



 **Stronger Together**

# *Annual Report 2012*



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# NOTICE OF 48TH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 48th Annual General Meeting of KUB Malaysia Berhad will be held at Laman Puteri, Hotel Singgahsana Petaling Jaya, Persiaran Barat off Jalan Sultan, 46760 Petaling Jaya, Selangor on Thursday, 20 June 2013 at 10.00 a.m. for the following purposes:-

## AGENDA

### ORDINARY BUSINESS

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.  | Ordinary Resolution 1                          |
| 2. | To re-elect the following Directors who retire in accordance with Article 95 (i) of the Company's Articles of Association, and being eligible have offered themselves for re-election:<br>(i) Datuk Hj Faisyal Datuk Yusof Hamdain Diego<br>(ii) Dato' Wan Mohd Nor Wan Ahmad   | Ordinary Resolution 2<br>Ordinary Resolution 3 |
| 3. | To consider and if thought fit to pass the following resolution:<br>"THAT Datuk Seri Hj Abd. Halim Hj Abd. Samad, a director over the age of 70 years who retires in accordance with Section 129(6) of the Companies Act, 1965 be re-appointed as a Director of the Company to hold office until the next Annual General Meeting" | Ordinary Resolution 4                          |
| 4. | To approve Directors' fees for the year ended 31 December 2012.   | Ordinary Resolution 5                          |
| 5. | To reappoint Messrs Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration.  | Ordinary Resolution 6                          |

### SPECIAL BUSINESS

To consider and if thought fit to pass the following Resolutions:-

- |    |  |                       |
|----|--|-----------------------|
| 6. | <p><b>Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965</b></p> <p>"THAT pursuant to Section 132D of the Companies Act, 1965 ("Act") and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue the shares in the Company from time to time and upon such terms and conditions and for such purpose as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."</p>   | Ordinary Resolution 7 |
| 7. | <p><b>Proposed Renewal of the Authority for the Purchase by KUB Malaysia Berhad ("KUB" or "Company") of its Own Ordinary Shares Representing up to 10% of its Issued and Paid Up Share Capital ("Proposed Share Buy-Back")</b></p> <p>"THAT subject always to compliance with the Companies Act, 1965 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") or the rules and regulations of any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorized to make purchases of ordinary shares of RM0.40 each in the Company's issued and paid-up ordinary share capital ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:</p> <p>(i) the aggregate number of Shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time of the said purchase(s);</p> |                       |

# NOTICE OF 48TH ANNUAL GENERAL MEETING

- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the total retained earnings and/or share premium of the Company at the time of the said purchase(s); and
- (iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (b) the expiration of the period within which the next AGM after that date is required to be held in accordance with the provisions of the Act; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is earlier;

**AND THAT** upon completion of the purchase by the Company of its own Shares, the Directors of the Company be and are hereby authorized to deal with the Shares so purchased in their absolute discretion in the following manner:

- (i) cancel all the Shares so purchased; and/or
- (ii) retain the Shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; and
- (iv) in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Listing Requirements and rules and regulations of any other relevant authorities for the time being in force;

**AND FURTHER THAT** authority be and is hereby given to the Directors of the Company and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including but not limited to executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to implement and give full effect to the Proposed Share Buy-Back contemplated and/or authorized by this Ordinary Resolution."

Ordinary Resolution 8

## 8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

"**THAT** subject to the Listing Requirements' approval be and is hereby given to KUB Malaysia Berhad ("KUB" or "Company") and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Sections 2.2 of Part B of the Circular to Shareholders dated 28 May 2013 ("the Circular"), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:
  - (a) the type of Recurrent Related Party Transactions made; and
  - (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company;

# NOTICE OF 48TH ANNUAL GENERAL MEETING

(iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which mandate will lapse, unless by a resolution passed at the next AGM, such authority is renewed;
  - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;
- whichever is the earlier;

**AND THAT** the Directors of the Company and/or any one of them be and are hereby authorized to complete and do all such acts and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorized by this Ordinary Resolution;

**AND THAT** given that, the estimates for the Recurrent Related Party Transactions specified in Section 2.2 of Part B of the Circular being provisional in nature, the Directors of the Company and/ or any one of them be and are hereby authorized to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.5 of Part B of the Circular."

Ordinary Resolution 9

## 9. Any Other Ordinary Business

To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act, 1965 and/or the Articles of Association.

By Order of the Board

**NOORHASIKIN MD YATIM (LS 0008951)**

Secretary

Petaling Jaya

28 May 2013

### Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 48th AGM.
2. A member of the Company entitled to attend, speak and vote at the abovementioned Meeting is entitled to appoint a maximum of two (2) proxies whether a member or not as his/her proxy/proxies to attend, speak and vote in his/her stead. Where a member appoints two 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.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized 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.
4. The Proxy Forms must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D 13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan by hand or fax to 603-78418152 not less than forty eight (48) hours before the time for holding the Meeting or an adjournment thereof.
5. Explanatory Notes:  
Ordinary Resolution 7 - This resolution if passed, will give the Directors of the Company, from the date of the above Meeting, authority to issue and allot ordinary shares to an amount not exceeding in total 10% of the issued share capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in the general meeting, expire the next Annual General Meeting.

The mandate will give flexibility to the Company for any possible fund raising activities, including but not limited to further placing shares, for purpose of funding future investment projects, working capital and/or acquisition without having to convene a general meeting which would be both time and cost-consuming.

The mandate sought is a renewal from the previous mandate obtained at the last Annual General Meeting held on 21 June 2012 which mandate will lapse at the conclusion of the 48th Annual General Meeting. As at the date of this Notice, no new shares in the Company were issued pursuant to the said mandate obtained at the last Annual General Meeting.

Ordinary Resolutions 8 and 9 - The detailed Circular to Shareholders on both proposals dated 28 May 2013 is enclosed together with the Annual Report.

# STATEMENT ACCOMPANYING NOTICE OF 48TH ANNUAL GENERAL MEETING

## **THE DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 48TH ANNUAL GENERAL MEETING OF THE COMPANY**

Director retiring and standing for re-election pursuant to Article 95(i) of the Company's Article of Association is Datuk Hj Faisyal Datuk Yusof Hamdain Diego and Dato' Wan Mohd Nor Wan Ahmad.

Director standing for re-appointment under Section 129(6) of the Companies Act, 1965 is Datuk Seri Hj Abd. Halim Hj Abd. Samad.

Further details of the above Directors are set out in the Directors' profiles which appear from pages 12 to 14 of this Annual Report.

The details of Directors' securities holdings in the Company are set out in the List of Directors' Shareholdings which appear on page 130 of the Annual Report.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Datuk Seri Hj Abd. Halim Hj Abd. Samad**  
Chairman  
Non-Independent Non-Executive Director

**Dato' Wan Mohd Nor Wan Ahmad**  
Group Managing Director

**Dato' Gumuri Hussain**  
Senior Independent Non-Executive Director

**Datuk Hj Faisyal Datuk Yusof Hamdain Diego**  
Independent Non-Executive Director

**Datuk Badly Shah Ariff Shah**  
Independent Non-Executive Director

**Datuk Mohd Hafarizam Harun**  
Independent Non-Executive Director

## SECRETARY

Noorhasikin Md Yatim (LS 0008951)

## REGISTERED OFFICE

Level 8, Block D  
Kompleks Kelana Centre Point  
Jalan SS7/19 Kelana Jaya  
47301 Petaling Jaya  
Selangor  
Tel : 603-7680 9666  
Fax : 603-7680 9669  
www.kub.com

## SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)  
Level 6, Symphony House, Block D13  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Tel : 603-7841 8000  
Fax : 603-7841 8151/52

## AUDITORS

Messrs. Ernst & Young (AF 0039)  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel : 603-7495 8000  
Fax : 603-7495 9076

## PRINCIPAL BANKERS

Malayan Banking Berhad  
CIMB Bank Berhad  
Affin Bank Berhad

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad

## STOCK CODE

KUB 6874

# CORPORATE STRUCTURE

## OIL & GAS/ENERGY

Summit Petroleum (Malaysia) Sdn Bhd  
 KUB Oil & Gas Sdn Bhd  
 (formerly known as Perinding Plantations Sdn Bhd)

100%

100%

## PROPERTY, ENGINEERING & CONSTRUCTION (PEC)

KUB Builders Sdn Bhd  
 Precast Products Sdn Bhd  
 KUB Power Sdn Bhd  
 Peraharta Sdn Bhd

100%

70%

100%

100%

## INFORMATION, COMMUNICATION & TECHNOLOGY (ICT)

KUB Telekomunikasi Sdn Bhd  
 KFT International (Malaysia) Sdn Bhd  
 Empirical Systems (M) Sdn Bhd

100%

100%

70%

## FOOD RELATED

A&W (Malaysia) Sdn Bhd  
 A&W Restaurants (Thailand) Co. Ltd.  
 KUB Singgahsana (PJ) Sdn Bhd

100%

100%

100%

## AGRO

KUB Agro Holdings Sdn Bhd  
 (Formerly known as KUB Agrotech Sdn Bhd)  
 KUB Sepadu Sdn Bhd  
 KUB Maju Mill Sdn Bhd  
 (formerly known as KUB Advanced System Sdn Bhd)

100%

60%

55%

## OTHERS

KUB-Berjaya Enviro Sdn Bhd  
 ITTAR-IPP (PJ) Sdn Bhd

40%

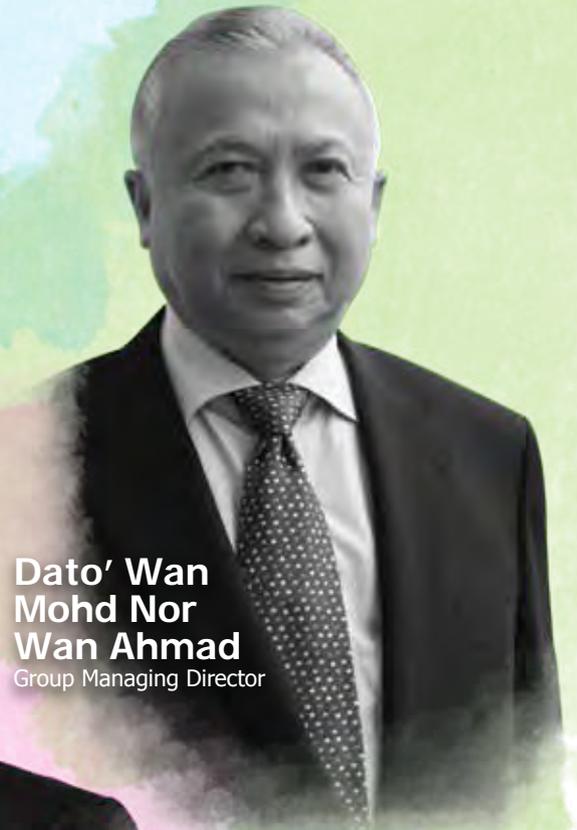
100%



# BOARD OF DIRECTORS



**Datuk Seri Hj Abd.  
Halim Hj Abd. Samad**  
Chairman  
Non-Independent Non-Executive Director



**Dato' Wan  
Mohd Nor  
Wan Ahmad**  
Group Managing Director



**Dato' Gumuri Hussain**  
Senior Independent Non-Executive Director



**Datuk Badly  
Shah Ariff Shah**  
Independent Non-Executive Director



**Datuk Mohd  
Hafarizam Harun**  
Independent Non-Executive Director



**Datuk Hj Faisyal  
Datuk Yusof Hamdain Diego**  
Independent Non-Executive Director

## DIRECTORS' PROFILE



### **Datuk Seri Hj Abd. Halim Hj Abd. Samad** **CHAIRMAN**

Non-Independent Non-Executive Director  
Chairman of Board Investment Committee  
Chairman of Employee Share Scheme Committee

Datuk Seri Hj Abd. Halim Hj Abd. Samad, aged 73, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 19 November 2009. Subsequently on 10 December 2009 he was appointed as Chairman of KUB Malaysia Berhad.

He sits on the Board of Pinehill Pacific Berhad (formerly known as Multi Vest Resources Berhad) and several subsidiary companies of KUB Malaysia Berhad.

He trained at the Teachers College Kota Bharu, Kelantan in December 1960 and served as Senior Private Secretary to YAB Datuk Seri Mohd Najib Tun Abdul Razak for over 20 years. He has been actively involved in politics since 1970 and held the position of the First Chief of Wilayah Persekutuan UMNO Youth. He was also a Deputy Division Head for 15 years and currently the UMNO Deputy Division Head for Setiawangsa.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



### **Dato' Wan Mohd Nor Wan Ahmad** **GROUP MANAGING DIRECTOR**

Member of Board Investment Committee

Dato' Wan Mohd Nor Wan Ahmad, aged 59, a Malaysian, was appointed as the Acting Chief Executive Officer of KUB Malaysia Berhad on 17 October 2011 and subsequently as Group Managing Director of KUB Malaysia Berhad on 19 December 2011.

Dato' Wan Mohd Nor started his career at the Terengganu State Economic Development Corporation and later served at the Malaysian automotive conglomerate, DRB-Hicom Berhad and subsequently, as a General Manager in one of the country's largest banking group, Hong Leong Bank. During his stint in SEDC Terengganu, he was exposed to manufacturing, timber, oil & gas, infrastructure and port operations. Prior to his current appointment, he was the Chief Executive Officer of Summit Petroleum (Malaysia) Sdn Bhd, a wholly owned subsidiary of KUB Malaysia Berhad since September 2001 and has vast experience in strategic and operational senior management.

He holds a Bachelor of Economics (Hons) from University of Malaya, Malaysia, a Master in Business Administration from University of South Florida, USA, a Look East Policy Programme from Central Officers' Training Institute of Seoul, South Korea and a Master in Port Management and Harbour Administration from University of Antwerp, Belgium.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



### **Dato' Gumuri Hussain**

#### **DIRECTOR**

Senior Independent Non-Executive Director  
Chairman of Board Remuneration Committee  
Chairman of Board Nomination Committee  
Member of Board Investment Committee

Dato' Gumuri Hussain, aged 66, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 10 February 2010.

Dato' Gumuri is a Fellow of the Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Dato' Gumuri is currently the Chairman of SME Bank and a member of the Securities Commission and Audit Oversight Board. He sits on the Board of Media Prima Berhad and Metrod Holdings Berhad. He also sits on the Board of several subsidiary companies of KUB Malaysia Berhad.

He was the Managing Director and Chief Executive Officer of Penerbangan Malaysia Berhad from August 2002 to August 2004. Prior to this, he was a Senior Partner and Deputy Chairman of Governance Board of PricewaterhouseCoopers Malaysia. He had served as the Non-Executive Director of Bank Industri & Teknologi Malaysia Berhad, Malaysian Airlines System Berhad, Sabah Bank Berhad, Kurnia Setia Berhad and Rangkaian Hotel Seri Malaysia Berhad.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



### **Datuk Hj Faisyal Datuk Yusof Hamdain Diego**

#### **DIRECTOR**

Independent Non-Executive Director  
Chairman of Board Risk Management Committee  
Member of Board Audit Committee

Datuk Hj Faisyal Datuk Yusof Hamdain Diego, aged 51, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 18 August 2005.

He holds a degree in Economics from York University, Toronto, Canada.

Datuk Hj Faisyal has been the Executive Chairman of Arus Sutera Sdn Bhd since 1997, Director of Perkasa Trading Sdn Bhd (a SEDCO subsidiary) since 1996 until to date. He was the Treasurer of the Dewan Perniagaan Melayu Malaysia (Sabah) from 1997 until April 2007.

