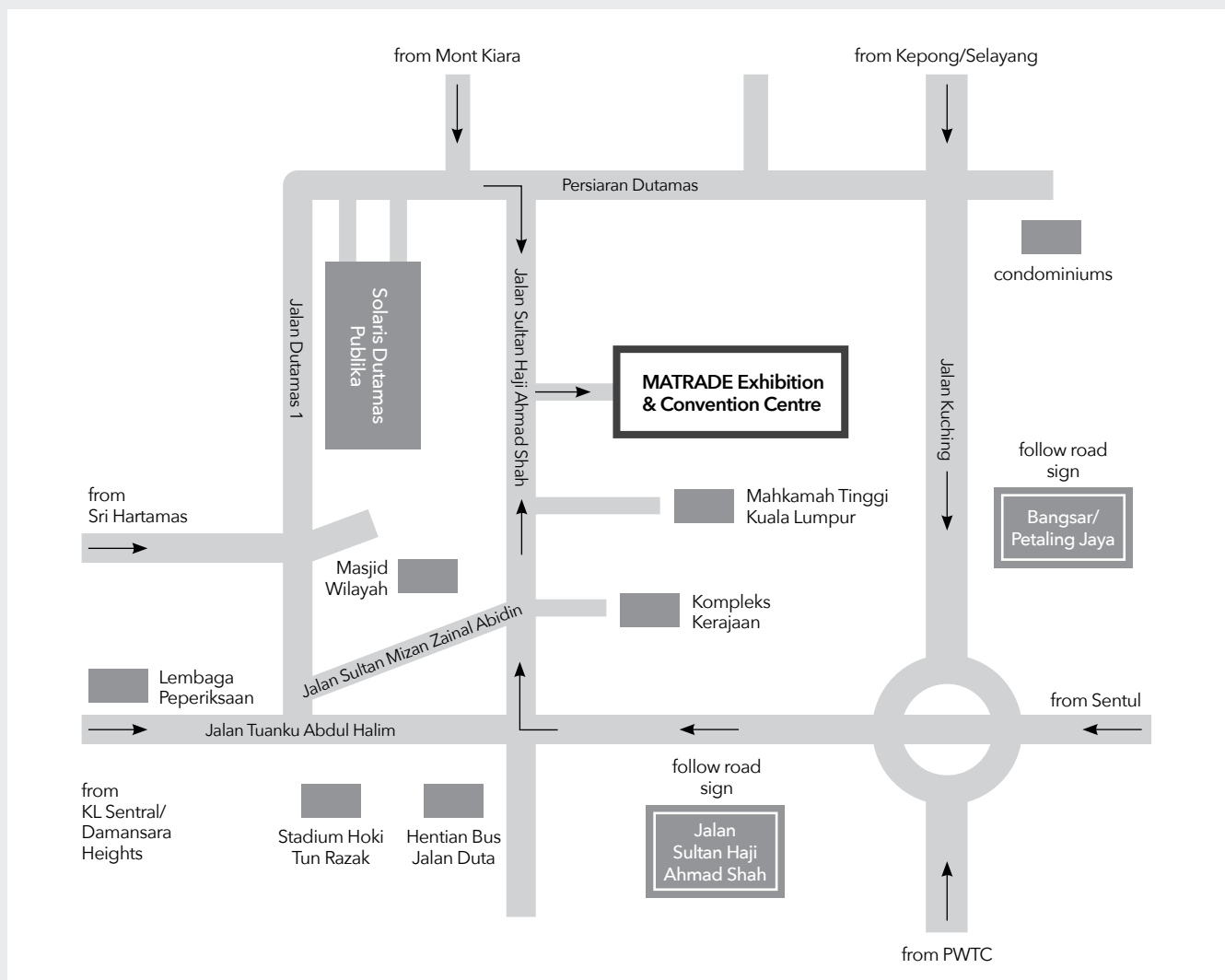
Telephone : +(603) 7849 0777

Facsimile : +(603) 7841 8151

E-mail : ssr.helpdesk@symphony.com.my

Rozleen Monzali / Zulkernaen Abdul Samad

Location Map to MATRADE Exhibition & Convention Centre



KUB MALAYSIA BERHAD (6022-D)

Level 8-11, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel : +603 7680 9600 (General Line)
Fax : +603 7680 9793 (Secretarial)
+603 7680 9610 (General)

www.kub.com