He sat on the Board of Directors of Bursa Malaysia from May 2004 until 8 June 2010.

He was the Chairman of Yayasan Bumiputra Sabah (Wholly owned by State Government of Sabah) from September 2010 until September 2012.

He is currently the Chairman of Suria Capital Holdings Berhad with effect from 1st January 2013.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.

## DIRECTORS' PROFILE



### Datuk Badly Shah Ariff Shah DIRECTOR

Independent Non-Executive Director  
Chairman of Board Audit Committee  
Member of Board Risk Management Committee  
Member of Board Remuneration Committee

Datuk Badly Shah Ariff Shah, aged 59, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 19 December 2011.

Datuk Badly Shah is an Accountant by profession and is an Associate of the Chartered Institute of Management Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants. His experience is very extensive and diverse since he had served in various industries in his capacity as a Senior Management member of the respective company.

Datuk Badly Shah started his career in 1975 as a Plant Accountant in Multitone Electronics Sdn Bhd, a wholly owned subsidiary of a UK based company. He was previously the Assistant General Manager, Services in Pernec Corporation Berhad from 1981 until 1989. He was appointed as the General Manager, Finance in Annah Tours and Travel (M) Sdn Bhd, a position he held until 1991. He joined DMC Telecom (M) Sdn Bhd, a joint venture subsidiary of a local conglomerate, namely Technology Resources Industries and a US based company in 1991 as a Finance Director. He was the Assistant General Manager of Kewangan Bersatu Berhad as well as a Director of KBB Properties (M) Sdn Bhd and KBB Nominees (M) Sdn Bhd from 1993 until 2002. He also served as the Head of the Islamic Banking Department of Kewangan Bersatu Berhad.

In 2002, he was appointed as the Controller of Finance at Malaysia University of Science and Technology and left the company as the Vice President of Corporate Affairs and Chief Financial Officer in 2010. During his tenure at the University, his job also entails overseeing the day-to-day operations.

Prior to joining KUB, he was the Director of Corporate Planning at Pesaka Astana (M) Sdn Bhd from March 2011 until September 2011.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



### Datuk Mohd Hafarizam Harun DIRECTOR

Independent Non-Executive Director  
Member of Board Audit Committee  
Member of Board Nomination Committee  
Member of Board Risk Management Committee

Datuk Mohd Hafarizam Harun, aged 41, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 19 December 2011.

Datuk Mohd Hafarizam holds a LL.M in Law in Development from University of Warwick in UK and LL.B (Hons) International Islamic University of Malaysia. In 1997, he was admitted as an Advocate & Solicitor of the High Court of Malaya and in 2005, he was appointed Investigating Tribunal Panel Member of the Advocates & Solicitors Disciplinary Board.

Datuk Mohd Hafarizam is currently the Managing Partner at Messrs Hafarizam Wan & Aisha Mubarak and holds directorships in several companies namely Felda Holdings Berhad, Felda Global Ventures Sugar Sdn Bhd, Unitar Capital Sdn Bhd, Putrade Property Management Sdn Bhd and Emrail Sdn Bhd.

Prior to joining Messrs Hafarizam Wan & Aisha Mubarak, he was previously a Legal Assistant at Messrs Rashid & Lee in 1993 and a Senior Associate at Messrs Sharizat Rashid & Lee in 2004.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.

# HEAD OF COMPANIES



## From left to right

1. **Dato' Wan Mohd Nor Wan Ahmad**  
Group Managing Director  
KUB Malaysia Berhad
2. **Mohd Yunus Mohamed Shamsudin**  
Chief Executive Officer  
Summit Petroleum (Malaysia) Sdn Bhd
3. **Dr. Zainal Abidin Salleh**  
Chief Executive Officer  
KUB Agro Holdings Sdn Bhd  
(formerly known as KUB Agrotech Sdn Bhd)
4. **Azhar Abdullah**  
Head  
KUB Power Sdn Bhd
5. **Mohamat Yusof Abu Bakar**  
General Manager  
KUB Singgahsana (PJ) Sdn Bhd
6. **Hanim Laham**  
Chief Executive Officer  
KUB Builders Sdn Bhd
7. **Zarina Ab Hamid**  
Acting Chief Executive Officer  
A&W (Malaysia) Sdn Bhd
8. **Mior Azhar Mior Mohd Junid**  
Head  
Peraharta Sdn Bhd
9. **Mohd Fadzli Ghazali**  
Chief Executive Officer  
Empirical Systems (M) Sdn Bhd
10. **Mohammad Nadzri Hasan**  
Acting General Manager  
KUB Telekomunikasi Sdn Bhd

## Not in the picture

11. **Dato' Othman Jaki**  
Chief Executive Officer  
Precast Products Sdn Bhd

# EXECUTIVE MANAGEMENT COMMITTEE (EXCO)



## Front Centre

1. **Dato' Wan Mohd Nor Wan Ahmad**  
Group Managing Director  
KUB Malaysia Berhad

## From left to right

2. **Mohd Yunus Mohamed Shamsudin**  
Chief Executive Officer  
Summit Petroleum (Malaysia) Sdn Bhd
3. **Mohd Fadzli Ghazali**  
Chief Executive Officer  
Empirical Systems (M) Sdn Bhd
4. **Dr. Zainal Abidin Salleh**  
Chief Executive Officer  
KUB Agro Holdings Sdn Bhd  
(formerly known as KUB Agrotech Sdn Bhd)
5. **Aziah Mustapa**  
General Manager  
Group Finance and Strategic Management  
KUB Malaysia Berhad
6. **Norashekin Yusof**  
Unit Head  
Group Managing Director's Office  
KUB Malaysia Berhad
7. **Nor Fadzilla Jaafar**  
Head  
Group Human Capital and Corporate Services  
KUB Malaysia Berhad
8. **Hanim Laham**  
Chief Executive Officer  
KUB Builders Sdn Bhd

## Not in the picture

11. **Dato' Othman Jaki**  
Chief Executive Officer  
Precast Products Sdn Bhd

## MESSAGE FROM THE CHAIRMAN

**Datuk Seri Hj Abd. Halim Hj Abd. Samad**  
Chairman



# MESSAGE FROM THE CHAIRMAN

## Review of FY2012

For the financial year ended 31 December 2012, the Group's marked improvement in performance with revenue increased to RM826.69 million was achieved while successfully reducing losses significantly.

KUB core sectors of Energy and Property, Engineering and Construction (PEC) had garnered the top two contributors to this increase in revenue. For a more detailed review of the Group's financial performance, please refer to the accompanying statement from the Group Managing Director. I am confident that the Group's improvement was due to the Board and the management's close cooperation in identifying and improving the operations process of the Group in order to place KUB Malaysia Berhad on a stronger footing and improve fundamentals.

The Group's improved performance was also contingent on the domestic economic environment, since the Group operates primarily in Malaysia. We are grateful to the government for crafting and implementing the ongoing Economic Transformation Plan (ETP), which has resulted in healthy economic conditions and strong domestic demand despite global economic weakness.

## Enhancing Corporate Governance

While operations are under the purview of management, it is imperative that the Board continues to enhance the Group's risk and control environment which is essential to our long-term sustainability. Oversight of risk management and internal controls is a core responsibility of the Board, aided by the internal audit function and the external auditors. To the best of the Board's knowledge, KUB Malaysia Berhad is compliant with the current guidelines on risk management and internal controls set by Bursa Malaysia Securities Berhad and the Securities Commission. Where controls are weak, we have taken mitigating steps and striving to enhance our internal controls and internal audit function.



# MESSAGE FROM THE CHAIRMAN



## Corporate Social Responsibility (CSR) Initiatives

The Group is committed in maintaining good relations with the community and strives to create an image of a good corporate citizen that cares for the community. Over the years, the Group has undertaken numerous corporate initiatives to extending a helping hand to the less fortunate group.

In addition, as part of our mandate to integrate social and community welfare into our investment and business development, for FY2012, we focused on championing and empowering disadvantaged communities in Sarawak through our core business vehicle of Agro, specifically oil palm plantation development.

Through our newest Agro initiatives in Mukah and Kanowit, Sibul, Sarawak, we are developing landbanks for oil palm plantations, building downstream infrastructure such as oil palm mills, building supporting infrastructure such as roads and utilities, and investing in integrated projects such as livestock farming, which significantly will provide benefits to the surrounding community. The locals there will enjoy a new and improved access road and drainage system.

In the long run, these initiatives are aligned with the Government's agenda of achieving high-income economic development status and developing the rural outlying areas to deliver social wellbeing. We are proud to be able to support the Government's Economic Transformation Plan towards achieving full development nation status by 2020.

These initiatives also enable the Group to discharge our responsibilities to assist the poor by offering them opportunities to work and gain financial independence, which is aligned with our objectives under our Corporate Social Responsibility (CSR) charter.

## Expectations

Moving forward, KUB Malaysia Berhad is making an unambiguous commitment to leveraging its business operations and developments to deliver upside to the Group's bottom line as well as to strengthen the pipeline further. In setting out our strategy today, I am confident that we have set out on the right path to return to profitability by end of the year with a strong and stable operating cash flow. I am equally confident that our people possess the talent, determination and focus to position the Group for a long-term growth.

Lastly, I wish to express my satisfaction and appreciation to my fellow board members for their serious commitment and dedication to improving the performance of KUB Malaysia Berhad and upholding the interests of shareholders. I would also like to commend the organization and all employees for successfully reducing losses on a year-on-year basis and performing satisfactorily in a challenging environment. I am confident that the best has yet to come for KUB and for FY2013, we strive to create a progressive business enterprise on a solid growth platform as well as to deliver added value to all our stakeholders and investors.

Thank you. Wassalam.

# MESSAGE FROM THE GROUP MANAGING DIRECTOR

**Dato' Wan Mohd Nor Wan Ahmad**  
Group Managing Director



# MESSAGE FROM THE GROUP MANAGING DIRECTOR

## Review of performance FY2012

For the financial year ended 31 December 2012 (FY2012), the Group has successfully decreased its pre-tax loss significantly to RM16.78 million or by 67% compared to pre-tax losses of RM51.20 million for the previous financial year.

For the period under review, the Group achieved total revenue of RM826.69 million, which represents a significant of 17% improvement or RM118.24 million from RM708.45 million posted in the preceding financial year ended December 2011.

The main contributor to revenue was Energy sector, which accounted for 59% of turnover or RM488.96 million. Property, Engineering and Construction (PEC) sector contributed 17% or RM138.21 million, Information and Communications Technology (ICT) sector contributed 11%, Food Related sector and Agro sector accounted for 9% and 4% of Group's turnover respectively.

This increased revenue was mainly due to the higher sales volume of the liquid petroleum gas (LPG) in the Energy sector. In addition, contract revenue attributed to the construction work of Kuala Lumpur International Airport 2 (KLIA2) project in the PEC sector played a major factor in the increased turnover.

In terms of pre-tax losses for the year 2012, the Group's financial performance was primarily affected by the pre-tax losses of RM18.97 million in the PEC sector and RM16.02 million in the Food Related sector respectively.

Through the **Energy** sector via its wholly owned subsidiary Summit Petroleum (Malaysia) Sdn Bhd, the Group is engaged in the bottling, marketing and distribution of LPG for use by households as cooking gas and for industrial use under the brand name Solar Gas. The increase in LPG sales occurred due to rising demand from the country's overall population and demand from other sectors of economy.

The shortfall in **Food Related** revenue of 16% from a year ago, was mainly due to the closure of 36 non-performing outlets in total, both in Malaysia and Thailand and followed by the provision for impairment of assets and write off of assets, both tangible and intangibles.

Nevertheless, the remaining A&W outlets in both countries that were operational in FY2012 have shown positive results as the sector managed to reduce its pre-tax losses by 64%, to RM16.02 million as compared to the financial position for the same period last year.

Meanwhile, the **Agro** sector contributed lower revenues of RM37.19 million in FY2012 as compared to RM50.46 million in the preceding year. This significantly due to the lower production of fresh fruit bunches (FBB), which was affected by the unfavorable weather conditions. The lower selling price for crude palm oil (CPO) which experienced by the whole sector also was another factor contributing to the lower turnover.

In October 2011, the Group announced that it had secured a contract valued at RM268.8 million from Malaysia Airports Holdings Berhad to develop parts of the KLIA2 low-cost air terminal. The package includes the construction of a 3.96 km third runway, parallel taxiways, connecting taxiways and other associated works.



## MESSAGE FROM THE GROUP MANAGING DIRECTOR



In September 2012, the Group's subsidiary KUB Power Sdn Bhd had won a contract award worth RM33.9 million from Bahru Stainless Sdn Bhd. The contract entailed the supply, installation and commissioning of an electrical system at the Bahru Stainless integrated plant in Tanjung Langsat, Pasir Gudang, Johor.

The **ICT** sector recorded revenue of RM91.45 million this year as compared to corresponding period revenue last year of RM86.54 million. Sequentially, the sector recorded a pre-tax loss of RM0.31 million in FY2012 as compared to previous year's profit before tax of RM2.01 million, which mainly caused by its thin profit margin.

### FY2013 Prospects

For the financial year ending 31 December 2013 (FY2013) and beyond, the Group's primary strategy is to ensure that all subsidiaries and core businesses are simultaneously profitable in order to achieve overall excellence in performance.

To achieve this key goal, we are dedicating our efforts to implementing operational and management best practices in all areas, which are aligned with our corporate vision of attaining excellence in performance, ensuring long-term business sustainability and optimising shareholder expectations enroute to becoming a model conglomerate.

Effective FY2013, we are implementing the following initiatives in our core businesses in order to achieve our corporate targets, and simultaneously deliver results which we hope will be above expectations:-

- In the core **Food Related** sector, the Group will continue to strengthen the A&W brand and performance through the combined strategies of optimising costs while building capacity and competencies. In terms of building capacity, we plan to expand our market share by opening more stand-alone outlets at strategic locations throughout Malaysia beginning in the Financial Year of 2014 (FY2014).

By opening stand-alone outlets in high street locations rather than malls, the Group can tap new and developing markets with high traffic while avoiding the high rentals associated with operating in shopping malls. To build competency, it is imperative that we deepen our management and operational skills while accumulating industry-related expertise in the highly-competitive fast food sector.

Meanwhile, we will continue to scout for potential divestment opportunities for our stake in A&W Restaurants (Thailand), which will free up resources for future investment.

- In the core business of **ICT**, we are making an exit from the current business model of tendering for contracts and streamlining management and operations, which has become obsolete and suffers from declining profit margins. While the ICT core business of contracts and project management was historically a major contributor, this traditional market has diminished and our exit is timely.

For FY2013, the Group continues to forge a transformed business model for ICT which will capitalise on our accumulated expertise and skills. As a preliminary step to securing a sustainable business and income streams, we are currently merging our three ICT subsidiaries namely KUB Telekomunikasi Sdn Bhd, KFT International (Malaysia) Sdn Bhd and Empirical Systems (M) Sdn Bhd, into one entity.

The merger will abolish redundancies and wastage of resources while consolidating our strengths and markets and enable the Group to efficiently explore new business opportunities. This merged entity will be positioned as a solutions provider and systems integrator leveraging best-in-class external technologies.

## MESSAGE FROM THE GROUP MANAGING DIRECTOR

- Over in the **Energy** segment, KUB intends to leverage its strengths as a market leader in LPG bottling and expand into promising sub-segments with high profit margins and minimal competition within Malaysia's lucrative oil and gas sector.

To drive its Energy strategy, the Group has identified the provision of onshore infrastructure, construction and co-generation services as business areas for further exploration. These sectors offer numerous synergies with the Group's core businesses and enable KUB to exploit its three-pronged expertise in prefabrication, construction and energy.

- Under the **PEC** sector, the Group aims to build up its momentum in the prefabrication construction sector which offers huge potential in Malaysia's construction and property development sectors. KUB Builders Sdn Bhd and Precast Products Sdn Bhd will join forces to spearhead the Group's precast construction business and act as the Group's vehicle for participation in relevant property development and construction projects.

Our goal for FY2013 and beyond is to acquire additional expertise in prefabrication manufacturing, which can put us on track to expand into components supply and construction. Eventually, we aim to position the KUB brand on the map as a market leader in the prefab construction sector which remains relatively untapped in the domestic market.

- The **Agro** sector continues to dominate as an important core sector in the Group's portfolio, in alignment with Malaysia's blueprint of retaining global leadership in the international palm oil industry. The Group plans to make further inroads into the Agro business. Our fundamental strategy is expansion, whereby we plan to increase our

current landbank of oil palm plantation development from 18,000 acres as of FY2013, to 70,000 acres by the financial year ended 2015 (FY2015).

The Group is also focused on vertical and horizontal integration of its business value chain; specifically the Group is venturing further into the downstream sector through setting up an oil palm mill and integrated agro and feedlot ventures in Mukah, Sarawak.

Overall, talent development and retention are complementary initiatives being undertaken by the Group to strengthen our management and executive capabilities. The Group requires outstanding talent to help it achieve its goals. Therefore, the Group offers its executives and staff numerous opportunities to grow and showcase their abilities through hands-on experience and multitasking, on top of formal professional learning and development programmes.

### Acknowledgements

On behalf of KUB Malaysia Berhad, my sincerest appreciation to our valued shareholders for their trust and continuous support. To all our partners in growth, including our customers and business associate, thank you for your strong support. My sincere gratitude to the government for the economic transformation programme that enhances the domestic business and investing climate.

I would like to take this opportunity to thank our eminent Board members for their wise council and guidance in helping us to steer KUB into its current position and I most sincerely thank the management team and employees for their loyalty, dedication and hard work in 2012.

Thank you and wassalam.



# CALENDAR OF EVENTS - 2012

## JUNE

### TITHES CONTRIBUTION CEREMONY TO MAJLIS AGAMA ISLAM NEGERI JOHOR (MAIJ)

11 June 2012



Chairman of KUB, Datuk Seri Hj Abd. Halim Hj Abd. Samad presented a RM226,854.00 mock-up cheque to the Chairman of Majlis Agama Islam Negeri Johor (MAIJ), Dato' Zainal Abidin Osman during the Tithes Contribution Ceremony in Johor



Dato' Zainal Abidin Osman alongside Datuk Seri Hj Abd. Halim, Group Managing Director of KUB, Dato' Wan Mohd Nor Wan Ahmad, and Chief Executive Officer of KUB Agro Holdings Sdn Bhd (formerly known as KUB Agrotech Sdn Bhd), Dr Zainal Abidin Salleh at Tithes Contribution Ceremony

### A&W GREAT BEAR AMBASSADOR CARNIVAL

16 June 2012



Datuk Seri Hj Abd. Halim, Datuk Mohd Hafarizam and Dato' Wan Mohd Nor with the children and A&W Great Bear at A&W Great Bear Ambassador Carnival



Dance performance by A&W Great Bears

### KUB MALAYSIA BERHAD'S 47TH ANNUAL GENERAL MEETING (AGM)

21 June 2012



The shareholders at KUB's AGM held in Hotel Singgahsana Petaling Jaya



KUB's shareholders during the registration at its 47th AGM

# CALENDAR OF EVENTS - 2012

## AUGUST

**CORPORATE SOCIAL RESPONSIBILITY (CSR) PROGRAMME AT ORPHANAGE HOMES OF RUMAH AMAL SUCI ROHANI**  
1 August 2012



Datuk Seri Hj Abd. Halim busy handing 'duit raya' to children of Rumah Amal Suci Rohani



The children of Rumah Amal Suci Rohani together with its Principal, En Zabli Shaarani and KUB's Directors

## SEPTEMBER

**RAYA OPEN HOUSE 2012**  
5 September 2012



KUB's Chairman, Group Managing Director, management team and corporate friends at KUB's Raya Open House 2012



The Children from Persatuan Kebajikan Rumah Perlindungan Teratak Nur Insan with KUB's Directors



Both Chairman and Group Managing Director of KUB presented a 'duit raya' to children of Persatuan Kebajikan Rumah Teratak Nur Insan

# CALENDAR OF EVENTS - 2012

## NOVEMBER

**CORPORATE EXHIBITION AT UMNO AGM 2012**  
27 November – 1 December, 2012



Chairman of KUB presented a mock-up cheque to Hasmadi Hassan, Senior Manager of Distribution, Utusan Melayu (M) Bhd at KUB's corporate booth together with KUB's management team during the UMNO Assembly 2012



The A&W Great Bear shook hand with Deputy Prime Minister at the UMNO AGM 2012

## DECEMBER

**MOU SIGNING CEREMONY BETWEEN KUB AGRO HOLDINGS SDN BHD  
(FORMERLY KNOWN AS KUB AGROTECH SDN BHD) AND SUTRACOM SDN BHD**  
13 December 2012



Dr Zainal Abidin, Chief Executive Officer (CEO) of KUB Agro Holdings exchanged the MOU document with Mohd Hairol Mohd Shariff, CEO of Sutracom and witnessed by KUB's directors

# CALENDAR OF EVENTS - 2013

## FEBRUARY

### KUB MALAYSIA BERHAD TEAM BUILDING 2013

1 – 2 February 2013



A group photo of KUB Malaysia Berhad's employees together with Chairman and Group Managing Director of KUB at the Team Building 2013



One of the activities during the Team Building 2013

### MOU SIGNING CEREMONY BETWEEN KUB AGRO HOLDINGS SDN BHD (FORMERLY KNOWN AS KUB AGROTECH SDN BHD) AND ANTERO CAPITAL SDN BHD

13 February 2013



YB Dato' Hamzah Zainuddin, Deputy Minister of Plantation Industries and Commodities of Malaysia witnessed the signing ceremony alongside Chairman and Group Managing Director of KUB



Dr Zainal Abidin, Chief Executive Officer (CEO) of KUB Agro Holdings exchanged the MOU document with Dato' Muhammad Khairun Aseh, Director of Antero Capital and witnessed by YB Dato' Hamzah Zainuddin and KUB's Directors

# KUB IN THE NEWS

## A&W returns to the black, more outlets to open in 2014

Company's recovery effort continues with plans to set up new outlets in strategic locations

By JOHN GILBERT  
FAST-FOOD restaurant franchise A&W (M) Sdn Bhd, a subsidiary of KUB Malaysia Bhd, has returned to the black and plans to open more new outlets next year, it's group MD Datuk Wan Mohd Nor Wan Ahmad said.

He said the fast food chain has closed 28 loss-making A&W outlets throughout Malaysia, an effort initiated last year to cut out underperforming stores and stem its losses.

"To date we have close to 20 outlets throughout the country and the recovery effort continues by strengthening our business in management and operational skills

in the fast food industry. The process has been implemented and A&W returned to the black in March this year, and with the success of this effort, we will be opening more outlets at strategic locations throughout Malaysia by January 2014," he told *The Malaysian Recorder* yesterday.

In June last year, KUB said it would initiate the closing of 23 loss-making A&W outlets by the end of the year in Malaysia as part of its plan to underperforming business.

Wan Mohd Nor said the company will look for strategic locations outside shopping malls, for the

outlets that maintain operations as centres in shopping malls are considered expensive.

As for its A&W operations in Thailand under A&W Restaurants (Thailand) Ltd Co, Wan Mohd Nor said it has shut down 10 outlets and is still looking for a potential buyer to divest its entire stake there.

KUB, an investment holding company, is involved in businesses of information, communications and technology (ICT), property, engineering and construction, agriculture, food and energy related industries.

SEP 04/12

## KUB perkemas A&W

KUALA LUMPUR 17 Jan - KUB Malaysia Bhd, KUB Bhd dan unit anak syarikat perniagaan franchise restoran makanan segera, A&W di Malaysia serta Thailand dan Vietnam merupakan kepada cawangan yang memperkemas.

Presarah Datuk Kumpulan, Datuk Wan Mohd Nor Wan Ahmad berkata, kumpulan kini melakukan strategi perniagaan yang meliputi semua peringkat perniagaan.

"Kita sudah bersedia untuk meningkatkan lagi perniagaan ini dengan membuka lebih banyak outlet di seluruh dunia," katanya.

Perkembangan terbaru di perusahaan ini merupakan KUB Bhd dan unit anak syarikat perniagaan franchise restoran makanan segera, A&W di Malaysia serta Thailand dan Vietnam.

Perkembangan terbaru di perusahaan ini merupakan KUB Bhd dan unit anak syarikat perniagaan franchise restoran makanan segera, A&W di Malaysia serta Thailand dan Vietnam.

periniagaan ini, Wan Mohd Nor berkata, KUB tidak memperkemas rancangan untuk membuka franchise baru.

"Kami sedang memperkemas rancangan untuk memperkemas perniagaan yang telah ada pada A&W," katanya.

Terlaksana, KUB akan memperkemas rancangan untuk memperkemas perniagaan yang telah ada pada A&W," katanya.

ABJ, Halm meluluskan rancangan ini dengan amaran bahawa perniagaan ini akan beroperasi dengan modal sebanyak RM200 juta.

Perkembangan terbaru di perusahaan ini merupakan KUB Bhd dan unit anak syarikat perniagaan franchise restoran makanan segera, A&W di Malaysia serta Thailand dan Vietnam.

## KUB, Sutracom in MoFu for RM50m palm oil mill

By Mohd Kamarul Azhar

PETALING JAYA: KUB Agro Sdn Bhd, a wholly-owned subsidiary of KUB Malaysia Bhd, has signed a conditional MoU with Sutracom Sdn Bhd to develop and operate a palm oil mill in Sarawak.

The mill will be located in KUB Agro's Mukah oil palm plantation. It will have a processing capacity of 45 tonnes per hour and is estimated to cost RM50 million to be financed internally, construction on the mill is expected to be completed within a year and it will be fully commissioned by mid-2014.

"We view the partnership with Sutracom as strategic, synergistic and complementary to KUB Agro. Its strategic is to work to process 300,000 tonnes of fresh fruit bunch (FFB) per year, with an estimated revenue of RM100 million per year," said KUB CEO Dr Zainal Abidin Salleh yesterday.

In a statement, KUB said the FFB for the mill would be supplied by the company's estates in Mukah - Ladang Sungai Buloh and Ladang Sungai Nape - and other oil palm estates and smallholders in the area.

"We are determined to build and manage more mills in future to facilitate FFB grading and to cater for

the overloading supply of FFB. This is in line with the company's mission to increase its landbank to 70,000 acres for the development of oil palm plantations in the country," said Zainal Abidin.

KUB, through KUB Agro Sdn Bhd, currently owns and manages over 6,000 acres of oil palm estates in Johor and almost 12,000 acres in Sarawak. For financial year 2011, KUB produced 160,000 tonnes of crude palm oil, generating some RM50 million in revenue.

The revenue is expected to increase by 50% next year as the sizeable number of oil palm trees planted in Mukah are about to reach maturity.

Sutracom is a hampiturner company that has more than 25 years experience in civil construction. Sutracom has been involved in the construction and engineering of numerous palm oil mills and currently holds a patent for a "Self Discharge Vertical Steriliser".

The system has been applied and installed throughout Malaysia for Felbra, Felda and Asian Plantation Ltd as well as in Indonesia for PT Perkebunan Nusantara XIII.

## Berkembang rancangan A&W

Cari rakan strategik kembang perniagaan

Mohd Zainal Abidin (kiri) dan Wan Mohd Nor Wan Ahmad (kanan) berunding mengenai rancangan perniagaan A&W di Thailand.

KUB Malaysia Bhd (KUB) berunding dengan rakan strategik bersejarah KUB Nasional Berhad (KUB-NAB) untuk memperkemas rancangan perniagaan A&W di Thailand.

KUB akan menumpukan cawangan yang tidak untung dan mencari rakan untuk menguruskan perniagaan ini.

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## New venture to boost KUB unit's revenue

KUB Malaysia Bhd's plantation unit, KUB Agro Sdn Bhd, expects an additional annual revenue of RM43 million as it goes into processing oil palm fresh fruit bunches (FFB).

The new venture is through its strategic partnership with Sutracom Sdn Bhd to develop and operate a palm oil mill in Mukah, Sarawak.

The company signed a memorandum of understanding yesterday in Petaling Jaya to kick off the venture.

The mill will be strategically located in KUB Agro's oil palm plantation in Mukah with FFB capacity processing of 45

metric tonnes (MT) per hour. It is estimated to cost RM50 million and is expected to be completed within a year.

"We view the partnership with Sutracom as strategic, synergistic and complementary to KUB Agro. Its strategic is to work to process 300,000 MT of FFB per year with an estimated additional return of RM43 million per year," said KUB Agro chief executive officer Dr Zainal Abidin Salleh.

The FFB to feed the mill will be supplied by the company's plantations in Mukah, namely Ladang Sungai Buloh and Ladang Sungai Nape, as well as other estates and smallholders within the area.

"We are determined to build and manage more mills in the future to facilitate the FFB grading and to cater to the overloading supply, and this is aligned with the company's mission to increase its landbank to 70,000 acres for the development of oil palm plantations in the country," Dr Zainal said.

In a statement, the company said the partnership would save the way for it to explore into downstream activities such as the production of palm oil-based products and into the production of biogas and biomass power plant segment.

KUB Agro and its wholly-owned subsidiary, KUB Sepadu Sdn Bhd, currently own and manage over 6,000 acres of oil palm plantations in Johor and almost 12,000 acres in Sarawak with the production of 160,000 MT of palm oil, which posted revenue of RM50 million in the financial year 2011.

The venture is expected to increase by 50% next year due to a sizeable number of oil palm planted in Mukah engaging maturity.

Sutracom has been engaged in the construction and engineering of numerous palm oil mills and holds the patent for the "Self Discharge Vertical Steriliser" patent. The system has been installed for its Malaysian and Indonesian clients.

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## KUB plans turnaround as it exits A&W business

KUB Malaysia Bhd plans to dispose both A&W (M) Sdn Bhd and A&W Restaurants (Thailand) Co Ltd to move that it expected to help the loss-making company return to the black by year-end.

Efforts to share the heritage of the fast food business, KUB is currently negotiating with partners to take up a 50% stake in the RE venture - a multi-brand project in Thailand which will require capital expenditure of RM300 million, he said.

Having been given the sale by the government so many ago, the company is presently developing the deal and expects it to be completed in 16 years, he said.

The capital expenditure will be funded through a combination of external debt and borrowings," he said.

"The primary stake in the fast food business, Wan Mohd Nor said KUB will focus on three major businesses - plantation, infrastructure and construction."

He said the company had entered into a potential self-construction agreement to the government and it is also negotiating with a few overseas holders to take over a few business units.

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## KUB Agrotech sasar peningkatan perolehan

Perkembangan terbaru di perusahaan ini merupakan KUB Bhd dan unit anak syarikat perniagaan franchise restoran makanan segera, A&W di Malaysia serta Thailand dan Vietnam merupakan kepada cawangan yang memperkemas.

Perkembangan terbaru di perusahaan ini merupakan KUB Bhd dan unit anak syarikat perniagaan franchise restoran makanan segera, A&W di Malaysia serta Thailand dan Vietnam merupakan kepada cawangan yang memperkemas.

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## Palm oil to power KUB

AFTER being a net loss of RM10 million in the year ended Dec 31, 2011 as a result of its investment in Malaysia Bhd, KUB Agro Sdn Bhd is set to turn the profit with the commissioning of its palm oil mill in Mukah, Sarawak.

The new palm oil mill will generate an additional RM10 million in revenue per year from the current RM40 million.

The theory, costing RM50 million, is expected to complete next year and will set up operations in 2014.

The company revenue will increase to RM50 million from RM40 million in 2011, said KUB CEO Dr Zainal Abidin Salleh.

The new mill will be located in KUB Agro's Mukah oil palm plantation. It will have a processing capacity of 45 tonnes per hour and is estimated to cost RM50 million to be financed internally, construction on the mill is expected to be completed within a year and it will be fully commissioned by mid-2014.

"We view the partnership with Sutracom as strategic, synergistic and complementary to KUB Agro. Its strategic is to work to process 300,000 MT of FFB per year with an estimated additional return of RM43 million per year," said KUB Agro chief executive officer Dr Zainal Abidin Salleh.

The FFB to feed the mill will be supplied by the company's plantations in Mukah, namely Ladang Sungai Buloh and Ladang Sungai Nape, as well as other estates and smallholders within the area.

"We are determined to build and manage more mills in the future to facilitate the FFB grading and to cater to the overloading supply, and this is aligned with the company's mission to increase its landbank to 70,000 acres for the development of oil palm plantations in the country," Dr Zainal said.

In a statement, the company said the partnership would save the way for it to explore into downstream activities such as the production of palm oil-based products and into the production of biogas and biomass power plant segment.

KUB Agro and its wholly-owned subsidiary, KUB Sepadu Sdn Bhd, currently own and manage over 6,000 acres of oil palm plantations in Johor and almost 12,000 acres in Sarawak with the production of 160,000 MT of palm oil, which posted revenue of RM50 million in the financial year 2011.

The venture is expected to increase by 50% next year due to a sizeable number of oil palm planted in Mukah engaging maturity.

Sutracom has been engaged in the construction and engineering of numerous palm oil mills and holds the patent for the "Self Discharge Vertical Steriliser" patent. The system has been installed for its Malaysian and Indonesian clients.

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## Little ones treated to buka puasa event

SOME 75 underprivileged children from Kuala Ampal Sari Rohani in Subang Perdana shared their joy and smiles when they were treated to a buka puasa dinner hosted by KUB Malaysia Bhd yesterday.

A RM5,000 cheque was presented to the residents of Kuala Ampal Sari Rohani in the spirit of Ramadan, the group also presented their children with double-decker beds, cupboards, mattresses, book racks, electrical appliances, baju raya as well as other toys.

Chief chairman Datuk Seri Abdul Halim Abdul Samad, group managing director Datuk Wan Mohd Nor Wan Ahmad, board of director and management team were present to book fast together with the orphans.

Abdul Halim said this event was organised annually as part of KUB's corporate social responsibility during the fasting month.

"The primary objective of the event is to assist the spirit of sharing and caring among our employees by extending a helping hand to the less fortunate group. We hope that our contributions will provide a more comfortable environment for them to live in and make this Raya more meaningful," added Abdul Halim.

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"The primary objective of the event is to assist the spirit of sharing and caring among our employees by extending a helping hand to the less fortunate group. We hope that our contributions will provide a more comfortable environment for them to live in and make this Raya more meaningful," added Abdul Halim.

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of KUB Malaysia Berhad ("the Board") recognises the paramount importance of good corporate governance to the continued growth, success and reputation of the Group. The Board therefore remains fully committed to ensure that the highest standards of corporate governance, based on the Principles and Best Practices set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), are practiced throughout the Group as a fundamental part of conducting the affairs of the Group with the ultimate objective of safeguarding and enhancing shareholders' value and the financial performance of the Group.

The purpose of this statement is to provide shareholders with an insight into the corporate governance practices of the Group under the leadership of the Board. It demonstrates the Board's continuous effort to strive for the highest standard of practice throughout the Group. Therefore, the Board is pleased to disclose the following report on the application of the Principles of the MCCG 2012 and the extent of compliance with the Recommendations of the the MCCG 2012 as required under the MCCG 2012 and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

## A THE BOARD OF DIRECTORS

The Board is responsible to lead and direct the Group in an effective manner and discharge its responsibilities in the manner described below:

### 1. Board Balance and Independence of Directors

As at the date of this statement, the Board consists of six (6) members comprising one (1) Non-Independent Non-Executive Director, four (4) Independent Non-Executive Directors and one (1) Executive Director.

The Board is ultimately responsible for the Group's corporate governance, strategic direction, overseeing the investments of the Company, establishing goals for management and monitoring the achievement of these goals. The Board's authority is defined and communicated through KUB Management Guide.

The Company is led by an experienced Board, comprising members from diversified professional backgrounds, with expertise, skills and knowledge in various fields such as finance, business, legal and technical. A brief profile of each Director appears on pages 12 to 14 of this annual report. The profile indicates the high level and range of business experience amongst Board members which is essential to manage effectively a business of the size and complexity of the Group.

The Board composition complies with Paragraph 15.02(1) of the MMLR, which requires a minimum of two (2) Directors, or one-third (1/3) of the Board members, whichever is the higher, to be independent Directors.

Following the introduction of MCCG2012, the Board adopted the recommendation for the tenure of service for Independent Directors to be capped at the maximum of nine years.

In order to promote a balance of power and authority, there is a clear and distinct division of responsibility between the Chairman and the Group Managing Director. The Chairman provides coherent leadership and assumes the responsibility for the effective running of the Board, as well as represents the Board to the shareholders. The Group Managing Director, supported by the team of management, is responsible for the day-to-day management of the business, organisational effectiveness as well as implementation of the Board's policies and decisions.

### 2. Board Charter

The Board is guided by its Terms of Reference ("Charter") which set out the roles and responsibilities of the Board. The Board will regularly review the Charter to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.

### 3. Directors' Code of Ethics

The Directors observe the code of ethics in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

# CORPORATE GOVERNANCE STATEMENT

## 4. Board Meetings & Attendance

The Board is highly dedicated and has exhibited utmost commitment to the Group, evidenced by its members' attendance record. During the financial year ended 31 December 2012, ten (10) Board meetings were held. The record of attendance at Board meetings is as follows:

DIRECTORS	MEETING ATTENDANCE
<b>Datuk Seri Hj Abd. Halim Hj Abd. Samad</b> <i>Chairman</i> <i>Non-Independent Non-Executive Director</i>	10/10
<b>Dato' Gumuri Hussain</b> <i>Senior Independent Non-Executive Director</i>	10/10
<b>Datuk Kamilia Ibrahim</b> (Resigned w.e.f 24 April 2013) <i>Non-Independent Non-Executive Director</i>	9/10
<b>Datuk Hj Faisyal Datuk Yusof Hamdain Diego</b> <i>Independent Non-Executive Director</i>	8/10
<b>Dato' Ruslan Ali Omar</b> (Resigned w.e.f 1 August 2012) <i>Independent Non-Executive Director</i>	4/6
<b>Datuk Badly Shah Ariff Shah</b> <i>Independent Non-Executive Director</i>	10/10
<b>Datuk Mohd Hafarizam Harun</b> <i>Independent Non-Executive Director</i>	9/10
<b>Dato' Wan Mohd Nor Wan Ahmad</b> <i>Group Managing Director</i>	10/10

## 5. Access to and Supply of Quality Information and Advice

All relevant papers, which are comprehensive and encompass both quantitative and qualitative factors, for deliberation by the Board are circulated in advance to its Directors to facilitate focused discussion and effective decision-making process. Members of the senior management team and professional advisers are invited into Board meetings to provide the necessary information and attend to the Board's enquiries on relevant issues, enabling the Board to make informed decisions premised on in-depth knowledge. The Board has also approved a procedure for Directors, whether as a full board or in their individual capacity, to take independent advice, where necessary, in the furtherance of their duties and at the Group's expense.

A balance of financial and non-financial information is encapsulated in the papers covering the Group's strategies, financial results, overall performance of the Group, budgets, corporate proposals, major investments, business directions and corporate governance matters for the Board's deliberation at the Board meetings.

All Directors have unrestricted access to all information pertaining to the Company's business and affairs necessary for the effective discharge of their responsibilities. The Directors also have direct access to the advice and services of Company Secretary, who is responsible to ensure that Board meeting procedures are observed and applicable laws and regulations, particularly pertaining to the duties and responsibilities of the Board and individual directors are complied with.

Board meetings are scheduled in advance at the turn of the new calendar year, allowing the Directors to plan ahead and enter the calendar year's meetings into their individual schedules.

# CORPORATE GOVERNANCE STATEMENT

## B. BOARD STRUCTURE AND EFFECTIVENESS

### 1. Board Committees

In executing its responsibilities, the Board delegates specific responsibilities to the following Committees:

- (i) Board Audit Committee ("BAC")
- (ii) Board Nomination Committee ("BNC")
- (iii) Board Remuneration Committee ("BRC")
- (iv) Board Investment Committee ("BIC")
- (v) Board Risk Management Committee ("BRMC")
- (vi) Employee Share Scheme Committee ("ESSC")

All committees operate within the stipulated responsibilities and operating procedures. Reports of proceedings and outcome of various Committee meetings are submitted by the Chairman of the various committees to the Board. These committees were formed to enhance business and operational efficiency as well as efficacy. However, the Board retains full responsibilities for the direction and control of the Company and the Group.

#### i. Board Audit Committee

Explained on pages 45 to 50 of this annual report.

#### ii. Board Nomination Committee

The Board Nomination Committee consists of the following members:

##### NAME OF MEMBERS

**Dato' Gumuri Hussain** (Appointed w.e.f 24 April 2013)  
*Chairman, Senior Independent Non-Executive Director*

**Datuk Kamilia Ibrahim** (Appointed w.e.f 19 December 2011 and resigned as Chairman on 24 April 2013)  
*Chairman, Non-Independent Non-Executive Director*

**Datuk Mohd Hafarizam Harun** (Appointed w.e.f 1 August 2012)  
*Independent Non-Executive Director*

**Dato' Wan Mohd Nor Wan Ahmad** (Resigned w.e.f 1 August 2012)  
*Group Managing Director*

The Committee had met two (2) times during the financial year. The Committee is empowered by the Board to bring to the Board recommendations as to the appointment of new Directors for KUB Malaysia Berhad and its subsidiaries. In addition, the Committee will review the required mix of skills, experience and other core competencies, which the Non-Executive Directors should bring to the Board. The Committee believes that the Board's current composition possesses the required mix of skills and core competencies necessary for the Board's effective discharge of its duties. Besides the afore mentioned roles, the Committee also reviews and make recommendation on appointment of senior management of the Group.

Effective 1 August 2012, the Board composition of BNC comprised of exclusively Non-Executive Directors majority of whom are independent.

# CORPORATE GOVERNANCE STATEMENT

## iii. Board Remuneration Committee

The Board Remuneration Committee consists of the following members:

### NAME OF MEMBERS

**Dato' Gumuri Hussain**

*Chairman, Senior Independent Non-Executive Director*

**Datuk Kamilia Ibrahim** (Resigned w.e.f 24 April 2013)

*Non-Independent Non-Executive Director*

**Dato' Ruslan Ali Omar** (Resigned w.e.f 1 August 2012)

*Independent Non-Executive Director*

**Datuk Badly Shah Ariff Shah**

*Independent Non-Executive Director*

The Committee had met three (3) times during the financial year. The policy practiced on Directors' remuneration by the Committee is to provide the remuneration package needed to attract, retain and motivate the Directors of the quality required to manage the businesses of the Group and to align the interests of the Directors with those of the shareholders.

The Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Director. Nevertheless, it is the ultimate responsibility of the entire Board to approve the remuneration of the Directors. The Executive Director did not participate in any way in determining his remuneration. The Executive Director's remuneration comprises of basic salary and the Group's other customary benefits made available where appropriate.

## iv. Board Investment Committee

The Board Investment Committee consists of the following members:

### NAME OF MEMBERS

**Datuk Seri Hj Abd. Halim Hj Abd. Samad**

*Chairman, Non-Independent Non-Executive Director*

**Dato' Gumuri Hussain**

*Senior Independent Non-Executive Director*

**Datuk Kamilia Ibrahim** (Appointed w.e.f 1 August 2012 and resigned w.e.f 24 April 2013)

*Non-Independent Non-Executive Director*

**Dato' Ruslan Ali Omar** (Resigned w.e.f 1 August 2012)

*Independent Non-Executive Director*

**Dato' Wan Mohd Nor Wan Ahmad**

*Group Managing Director*

The Committee had met four (4) times during the financial year.

The Committee is responsible for making recommendations to the Board in relation to the management of the Group's investment and divestment activities and also to review the investment objectives and strategies of the Group and its core business.

# CORPORATE GOVERNANCE STATEMENT

## v. Board Risk Management Committee

The Board Risk Management Committee consists of the following members:

### NAME OF MEMBERS

**Dato' Ruslan Ali Omar** (Appointed w.e.f 19 December 2011 and resigned as Chairman on 4 April 2012)  
*Chairman, Independent Non-Executive Director*

**Datuk Badly Shah Ariff Shah** (Appointed w.e.f 4 April 2012 and resigned as Chairman on 1 August 2012, however remain as Member)  
*Chairman, Independent Non-Executive Director*

**Datuk Hj Faisyal Datuk Yusof Hamdain Diego** (Appointed as Chairman w.e.f 1 August 2012)  
*Chairman, Independent Non-Executive Director*

**Datuk Kamilia Ibrahim** (Resigned w.e.f 24 April 2013)  
*Non-Independent Non-Executive Director*

**Datuk Mohd Hafarizam Harun**  
*Independent Non-Executive Director*

The Committee had met four (4) times during the financial year.

The Committee was established with the primary responsibility of ensuring the effective functioning of the integrated risk management system within the Group. It is tasked with providing oversight, direction and counsel to the risk management process and to advise the Board on risk related issues and recommend strategies, policies, risk appetite and tolerance for Board approval.

## vi. Employee Share Scheme Committee

The Employee Share Scheme Committee consists of the following members:

### NAME OF MEMBERS

**Datuk Seri Hj Abd. Halim Hj Abd. Samad**  
*Chairman, Non-Independent Non-Executive Director*

**Dato' Gumuri Hussain**  
*Senior Independent Non-Executive Director*

**Dato' Wan Mohd Nor Wan Ahmad** (Appointed w.e.f 4 April 2012)  
*Group Managing Director*

There was no meeting held during the financial year.

The Committee is responsible to review and finalise the details of the Employee Share Scheme for the Group.

# CORPORATE GOVERNANCE STATEMENT

## 2. Appointment to the Board

Appointments to the Board are made upon recommendation by the Board Nomination Committee. In making the recommendation, the Board Nomination Committee considers the required blend of skills and experience which the Directors should be equipped. On a periodic basis, the Board, through the Board Nomination Committee shall review the size, structure and effectiveness of the Board as a whole, the Committees of the Board and the contribution of individual Directors.

Any new nomination received is put to the full Board for assessment and endorsement. The appointment of members is carried out through a proper selection process, which is consistent with the Articles of Association of the Company. The Company Secretary will also ensure that all appointments are properly made, and that legal and regulatory obligations are met.

## 3. Re-election of Directors

In accordance with the Company's Articles of Association, all of the Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting ("AGM") after their appointment. The Articles also provide that at least one-third (1/3) of the Directors shall be subject to retirement by rotation at each AGM. The retiring Directors are eligible for re-election. In addition, Directors over seventy years of age are to retire at every AGM pursuant to Section 129(6) of the Companies Act, 1965 and may offer themselves for reappointment. In this respect our Chairman, Datuk Seri Hj Abd. Halim Hj Abd. Samad, who is over 70 years old will be re-appointed as a Director of the Company at the upcoming AGM.

## 4. Continuing Professional Development

All Directors are encouraged to have appropriate professional development training to enhance their business acumen and professionalism in discharging their fiduciary duties to the Company.

All members of the Board have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia for Directors of public-listed companies. In spite of the repeal of Practice Note No. 15/2003 on Continuing Education Programme ("CEP") for Directors of public listed companies by Bursa Malaysia effective 1 January 2005, the Board is mindful of the need for Directors to attend continuous education programmes to keep them abreast of changes in legislations and regulations that affect business operations and compliance matters.

In addition, appropriate continuous training and education programmes are identified and arranged for Directors' participation from time to time to further enhance their skills and knowledge as well as keep them updated on new developments in corporate governance, leadership, relevant industry updates and the business and regulatory environments.

The training programmes, seminars and/or conferences attended by the Directors for the financial year ended 31 December 2012 are as follows:

- Enterprise Risk Management Training for Directors.
- 4th Annual Corporate Governance Summit.
- Mandatory Accreditation Programme.

# CORPORATE GOVERNANCE STATEMENT

## 5. Directors' Remuneration

In line with requirements of the Code which requires that the level of remuneration for Directors should be sufficient to attract and retain the Directors needed to guide the Group successfully, the BRC recommends to the Board the remuneration package for the Group Managing Director, which is benchmarked to the market and information from independent sources on the package for similar position in a selected group of comparable companies.

The Board as a whole determines fees payable to the Non-Executive Director upon recommendation made by the BRC after considering experience, level of responsibilities undertaken as well as the rates comparable to other relevant companies and such fees are tabled to the shareholders of the Company for approval. The aggregate remuneration of Directors are categorized into appropriate components for the financial year ended 31 December 2012 as follows:-

	FEES RM'000	SALARY, BONUS AND EPF RM'000	OTHER EMOLUMENTS RM'000	BENEFITS IN KIND RM'000	TOTAL RM'000
Executive Director	-	731	13	22	766
Non-Executive Directors	395	-	695	79	1,169

The number of Directors whose remuneration falls into the following bands during the financial year ended 31 December 2012 are as follows:

RANGE OF REMUNERATION @ KUBM GROUP LEVEL	NUMBER OF DIRECTORS @		
	EXECUTIVE	NON-EXECUTIVE	TOTAL
RM50,001 - RM100,000	-	1	1
RM100,001 - RM150,000	-	2	2
RM150,001 - RM200,000	-	3	3
RM300,001 - RM350,000	-	1	1
RM750,001 - RM800,000	1	-	1
	1	7	8

Note: @ includes resigned and newly appointed Directors.

The Board is of the opinion that, while individual Directors' remuneration is not disclosed, the information provided above, which is made in accordance with the MMLR, is sufficient to provide an understanding and basis for evaluation of KUB's corporate governance.

## C. CONTINUOUS COMMUNICATION WITH SHAREHOLDERS

The Company communicates with its shareholders and investors primarily through its AGMs, annual reports, quarterly financial statements and the various disclosures and announcements made to Bursa Malaysia.

At the AGM, the shareholders are given the opportunity to ask questions and seek clarifications on the businesses and performance of the Group.

Additionally, shareholders can also have access to information by accessing the corporate website at [www.kub.com](http://www.kub.com). This website is maintained by the Group and provides up-to-date information to its shareholders as well as stakeholders at large and includes useful information such as latest announcements, developments and daily share prices.

# CORPORATE GOVERNANCE STATEMENT

## D. ACCOUNTABILITY AND AUDIT

### 1. Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects throughout the financial year, primarily through the annual financial statements, quarterly announcements to shareholders as well as Chairman's and Group Managing Director Statement in the Annual Report.

The BAC assists the Board in scrutinising information for disclosure in the reports and the overall quality of the financial reporting.

### 2. Directors' Responsibility Statement (Pursuant to Paragraph 15.26(a) of the MMLR)

The Board is accountable for ensuring that the financial statements present a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### 3. Relationship with Auditors

Through the BAC, the Board maintains an active, transparent and professional relationship with the external auditors, Messrs Ernst & Young. The BAC meets with the external auditors without the presence of management at least twice a year in its aim to establish a transparent and appropriate relationship. The BAC report is provided on pages 45 to 50.

### 4. Internal Controls

The Code requires the Board to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Group's Statement on Risk Management & Internal Control pursuant to Paragraph 15.26(b) of the MMLR is set out on pages 39 to 44.

### 5. Related Party Transactions

An internal compliance framework exists to ensure that the Company meets its obligations under the MMLR in connection with related party transactions. The Board, through the BAC, reviews all related party transactions. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board meeting.

The Board is satisfied that the Company has in all material aspects, complied with the best practices of the Code as at 31 December 2012.

This statement is made in accordance with a resolution of the Board of Directors dated 24 April 2013.

# ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirement 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 2012.
- b. Non-audit fees**  
The amount of non-audit fees incurred by the Group for services rendered by the external auditors for the financial year ended 31 December 2012 amounted to RM3,000.
- c. Imposition of Sanctions/Penalties**  
During the financial year, no sanctions and/or penalties were imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory authority.
- d. 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 Directors and substantial shareholders.
- e. Variation in Results**  
There was no variance of 10% or more between the audited results of the financial year ended 31 December 2012 and the unaudited results previously announced.
- f. Revaluation Policy on Landed Properties**  
The revaluation policy on landed properties is as set out in the financial statements.
- g. Profit Guarantee**  
There was no profit guarantee given by the Company and its subsidiaries during the financial year ended 31 December 2012.
- h. Share Buy-back**  
The proposed share buy-back which was announced on 30 May 2012 was approved by the shareholders of the Company at the 47th AGM on 21 June 2012. However, no share buy-back has taken place as at 31 December 2012.
- i. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")**  
The Company did not sponsor any ADR or GDR programme during the financial year.
- j. Options, Warrant or Convertible Securities**  
During the financial year, no options, warrant or convertible securities were issued by the Company.
- k. Recurrent Related Party Transactions**  
At the 47th AGM of the Company on 21 June 2012, a Shareholders' Mandate was obtained for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions ("RRPT") of revenue and/or trading nature.

## ADDITIONAL COMPLIANCE INFORMATION

Details of the RRPT conducted during the financial year ended 31 December 2012 pursuant to the Shareholders' Mandate obtained on 21 June 2012, are disclosed as follows:

RELATED TRANACTING PARTY	NATURE OF TRANSACTION	RELATED PARTY	RELATIONSHIP	ACTUAL VALUE (21 JUNE – 31 DEC 2012) RM'000
Jeks Engineering Sdn Bhd ("JESB")	Supply of pre-cast products to JESB	<b>Interested Directors &amp; major shareholders</b> JESB Jari Erkki Kalervo Silventoinen Michael Khor Loke Chong	Precast Products Sdn Bhd ("PPSB") is a 70%-owned subsidiary of KUB Builders Sdn Bhd ("KBSB") which in turn is our wholly-owned subsidiary.  JESB is a major shareholder of PPSB holding 30% equity interest.  Jari Erkki Kalervo Silventoinen and Michael Khor Loke Chong who are the major shareholders of JESB are also the directors of PPSB and JESB.	7,304
Jeks Engineering Pte. Ltd. ("JEPL")	Supply of pre-cast products to JEPL	<b>Interested Directors &amp; major shareholders</b> JESB Jari Erkki Kalervo Silventoinen Michael Khor Loke Chong	PPSB is a 70%-owned subsidiary of KBSB which in turn is our wholly-owned subsidiary.  JEPL is a wholly-owned subsidiary of JESB which in turn is a major shareholder of PPSB holding 30% equity interest.  Jari Erkki Kalervo Silventoinen and Michael Khor Loke Chong who are the major shareholders of JESB are also the directors of PPSB, JESB and JEPL.	9,889
Jeks Trading Sdn Bhd ("JTSB")	Sale of raw materials by JTSB to PPSB	<b>Interested Directors &amp; major shareholders</b> JESB Jari Erkki Kalervo Silventoinen Michael Khor Loke Chong	PPSB is a 70%-owned subsidiary of KBSB which in turn is our wholly-owned subsidiary.  JTSB is wholly-owned subsidiary of JESB which in turn is a major shareholder of PPSB holding 30% equity interest.  Jari Erkki Kalervo Silventoinen and Michael Khor Loke Chong who are the major shareholders of JESB are also the directors of PPSB, JESB and JTSB.	7,824

# 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 ("MMLR") of Bursa Malaysia Securities Berhad with regard to the Group's compliance with the Principles and Best Practices provisions relating to internal controls as stipulated in the Malaysian Code on Corporate Governance.

The Board is pleased to provide the Statement on Risk Management and Internal Control of the Group (excluding associated companies, as the Board does not have control over their operations) which outlines the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group.

## RESPONSIBILITY

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

The Board acknowledges that the system of internal controls is 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 internal controls cover risk management and financial, organisational, operational 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 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*.

## ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board acknowledges that effective risk management is an essential and indispensable part of corporate management. 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.

During the financial year, the Board has put in place an Enterprise Risk Management Framework within the Group to ensure an on-going process of identifying, evaluating, monitoring and managing the significant risk exposures inherent in its business operation to give effect to this responsibility.

The Board is assisted by the Board Risk Management Committee whose main responsibility is to review the effectiveness of the process and report key risks and recommend appropriate risk management strategies, policies, risk tolerance and mitigation plans for the Board's approval. For full detail of the Group's Enterprise Risk Management Framework, please refer to page 42 to 44 for the Risk Management section.

## INTERNAL CONTROL ELEMENTS

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 Investment Committee, Nomination Committee and Remuneration Committee have been delegated with specific responsibilities with terms of reference, these Committees have the authority to examine all matters within their scope of responsibility 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 pages 31 to 33.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Independence of Board Audit Committee

Board Audit Committee ("BAC") consists of three (3) independent Non-Executive Directors who have unrestricted access to both the internal and external auditors. BAC also has the right to convene meetings with the auditors without the presence of other directors and employees.

BAC meets on a regular basis to review the 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 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 on 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 45 to 46.

## 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 are fully accountable to ensure that the business activities are implemented with full compliance with the Group's objectives and policies. The structure is reviewed regularly to monitor its effectiveness and to provide support to changing business requirements. The organisation structure was revised on 1 March 2013 to enhance efficiency of Group tasks and further strengthen the management of KUB Malaysia Berhad.

## Policies and Procedures

Policies and procedures are established and defined in KUB Management Guide ("KUBMag") to provide sufficient guidelines for proper management and operations of the Group operating units. These policies and procedures are documented and subjected to regular reviews, updates and improvement to reflect operational requirement, ensure relevance and effectiveness. Effective 2012, Compliance Meetings were held twice a year between BAC and the Management to discuss and update issues pertaining to policies and procedures.

## Limits of Authority

The delegation of responsibilities to the Board Committees and the management as well as the delineation of their respective authority limits have been defined in the KUBMag and the establishment is also endorsed by all the active subsidiaries of the Group. This guide 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 procedure is 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 relations and other relevant human resources management areas. The information is accessible to all staff through the Group intranet i.e. the Human Resource Information Exchange (HRIX).

## Staff Competency and Performance Management

The Group believes that effective organisation requires employees at all levels to be competent, skilled and capable of contributing to the achievement of 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) are used to measure and reward staff performance in line with Group's mission that is to enhance a culture that emphasise on high performance.

## Insurance on Assets

KUB Group purchases insurance for all its assets, including its human resources. Coverage typically includes damage to or theft of assets; liability coverage for the legal responsibility to others for accidents, bodily injury or property damage; and medical coverage for the cost of treating injuries and illness, rehabilitation and death.

Insurance coverage is reviewed regularly to ensure comprehensive coverage to mitigate business risks in view of 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 concern.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Business Plan and Budget Review (continued)

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.

## 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.

## Internal Audit

Reviews of the internal control system are carried out by AFTAAS Corporate Advisory Services Sdn Bhd, the outsourced party which undertakes the internal audit function of KUB Group since October 2012. Prior to that, Group Internal Audit ("GIA") Division provides such services within the Group.

GIA and/or AFTAAS provide independent assurance to BAC on the adequacy and integrity of internal control system to manage risks across the Group. Regular reviews are based on Annual Audit Plan approved by BAC. The reports and status of corrective actions taken by the Management on audit recommendations are submitted on a regular basis to BAC for deliberation and approval.

## Whistle Blower Policy

The Whistle Blower Policy guides 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 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 has resulted in material loss that has not been disclosed in the Group's financial statements. For areas requiring attention, measures have been and are being taken to ensure on-going adequacy and effectiveness of internal control. 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 Group Managing Director and General Manager, Group Finance and Strategic Management Division 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 system adopted by the Group.

This Statement is made on the recommendation of the BAC to the Board of Directors and as per the Board's resolution dated 24 April 2013.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to the paragraph 15.23 of the Main Market Listing Requirements, the External Auditors, Messrs Ernst & Young have reviewed and affirmed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2012.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statements are inconsistent with their understanding of the process adopted by the Board in reviewing of the adequacy and integrity of internal control of KUB Group.

Additionally, AFTAAS, as the Internal Auditor, has reviewed this Statement and reported to BAC that, while it has addressed individual lapses in internal control during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control system.

# RISK MANAGEMENT

## INTRODUCTION

Statement on Risk Management is made pursuant to Paragraph 15.26(b) of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which requires the Board of listed issuer to provide sufficient information of the main features and adequacy of the company's risk management and internal control system. With reference to the requirement, the Board is hereby to enclose the Statement of Risk Management for KUB Malaysia Berhad.

## BOARD OF DIRECTORS' RESPONSIBILITIES

The Board understands and appreciates the importance of providing sound risk management and internal control system within the Group as part of the good corporate governance exercise. As for this reason the Board is committed to uphold its responsibilities in ensuring the implementation of risk management framework and processes have been adequately established and being integral part of all the Group's business activities, planning and strategies.

## ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group employs an Enterprise Risk Management Framework ("ERMF") that provides the foundation in managing the risks effectively through the application of the risk management process. The framework was developed and continuously improved to ensure the Group capabilities in facing the changing and challenging business environment by implementing, monitoring, reviewing and improving risk management.

The Group's ERMF provide a foundation as a reference for systematic risk management processes and applications of identifying, analyzing, evaluating, treating, monitoring and reporting of risks. The framework have been developed to provide reasonable assurance of achieving the Group's business objectives and strategies while at the same time safeguarding and enhancing shareholder's investment and the Group's assets. The Group's ERMF encompasses the following:

- (a) the objectives and underlying principles of KUB Group risk management;
- (b) Risk Management Governance with the establishment of Board Risk Management Committee ("BRMC") to assume as delegated functions in supervising risk management;
- (c) Risk Appetite and Tolerance that provides reference to amount and type of risks the Group are willing to accept and tolerate in pursuing its business strategies and objectives;
- (d) Risk Management Policies and Procedures that encompass the process/systems and the roles and responsibilities of individuals involved in risk management.

## RISK MANAGEMENT OBJECTIVES AND UNDERLYING PRINCIPLES

Generally, the Group Risk Management objectives and underlying principles are:

- (a) To provide sound basis for integrated risk management and internal control as components of good corporate governance to enable systematic and prompt reporting on any perceived new risks or failures of existing control measures;
- (b) To promote a more innovative risk management culture in which taking of the calculated risks in various opportunities to benefit the Group;
- (c) To foster an environment where staff assumes responsibility for managing risks;
- (d) To improve decision making, planning and prioritization based on comprehensive understanding of the reward to risk balance.

## RISK MANAGEMENT

### RISK MANAGEMENT GOVERNANCE FRAMEWORK

The Board has delegated its oversight functions to Board Risk Management Committee ("BRMC") to assume the ultimate responsibilities for the supervision and monitoring principal risks. BRMC in overall, is responsible to assist the Board in ensuring the effective functioning of the Enterprise Risk Management Framework within the Group and to provide direction and counsel to the risk management process as well as to advise the Board on risk related issues and recommend strategies, policies and risk tolerance for the Board's approval. The Group Risk Management governance structure is as follows:



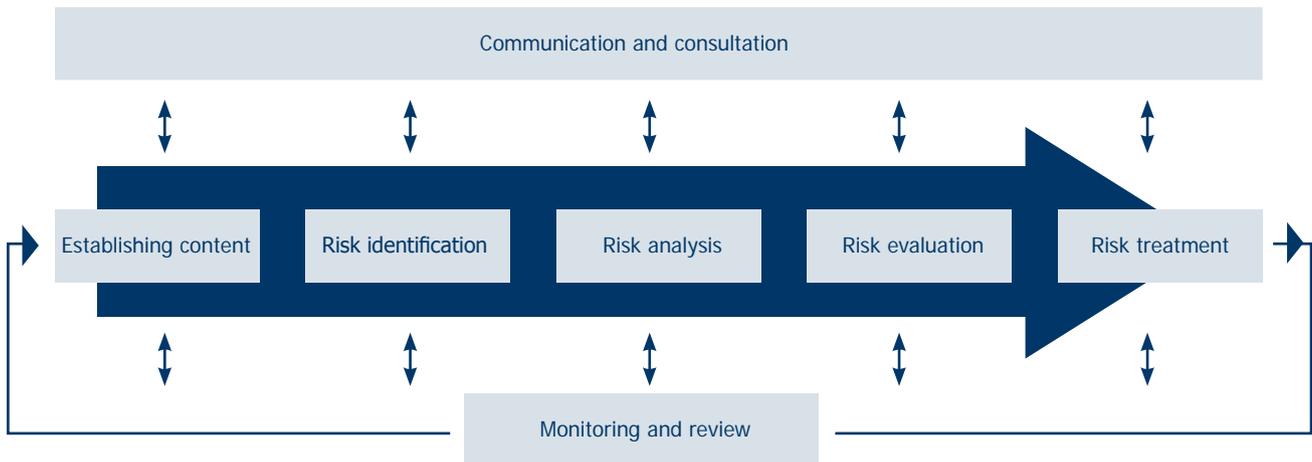
The Group Risk Management Division ("GRMD") which is independent from the business unit has been established to assist BRMC in supervising the application of risk management policies. GRMD has undertaken proactive measures in identifying and managing risks recognized at the Group and Subsidiary level. As a forefront, GRMD has embarked on several initiatives to ensure that the risk management process is continuously dynamic, tailored and responsive with the Group's business objectives. For year 2012, the following activities were undertaken:

- Streamlining risk management and business planning activities to ensure that controls and mitigation plans for risk management are built into business plans and budgets of the Group;
- Carrying out brainstorming sessions, briefings, one-to-one closed discussion sessions with Senior Management/Risk Owners by re-emphasizing the needs to re-align all risks identified from the Group strategic objectives. These sessions were designed to enhance the understanding on risk management of Senior Management and all employees so that they will be able to identify, assess and formulate action plans to manage the risks;
- Implementing a comprehensive and systematic risk assessment and reporting process by monitoring the Group's Risk Profiles;
- Promoting risk awareness and education in the business processes through risk management conferences and workshops.
- Prioritizing risk treatment efforts by producing risk profiles that document all potential risks that could affect the business objectives.
- Quantifying risk exposure ratings by evaluating and reviewing the level of likelihood and implication of the risks in accordance to the risk appetite of management.

## RISK MANAGEMENT

### RISK MANAGEMENT PROCESS STRUCTURE

The Group has established risk management process that provides a systematic approach in identifying, evaluating, assessing, treating, monitoring and review the risks. Those processes for managing risk have been entrenched in the Group day-to-day business activities in assisting the Management in informed decision making. The reporting of risks through Risk Register allows the risks that need to be managed being escalated and communicated to the Management for implementation on risk mitigation actions. Details of the risk management process structure are as follows:



During the year, the Group has identified primary risks which have significant potential impact and high likelihood of occurrence which could affect the bottom line of the Group overall performances. The primary risks which have been identified and assessed are on the going concern issue for subsidiaries with negative net worth or shareholder's funds that may significantly affect the Group overall financial performances and potential risk on legal exposure due to breach of contracts and agreements. These primary risks have been assessed based on the risk appetite and tolerance determined by the Group 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 to these risks to ensure the risk mitigation actions taken are effective and efficient in managing these risks.

### CONCLUSION

With regards to the Group Risk Management current practices and actions, the Board confirms that the Group existing Risk Management systems are sufficient and effective. The Board will continuously review the system for improvement and enhancement to ensure the risk management system implementation aligns with the Group business objectives. In addition, GRMD assures to continue to play the central role in promoting and creating risk management awareness as well as overseeing the implementation of the risk management framework within the Group.

# BOARD AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Board Audit Committee (“BAC”) for the year ended 31 December 2012.

## COMPOSITION

The BAC currently consists of the following members:

- 1 **Datuk Badly Shah Ariff Shah**  
Chairman, Independent Non-Executive Director
- 2 **Datuk Hj. Faisyal Datuk Yusof Hamdain Diego\***  
Independent Non-Executive Director
- 3 **Datuk Mohd Hafarizam Harun**  
Independent Non-Executive Director
- 4 **Dato’ Ruslan Ali Omar\*\***  
Independent Non-Executive Director

\* re-appointed as member on 29 May 2012

\*\* resigned as member on 1 August 2012

The BAC is governed by its terms of reference as set out on pages 47 to 50 of the annual report. Conforming to the requirements of the Malaysian Code on Corporate Governance (MCCG), all the three members of the BAC are Independent Non-Executive Directors. The BAC Chairman 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 (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

## MEETINGS

During the financial year 2012, the BAC held a total of thirteen (13) meetings, with the following record of attendance:

Name of Members	No. of Meetings	
	Held	Attended
<b>Datuk Badly Shah Ariff Shah</b>	13	13
<b>Datuk Hj. Faisyal Datuk Yusof Hamdain Diego*</b>	13	5
<b>Dato’ Ruslan Ali Omar**</b>	13	4
<b>Datuk Mohd Hafarizam Harun</b>	13	13

\* re-appointed as member on 29 May 2012

\*\* resigned as member on 1 August 2012

The Company Secretary was present during all the meetings except for the private sessions with the external auditors. The Head of Group Internal Audit, representative of the outsourced internal auditors, Messrs AFTAAS Corporate Advisory Services Sdn Bhd (“AFTAAS”), representatives of the external auditors, Messrs Ernst & Young, as well as Group Managing Director, Head 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 matters of significant concern raised by the internal and external auditors.

## SUMMARY OF ACTIVITIES OF THE BOARD AUDIT COMMITTEE

The following activities were carried out by the BAC during the financial year ended 31 December 2012:

### a Financial Results and Corporate Governance

- 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 the quarterly unaudited financial results and announcements to Bursa Malaysia before recommending to the Board for approval;
- Reviewed the Company’s compliance, in particular the quarterly and year end financial statements with the MMLR, Financial Reporting Standards issued by the Malaysian Accounting Standard Board (“MASB”) and other legal and regulatory requirements;

# BOARD AUDIT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES OF THE BOARD AUDIT COMMITTEE (cont'd)

### a Financial Results and Corporate Governance (cont'd)

- Reviewed the audited financial statements of the Group with external auditors prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards issued by MASB;
- Reviewed with the external auditors the results of audit, audit report and management letter, including the management's response;
- Reviewed minutes of the BAC meetings;
- 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 during the year without the presence of management;
- 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 Board Audit Committee Report pursuant to the MMLR for Board approval; and
- Reviewed the Related Party Transactions ("RPT") entered by the Group for compliance with the MMLR before recommending to the Board for its approval.

### b Internal Audit

- Reviewed the internal audit reports presented by the Group Internal Audit Division ("GIA") and AFTAAS 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 and AFTAAS as compared to the Internal Audit Plan and reviewed the reasonableness of compensation of members of the function;
- Reviewed and approved the GIA and AFTAAS budget and Internal Audit Annual Plan to ensure adequacy in its resources, competencies and coverage.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

GIA and AFTAAS assist 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, a total of 13 audits were carried out in accordance with the Internal Audit Annual Plan. The audit engagements encompassed scheduled, adhoc and follow-up audits covering the Information, Communication & Technology (ICT) sector; Food sector (inclusive of outlet audits), Energy sector and Property, Engineering & Construction (PEC) sector.

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

GIA and AFTAAS are corporate members of the Institute of Internal Auditors Malaysia ("IIAM"). Being members, they have access to internal audit information, networking and trainings. GIA and AFTAAS are also committed to ensure that its activities meet the standards required by The Institute of Internal Auditors International Professional Practices Framework ("IPPF"). In this respect, GIA has successfully completed a Quality Assessment Review with General Conformance to the IPPF in 2010.

The total costs incurred by GIA and AFTAAS for the internal audit function of the Group in 2012 amounted to RM437,595.

# BOARD AUDIT COMMITTEE REPORT

## TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

### 1 OBJECTIVES OF THE COMMITTEE

The primary function of the Committee is to assist the Board to implement and support the following oversight objectives for the KUB Group of Companies:

- Assess the Group's processes relating to its risks and control environment;
- Oversee financial reporting;
- Evaluate 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, management and internal auditors; and
- Avail to the external and internal auditors a private and confidential audience at least twice a year, through the Chairman of the Committee.

### 2 COMPOSITION OF THE COMMITTEE

The composition of the committee shall take into consideration the following:

- The Board shall appoint the Members, who must be non-executive Directors, with a majority of them being Independent Directors. The Committee shall, at all times, comply with the relevant provisions of the MMLR;
- The period of appointment shall be concurrent with their tenure on the Board unless otherwise decided by the Board and in accordance to the MMLR;
- The composition of the Committee must not be less than three (3) Members;
- Where the Members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members and in accordance with the general requirements of the MMLR;
- The Members shall elect a Chairman from amongst themselves who is an Independent Director;
- All members of the Audit Committee should be financially literate. At least one member of the BAC must comply with paragraph 15.09(1)(c) (i)-(ii) of the MMLR where he:
  - i. Must be a member of the Malaysian Institute of Accountants (MIA); or
  - ii. If he is not a member of MIA, he must have at least 3 years' working experience; and
    - He must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company.

### 3 SECRETARY OF THE COMMITTEE

The Company Secretary shall be the Secretary of the Committee.

### 4 AUTHORITY OF THE COMMITTEE

The Committee shall have:

- Authority to investigate into any activities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate on any request made by the BAC;
- The authority to obtain outside legal or other independent professional advice and to secure the attendance of outside parties with relevant experience and expertise, if it considers this necessary;
- Direct communication channels with both external and internal auditors; and
- The authority to convene meetings with external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
- Full and unrestricted access to the company's records, properties and personnel.

# BOARD AUDIT COMMITTEE REPORT

## TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (cont'd)

### 5 RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

In fulfilling its objectives, the Committee shall undertake the following responsibilities and duties:

#### a Board

- Responsible to the Board of Directors.
- Responsible, to a limited extent, in establishing an effective control environment but not for the day-to day running of business and making operating decision.
- Make the necessary recommendations as specified under the objectives of the Committee.
- Chairman of the BAC is to provide written reports/updates on deliberations and decisions made at the Committee's level to the Board on regular basis with focus given to significant issues and resolutions by the Committee.
- To submit to the Board a summary of material concerns and weaknesses in the control environment noted during the year and the corresponding measures taken to address the issues.
- To obtain satisfactory response from Management on reports issued by Internal and External Auditors.
- To highlight significant findings identified and the impact of the audit findings on the operations.
- Where review of audit report of subsidiaries also falls under the jurisdiction of the Committee, all the above mentioned function shall also be performed by the Committee in co-ordination with the Board of Directors of the subsidiaries.
- To review arrangements established by Management for compliance with any regulatory or other external reporting requirements, by-laws and regulation related to the KUB Malaysia Berhad Group's operations.
- To consider other areas as defined by the Board.

#### b Internal Audit

- Establish an Internal Audit Division and the Head of Internal Audit should report directly to the BAC;
- Review the adequacy of the scope, functions, competency and resources of the Internal Audit and ensure that it has the necessary authority to carry out its work;
- Review the Internal Audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Division;
- Review any appraisal or assessment of the performance and reasonableness of compensation of members of the Internal Audit Division;
- Approve any appointment or termination of the Head and/or senior staff members of the Internal Audit Division;
- Take cognizance of resignation of internal audit staff members and provide the resigning member an opportunity to submit his reasons for resigning;
- Review the Internal Audit reports, which highlight the operational risks, recommendation and management's response; and
- Discuss with management on actions taken to improve the system of internal controls, based on operational risks identified in the Internal Audit reports.

#### c External Audit

- Review with the external auditors their audit plan, scope of their audits, their evaluation of the system of internal controls and their audit report; and ensure co-ordination where more than one audit firm is involved;
- Evaluate with the external auditors the assistance given by the employees to the external auditors;
- Evaluate the performance of the external auditors and make recommendations to the Board of Directors on their appointment and remuneration;
- Review any letter of resignation from the external auditors;
- Where there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment, the Committee is to recommend the nomination and remuneration of a person or persons as external auditors; and
- The Chairman of the BAC should engage on a continuous basis with the Chairman of the Board and senior management such as the Group Managing Director, the Head of Finance, the internal auditor and external auditors in order to keep informed of matters affecting the Group.

# BOARD AUDIT COMMITTEE REPORT

## 5 RESPONSIBILITIES AND DUTIES OF THE COMMITTEE (cont'd)

### d Financial Reporting

- Meet with management and the external auditors to discuss the scope of their audit, to evaluate the audit report on the financial statements and the results of the audit before recommending for approval by the Board;
- Review the quarterly results and year end financial statements for recommendation to the Board of Directors for approval, focusing particularly on:
  - i) Changes in or implementation of new accounting policies;
  - ii) Significant and unusual events;
  - iii) The going concern assumption; and
  - iv) Compliance with accounting standards and other legal requirements.
- Review the nature and resolution of any significant accounting and auditing problems encountered during examination, the nature of any significant adjustments, reclassifications or additional disclosures proposed by the external auditors that are currently significant or may become significant in the future, the adequacy and impact of any changes in the accounting policies or principles during the year and reasons for major fluctuations in financial statement balances for the current year compared to prior year.

### e Related Party Transactions

- To monitor and review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of management integrity.

### f Others

- Consider and evaluate other matters as judged appropriate by the Committee or as authorised by the Board and as required by the general requirements set up by local authorities or any other government authorities;
- Act upon the Board of Directors' request to investigate and report on any issues or concerns with regard to the management of the Company;
- To promptly report to Bursa Malaysia matters reported by the BAC to the Board of Directors of the Company which have not been satisfactorily resolved, resulting in a breach of the MMLR; and
- Upon the request of the external auditors, the Chairman of the BAC shall convene a meeting of the BAC to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders; and
- To verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's Share Scheme Committee and in accordance with the By-laws of the relevant share scheme.

## 6 COMMITTEE MEETINGS

The Committee meetings shall take into consideration the following:

- The Committee shall convene meetings as and when required, provided that the Committee shall meet at least four (4) times a year;
- The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Members absent from Malaysia;
- No business shall be transacted at any meeting of the Committee unless a quorum is present. A quorum must be in accordance with Paragraph 15.18 of the MMLR, where the majority of the members present must be Independent Directors;
- The Chairman of the Committee shall chair the Committee meetings and in his absence, the members present shall elect one of their members to be Chairman of the meeting;
- The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any other persons who may be required to attend the meeting;

# BOARD AUDIT COMMITTEE REPORT

## 6 COMMITTEE MEETINGS (cont'd)

- The Secretary shall prepare the minutes of the meeting and distribute it to each Member. The minutes of the Committee shall be confirmed and signed by the Chairman of the Committee or the presiding Chairman of the next succeeding meeting;
- The minutes of each meeting shall be entered into the minutes book kept at the registered office of the Company under the custodian of the Company Secretary. The minutes book shall be opened for inspection of the Board, external auditor, internal auditor, management and other persons deemed appropriate by the Company Secretary;
- Subject to the requirement to conduct the required meetings, in appropriate circumstances, the Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting;
- Appropriate officers of the Company or professional advisors may be invited to attend the meetings where the Committee considers their presence necessary;
- All recommendations and findings of the Committee shall be submitted to the Board for approval; and
- The Group Managing Director/Chief Executive Officer, Head of Group Finance, Head of Group Internal Audit and representatives of internal and external auditors should normally attend meetings. Other Board members and Head of Companies may attend meetings upon invitation of the BAC. However, the Committee should meet with the external auditors without executive board members and employees present at least twice a year.

## 7 CHAIRMAN OF THE COMMITTEE

The following are the main duties and responsibilities of the Chairman of the Committee:

- Steer the Committee to achieve its objectives;
- Consult the Company Secretary for guidance on matters related to the responsibilities of the Committee under the rules and regulations to which they are subject to and how those responsibilities should be discharged;
- Provide a reasonable time for discussion at the Committee meetings. Organize and present the agenda for Committee meetings based on input from Members and ensure that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy debate on the issues at hand and bring to the Committee a healthy level of skepticism and independence;
- Provide leadership to the Committee and ensure proper flow of information to the Committee, review adequacy and timing of documentation;
- Ensure that consensus is reached on every Committee resolution and where considered necessary, call for a vote and the decision will be by simple majority;
- Ensure that all Members are enable and encouraged to play their role in activities. This includes making certain that all Members receive timely, relevant information tailored to their needs and they are properly briefed on issues arising at Committee meetings; and
- Manage the processes and working of the Committee and ensure that the Committee discharges its responsibilities.

## 8 COMMITTEE MEMBERS

Each Committee Member will be expected to:

- Provide independent opinions to the fact-finding, analysis and decision making process of the Committee, based on their experience and knowledge;
- Consider viewpoints from the Committee Members; make decision and recommendations for the best interest of the Board collectively.

## 9 DISCLOSURE

The Committee shall assist the Board in making certain disclosures concerning the activities of the Committee such as in the Corporate Governance Statement, Statement on Risk Management and Internal Control and Board Audit Committee Report to be issued in the Annual Report.

## 10 REVISION OF THE TERMS OF REFERENCE

- Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval;
- Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

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# DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

## 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 and others as stated in Note 41 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

## Results

	Group RM'000	Company RM'000
(Loss)/Profit before taxation	(16,782)	12,900
Taxation	227	(2)
(Loss)/Profit for the year	<u>(16,555)</u>	<u>12,898</u>
(Loss)/Profit attributable to:		
Owners of the parent	(16,714)	12,898
Non-controlling interests	159	-
	<u>(16,555)</u>	<u>12,898</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except for allowance for impairment and write off of property, plant and equipment of the Group of RM6,816,000, impairment loss on intangible assets of RM1,438,000 and allowance for impairment made for amount due from subsidiaries and investment in subsidiaries of the Company of RM9,498,000 and RM1,082,000 respectively as disclosed in Note 7 to the financial statements.

## Dividends

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year ended 31 December 2012.

# DIRECTORS' REPORT

## 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:

Datuk Seri Hj Abd. Halim Hj Abd. Samad (Chairman)  
 Datuk Haji Faisyal Datuk Yusof Hamdain Diego  
 Dato' Gumuri Hussain  
 Dato' Wan Mohd Nor Wan Ahmad (Group Managing Director)  
 Datuk Badly Shah Ariff Shah  
 Datuk Mohd Hafarizam Harun  
 Dato' Ruslan Ali Omar (resigned on 1 August 2012)  
 Datuk Kamilia Ibrahim (resigned on 24 April 2013)

## 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 or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

Name of director	Number of ordinary shares of RM0.40 each			
	1.1.2012	Acquired	Sold	31.12.2012
<b>Direct Interest:</b>				
Ordinary shares of the Company				
Datuk Seri Hj Abd. Halim Hj Abd. Samad	100,000	-	-	100,000
Datuk Kamilia Ibrahim	3,000	-	-	3,000

Datuk Seri Hj Abd. Halim Hj Abd. Samad and Datuk Kamilia Ibrahim are deemed to have interest in the shares of all the Company's subsidiaries to the extent the Company has an interest by virtue of their interest in the Company as disclosed above.

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

## Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) 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 the operations of the Group or of the Company for the financial year in which this report is made.

## Significant events

The details of the significant events during the year are disclosed in Note 40 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2013.



Datuk Seri Hj Abd. Halim Hj Abd. Samad



Dato' Wan Mohd Nor Wan Ahmad

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Datuk Seri Hj Abd. Halim Hj Abd. Samad and Dato' Wan Mohd Nor Wan Ahmad, being two of the directors of KUB Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 58 to 123 are drawn up in accordance with Financial Reporting Standards and 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 at 31 December 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 43 to the financial statements have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2013.



Datuk Seri Hj Abd. Halim Hj Abd. Samad



Dato' Wan Mohd Nor Wan Ahmad

## STATUTORY DECLARATION

### PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Aziah Mustapa, being the officer primarily responsible for the financial management of KUB Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 58 to 123 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 Aziah Mustapa at Petaling Jaya in Selangor on 24 April 2013



Aziah Mustapa

Before me,



# INDEPENDENT AUDITORS' REPORT

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

### Report on the financial statements

We have audited the financial statements of KUB Malaysia Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of 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 a summary of significant accounting policies and other explanatory notes, as set out on pages 58 to 123.

#### *Directors' responsibility for the financial statements*

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

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and 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 at 31 December 2012 and of their financial performance and cash flows for the year then ended.

### Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 41 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

# INDEPENDENT AUDITORS' REPORT

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

### Other matters

The supplementary information set out in Note 43 on page 124 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

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 to any other person for the content of this report.



**Ernst & Young**  
AF: 0039  
Chartered Accountants



**Mohd. Sukarno bin Tun Sardon**  
No. 1697/03/15(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
24 April 2013

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	4	826,692	708,454	11,882	354
Cost of sales	5	(750,515)	(631,440)	-	-
<b>Gross profit</b>		<b>76,177</b>	<b>77,014</b>	<b>11,882</b>	<b>354</b>
Other income		13,924	18,647	27,729	30,777
Distribution expenses		(3,464)	(7,137)	-	-
Administrative expenses		(82,287)	(85,676)	(12,273)	(15,279)
Other expenses		(21,284)	(53,266)	(12,229)	(78,111)
<b>(Loss)/profit from operating activities</b>		<b>(16,934)</b>	<b>(50,418)</b>	<b>15,109</b>	<b>(62,259)</b>
Finance costs	6	(8,052)	(9,203)	(2,209)	-
Effects of disposal of subsidiaries	18(b)(ii)	-	3,459	-	-
Share of results of associates		8,204	4,965	-	-
<b>(Loss)/profit before taxation</b>	7	<b>(16,782)</b>	<b>(51,197)</b>	<b>12,900</b>	<b>(62,259)</b>
Taxation	10	227	(7,626)	(2)	-
<b>(Loss)/profit for the year</b>		<b>(16,555)</b>	<b>(58,823)</b>	<b>12,898</b>	<b>(62,259)</b>
Other comprehensive income					
Net loss on available-for-sale financial assets					
- Loss on fair value changes, net of tax		(144)	(88)	(144)	(88)
Foreign currency translation		(343)	557	-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(17,042)</b>	<b>(58,354)</b>	<b>12,754</b>	<b>(62,347)</b>
<b>(Loss)/profit attributable to:</b>					
Owners of the parent		(16,714)	(60,401)	12,898	(62,259)
Non-controlling interest		159	1,578	-	-
		<b>(16,555)</b>	<b>(58,823)</b>	<b>12,898</b>	<b>(62,259)</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the parent		(17,201)	(59,932)	12,754	(62,347)
Non-controlling interest		159	1,578	-	-
		<b>(17,042)</b>	<b>(58,354)</b>	<b>12,754</b>	<b>(62,347)</b>
<b>Basic and diluted loss per ordinary share (sen)</b>	12	<b>(3.00)</b>	<b>(10.85)</b>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	125,027	137,331	9,707	10,364
Land held for property development	15	4,607	4,605	-	-
Plantation development expenditure	16	39,379	39,268	-	-
Investment properties	17	52,398	54,122	41,500	42,349
Investments in subsidiaries	18	-	-	214,769	213,746
Investments in associates	19	24,305	19,702	9,000	9,000
Other investments	20	4,199	4,343	4,199	4,343
Intangible assets	21	745	3,547	-	-
Due from subsidiaries	22	-	-	22,548	17,256
Deferred tax assets	24	5,617	5,050	-	-
		<b>256,277</b>	<b>267,968</b>	<b>301,723</b>	<b>297,058</b>
<b>Current assets</b>					
Inventories	25	21,554	23,610	-	-
Trade and other receivables	22	216,463	183,963	2,150	3,007
Derivative financial assets	32	-	260	-	-
Tax recoverable		3,051	1,412	2,052	122
Cash and bank balances	26	144,253	164,128	9,989	5,952
		<b>385,321</b>	<b>373,373</b>	<b>14,191</b>	<b>9,081</b>
Assets classified as held for sale	11	620	39	-	-
<b>Total assets</b>		<b>642,218</b>	<b>641,380</b>	<b>315,914</b>	<b>306,139</b>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	27	222,586	222,586	222,586	222,586
Reserves	28	46,472	46,959	8,318	8,462
(Accumulated losses)/retained earnings	29	(3,618)	13,116	42,847	29,949
		<b>265,440</b>	<b>282,661</b>	<b>273,751</b>	<b>260,997</b>
<b>Non-controlling interest</b>		<b>15,601</b>	<b>20,349</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>281,041</b>	<b>303,010</b>	<b>273,751</b>	<b>260,997</b>
<b>Non-current liabilities</b>					
Borrowings	30	47,332	48,803	28,600	30,113
Deferred tax liabilities	24	14,041	15,000	-	-
		<b>61,373</b>	<b>63,803</b>	<b>28,600</b>	<b>30,113</b>
<b>Current liabilities</b>					
Trade and other payables	31	214,442	188,029	11,913	13,379
Provision for tax		2,167	3,570	-	-
Borrowings	30	83,002	82,968	1,650	1,650
Derivative financial liabilities	32	193	-	-	-
		<b>299,804</b>	<b>274,567</b>	<b>13,563</b>	<b>15,029</b>
<b>Total liabilities</b>		<b>361,177</b>	<b>338,370</b>	<b>42,163</b>	<b>45,142</b>
<b>Total equity and liabilities</b>		<b>642,218</b>	<b>641,380</b>	<b>315,914</b>	<b>306,139</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2012	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000				Attributable to owners of the parent					Non-controlling interests RM'000		
		Equity, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000		Translation reserve RM'000	Merger reserve RM'000
Group													
Opening balance at 1 January 2012	303,010	282,661	222,586	5,965	13,116	40,994	34,016	312	2,185	(7,019)	353	11,147	20,349
Total comprehensive (loss)/income	(17,042)	(17,201)	-	-	(16,714)	(487)	-	-	(144)	-	(343)	-	159
Adjustment	(20)	-	-	-	(20)	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>													
Capital reduction in subsidiary interests	(4,500)	-	-	-	-	-	-	-	-	-	-	-	(4,500)
Dividend paid to minority interest at subsidiary	(407)	-	-	-	-	-	-	-	-	-	-	-	(407)
Total transactions with owners	(4,907)	-	-	-	-	-	-	-	-	-	-	-	(4,907)
Closing balance at 31 December 2012	281,041	265,460	222,586	5,965	(3,618)	40,507	34,016	312	2,041	(7,019)	10	11,147	15,601

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2011	Note	Equity attributable to owners of the parent		Attributable to owners of the parent							Non-distributable	Non-distributable	Non-controlling interests RM/000		
		Equity, total RM/000	Equity of the parent, 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	Capital reserve RM/000	Fair value adjustment reserve RM/000				Premium paid on acquisition of non-controlling interests RM/000	Translation reserve RM/000
Group															
Opening balance at 1 January 2011		373,547	351,380	222,586	5,965	78,920	43,909	34,016	312	2,273	(8,248)	11,147	4,613	22,167	
Total comprehensive (loss)/income		(58,354)	(59,932)	-	-	(60,401)	469	-	-	(88)	-	557	-	1,578	
<b>Transactions with owners</b>															
Acquisition of non-controlling interests	18(b)(i)	(1,498)	1,229	-	-	-	1,229	-	-	-	1,229	-	-	(2,727)	
Disposal of subsidiary	18(b)(ii)	231	-	-	-	-	-	-	-	-	-	-	-	231	
Realisation of reserve	28(f)	-	-	-	-	4,613	(4,613)	-	-	-	-	-	(4,613)	-	
Dividends on ordinary shares	13	(10,916)	(10,016)	-	-	(10,016)	-	-	-	-	-	-	-	(900)	
Total transactions with owners		(12,183)	(8,787)	-	-	(5,403)	(3,384)	-	-	-	1,229	-	(4,613)	(3,396)	
<b>Closing balance at 31 December 2011</b>		303,010	282,661	222,586	5,965	13,116	40,994	34,016	312	2,185	(7,019)	11,147	-	20,349	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Note	← Non-distributable →			Distributable	← Non-distributable →		
	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	Fair value adjustment reserve RM'000
<b>2012</b>							
<b>Company</b>							
Opening balance at 1 January 2012	260,997	222,586	5,965	29,949	2,497	312	2,185
Total comprehensive income/(loss)	12,754	-	-	12,898	(144)	-	(144)
Closing balance at 31 December 2012	273,751	222,586	5,965	42,847	2,353	312	2,041

Note	← Non-distributable →			Distributable	← Non-distributable →			
	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	Fair value adjustment reserve RM'000	Revaluation reserve RM'000
<b>2011</b>								
<b>Company</b>								
Opening balance at 1 January 2011	333,360	222,586	5,965	97,611	7,198	312	2,273	4,613
Total comprehensive income	(62,347)	-	-	(62,259)	(88)	-	(88)	-
<b>Transactions with owners</b>								
Realisation of reserve	-	-	-	4,613	(4,613)	-	-	(4,613)
Dividends on ordinary shares	(10,016)	-	-	(10,016)	-	-	-	-
Total transaction with owners	(10,016)	-	-	(5,403)	(4,613)	-	-	(4,613)
Closing balance at 31 December 2011	260,997	222,586	5,965	29,949	2,497	312	2,185	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Operating activities</b>				
(Loss)/profit before taxation	(16,782)	(51,197)	12,900	(62,259)
<i>Adjustments for:</i>				
Amortisation of intangible assets	326	477	-	-
Amortisation of plantation development expenditure	2,485	2,746	-	-
Depreciation of property, plant and equipment	15,821	19,611	801	1,271
Depreciation of investment properties	1,194	367	-	-
Finance costs	8,052	9,203	2,209	-
Loss/(gain) on fair value changes of derivative instruments	453	(1,119)	-	-
Property, plant and equipment written off	4,724	384	-	-
Allowance for impairment on:				
- receivables	3,170	4,607	-	37
- amount due from subsidiaries	-	-	9,498	39,136
- investment in subsidiaries	-	-	1,082	37,669
- property, plant and equipment	2,092	22,374	-	-
- intangible assets	1,438	17,561	-	-
Unrealised loss on foreign exchange	228	1,818	-	-
Dividend income	(282)	(354)	(11,882)	(354)
Gain on disposal of:				
- property, plant and equipment	(2,568)	(601)	(2)	(28)
- assets held for sale	-	(4,708)	-	(4,702)
- subsidiaries	-	(1,902)	-	-
Interest income	(3,266)	(3,992)	(1,385)	(1,669)
Reversal of allowance for impairment on receivables	(263)	(1,867)	-	-
Allowance on receivables written off	99	1,154	-	-
Recoveries of due from subsidiaries previously provided for	-	-	(22,672)	(18,542)
Share of results of associates	(8,204)	(4,965)	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>8,717</b>	<b>9,597</b>	<b>(9,451)</b>	<b>(9,441)</b>
Changes in working capital:				
Inventories	2,046	6,835	-	-
Trade and other payables	24,931	30,373	(616)	(23,236)
Trade and other receivables	(48,854)	11,105	(2,764)	31,219
<b>Cash (used in)/generated from operations</b>	<b>(13,160)</b>	<b>57,910</b>	<b>(12,831)</b>	<b>(1,458)</b>
Tax paid	(2,864)	(2,502)	-	-
<b>Net cash (used in) /generated from operating activities</b>	<b>(16,024)</b>	<b>55,408</b>	<b>(12,831)</b>	<b>(1,458)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(10,323)	(23,986)	(153)	(5,876)
Acquisition of non-controlling interests	-	(1,500)	-	-
Acquisition of investment properties	(423)	(35,561)	-	(35,561)
Additional plantation development expenditure	(2,596)	(5,618)	-	-
Additional intangible assets	-	(248)	-	-
Advances to subsidiaries	-	-	(14,496)	(16,529)
Disposal of a subsidiary, net of cash disposed	24	2,919	-	-
Dividends received	282	354	11,882	354
Interest received	3,266	3,992	1,385	1,669
Proceeds from disposal of property, plant and equipment	2,443	1,211	11	391
Repayment from subsidiaries	-	-	21,961	21,798
Subsequent expenditure of land held for development expenditure	(2)	(2)	-	-
<b>Net cash (used in) /generated from investing activities</b>	<b>(7,329)</b>	<b>(58,439)</b>	<b>20,590</b>	<b>(33,754)</b>
<b>Financing activities</b>				
Deposits pledged with licensed banks	(11,734)	22,104	-	-
Dividends paid	-	(10,916)	-	(10,016)
Interest paid	(8,052)	(9,203)	(2,209)	(1,755)
Net repayment of short term borrowings	(976)	(6,068)	(1,513)	-
Net drawdown of finance lease liabilities	2,822	416	-	-
Net (repayment)/drawdown of term loans	(3,283)	23,130	-	31,763
<b>Net cash (used in)/generated from financing activities</b>	<b>(21,223)</b>	<b>19,463</b>	<b>(3,722)</b>	<b>19,992</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(44,576)</b>	<b>16,432</b>	<b>4,037</b>	<b>(15,220)</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(343)</b>	<b>288</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>85,764</b>	<b>69,044</b>	<b>5,952</b>	<b>21,172</b>
<b>Cash and cash equivalents at end of year (Note 26)</b>	<b>40,845</b>	<b>85,764</b>	<b>9,989</b>	<b>5,952</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 1. Corporate 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 registered office of the Company is located at Level 8, Block D, Kompleks Kelana Centre Point, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor.

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 and others as stated in Note 41. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 April 2013.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2012 as described fully in Note 2.2.

The financial statements of the Group and the Company have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

#### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2012, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012.

##### **Effective for financial periods beginning on or after 1 July 2011**

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments  
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement

##### **Effective for financial periods beginning on or after 1 January 2012**

Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters  
Amendments to FRS 7 Transfers of Financial Assets  
Amendments to FRS 112 Deferred Tax Recovery of Underlying Assets  
FRS 124 Related Party Disclosures

##### FRS 124 Related Party Disclosures

The MASB issued an amendment to FRS 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

##### **Effective for financial periods beginning on or after 1 July 2012**

Amendments to FRS 101 Presentation of Items of Other Comprehensive Income

##### **Effective for financial periods beginning on or after 1 January 2013**

Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))

FRS 10 Consolidated Financial Statements

FRS 11 Joint Arrangements

FRS 12 Disclosure of Interests in Other Entities

FRS 13 Fair Value Measurement

FRS 119 Employee Benefits

FRS 127 Separate Financial Statements

FRS 128 Investment in Associate and Joint Ventures

Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans

Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))

Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))

Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))

Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012))

Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance

Amendments to FRS 11: Joint Arrangements: Transition Guidance

Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance

##### **Effective for financial periods beginning on or after 1 January 2014**

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

##### **Effective for financial periods beginning on or after 1 January 2015**

FRS 9 Financial Instruments

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

##### FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

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

##### FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities (“JCE”) using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

##### FRS 128 Investment in Associate and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

##### Amendments to FRS 101: Presentation of Financial Statements

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group’s financial position and performance.

#### **Malaysian Financial Reporting Standards**

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”) Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

However, on 4 July 2012, MASB has decided to allow the Transitioning Entities to defer adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 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 to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### 2.5 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.

#### 2.6 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 at 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.6 Foreign currency (cont'd)

##### (b) Foreign currency transactions (cont'd)

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.

#### 2.7 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%
- Renovations	10%-20%

##### Plant and equipments

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

##### Motor vehicles

- Motor vehicles	20% - 33%
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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.7 Property, plant and equipment (cont'd)

Assets under construction are not depreciated as these assets are not yet available for use.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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.

#### 2.8 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 2.7.

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%.

Investment properties are derecognised when either they have been disposed of 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 and is performed internally by the Company's personnel having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

#### 2.9 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 of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.9 Intangible assets (cont'd)

##### (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.

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.

#### 2.10 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 trees maintenance is capitalised until maturity in the plantation development accounts. Upon maturity, the expenditure incurred is amortised based on estimated annual yield over 25 years.

#### 2.11 Impairment of non-financial assets

The carrying amounts of assets, other than construction contract assets, property development costs, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.11 Impairment of non-financial assets (cont'd)

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.

#### 2.12 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

#### 2.13 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the 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 profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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.

In the Company's separate financial statements, investments in associates are stated 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

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.14 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 financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

##### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit and loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### (b) 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.

##### (c) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.14 Financial assets (cont'd)

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.

#### 2.15 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

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.15 Impairment of financial assets (cont'd)

##### (c) Available-for-sale financial assets (cont'd)

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.

#### 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits (excluding deposits pledged with licensed banks as securities for banking facilities), and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

#### 2.17 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.

#### 2.18 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.18 Land held for property development and property development costs (cont'd)

##### (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.

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.

#### 2.19 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 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.

#### 2.20 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.21 Government grants

Government grants are recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

#### 2.22 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.

#### 2.23 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 Group, 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.

#### 2.24 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

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.25 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.

#### 2.26 Leases - 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.

#### 2.27 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 investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, that is 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 of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.28 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 as described in Note 2.17.

(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.

#### 2.29 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.29 Income taxes (cont'd)

##### (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.

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.

#### 2.30 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 management of the Company who regularly review 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 2. Summary of significant accounting policies (cont'd)

#### 2.31 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. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, 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.

#### 3.1 Judgments made in applying accounting policies

There is no critical judgment made by management in the process of applying the Group's accounting policies that has significant effect on the amounts recognised in the financial statements.

#### 3.2 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 judgment 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 assess 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 determine 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, judgments 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 3. Significant accounting judgments and estimates (cont'd)

#### 3.2 Key sources of estimation uncertainty (cont'd)

##### (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 judgment 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 judgment, 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 4 and Note 5, respectively.

##### (d) Income taxes (Note 10)

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (e) 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.

### 4. Revenue

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Contract revenue	104,402	52,369	-	-
Sale of goods	693,005	627,488	-	-
Services	29,003	28,243	-	-
Dividend income from:				
- subsidiaries	-	-	11,600	-
- others	282	354	282	354
	<b>826,692</b>	<b>708,454</b>	<b>11,882</b>	<b>354</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 5. Cost of sales

	Group	
	2012 RM'000	2011 RM'000
Contract costs	98,646	52,986
Cost of inventories sold	631,097	560,184
Cost of services rendered	20,772	18,270
	<b>750,515</b>	<b>631,440</b>

### 6. Finance costs

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense on:				
- Bank borrowings	7,583	8,610	2,209	-
- Obligations under finance leases	21	69	-	-
Others	448	524	-	-
	<b>8,052</b>	<b>9,203</b>	<b>2,209</b>	<b>-</b>

### 7. (Loss)/profit before taxation

The following items have been included in arriving at (loss)/profit before taxation:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amortisation of:				
- plantation development expenditure (Note 16)	2,485	2,746	-	-
- intangible assets (Note 21)	326	477	-	-
Auditors' remuneration:				
Statutory audits				
- to the Company's auditors and other member firms of Ernst & Young Global	489	476	92	92
- to other firms of auditors	31	33	-	-
Other services				
- to the Company's auditors	3	7	3	5
Depreciation of:				
- property, plant and equipment (Note 14)	15,821	19,611	801	1,271
- investment properties (Note 17)	1,194	367	849	-
Employee benefits expense (Note 8)	48,653	49,698	5,542	6,989
Non-executive directors' remuneration (Note 9)	1,418	1,361	876	786
Loss/(gain) on fair value changes of derivative instruments	453	(1,119)	-	-
Allowance for impairment on:				
- property, plant and equipment (Note 14)	2,092	22,374	-	-
- intangible assets (Note 21)	1,438	17,561	-	-
- receivables (Note 22 (b))	3,170	4,607	-	37
- due from subsidiaries	-	-	9,498	39,136
- investment in subsidiaries	-	-	1,082	37,669

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 7. (Loss)/profit before taxation (cont'd)

The following items have been included in arriving at (loss)/profit before taxation: (cont'd):

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Property, plant and equipment written off	4,724	384	-	-
Rental expense on:				
- land and buildings	3,697	3,713	811	2,969
- premises	11,234	9,888	-	-
- office equipment	303	680	-	-
Unrealised loss on foreign exchange	228	1,818	-	-
Realised gain on foreign exchange	(1,693)	(1,287)	-	-
Gain on disposal of property, plant and equipment	(2,568)	(601)	(2)	(28)
Interest income	(3,266)	(3,992)	(1,385)	(1,669)
Amortisation of financial guarantees	-	-	(1,506)	(3,104)
Rental income	(1,299)	(991)	(492)	(549)
Reversal of allowance for impairment on receivables (Note 22 (b))	(263)	(1,867)	1,236	-
Recoveries of due from subsidiaries previously provided for	-	-	(22,672)	(18,542)

The above profit or loss items exclude the items relating to the disposal group and other non-current assets held for sale, which have been disclosed separately in Note 11.

### 8. Employee benefits expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages, bonus and salaries	37,487	38,945	3,736	6,018
Social security contributions	455	746	24	41
Contributions to defined contribution plan	3,579	3,619	513	891
Other benefits	7,132	6,388	1,269	39
	<b>48,653</b>	<b>49,698</b>	<b>5,542</b>	<b>6,989</b>

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM2,209,000 (2011: RM3,131,000) and RM731,000 (2011: RM1,132,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 9. Directors' remuneration

The details of remuneration for the Company's directors during the year are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors:				
Salaries and other emoluments	744	1,614	731	1,132
Estimated money value of benefits-in-kind	22	43	22	43
	<b>766</b>	<b>1,657</b>	<b>753</b>	<b>1,175</b>
Non-executive directors:				
Fees	395	336	395	336
Other emoluments	695	695	481	450
Estimated money value of benefits-in-kind	79	123	79	123
	<b>1,169</b>	<b>1,154</b>	<b>955</b>	<b>909</b>
<b>Total Company's directors' remuneration including benefits in kind</b>	<b>1,935</b>	<b>2,811</b>	<b>1,708</b>	<b>2,084</b>

The details of remuneration for directors of the subsidiary companies during the year are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors:				
Salaries and other emoluments	1,465	1,517	-	-
Estimated money value of benefits-in-kind	83	98	-	-
	<b>1,548</b>	<b>1,615</b>	<b>-</b>	<b>-</b>
Non-executive directors:				
Fees	48	48	-	-
Other emoluments	280	282	-	-
Estimated money value of benefits-in-kind	-	-	-	-
	<b>328</b>	<b>330</b>	<b>-</b>	<b>-</b>
<b>Total remuneration for directors of the subsidiary companies including benefits in kind</b>	<b>1,876</b>	<b>1,945</b>	<b>-</b>	<b>-</b>

The details of directors' remuneration of the Group and of the Company during the year are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors:				
Salaries and other emoluments (Note 8)	2,209	3,131	731	1,132
Estimated money value of benefits-in-kind	105	141	22	43
	<b>2,314</b>	<b>3,272</b>	<b>753</b>	<b>1,175</b>
Non-executive directors:				
Fees	443	384	395	336
Other emoluments	975	977	481	450
Non-executive directors' remuneration (Note 7)	1,418	1,361	876	786
Estimated money value of benefits-in-kind	79	123	79	123
	<b>1,497</b>	<b>1,484</b>	<b>955</b>	<b>909</b>
<b>Total directors' remuneration excluding benefits in kind (Note 35(b))</b>	<b>3,627</b>	<b>4,492</b>	<b>1,607</b>	<b>1,918</b>
Estimated money value of benefits-in-kind	183	264	101	166
<b>Total directors' remuneration</b>	<b>3,810</b>	<b>4,756</b>	<b>1,708</b>	<b>2,084</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 9. Directors' remuneration (cont'd)

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of directors	
	2012	2011
Executive directors:		
RM450,001 - RM500,000	-	1
RM750,001 - RM800,000	1	-
RM1,200,001 - RM1,250,000	-	1
Non-executive directors:		
Below RM50,000	-	3
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	2	4
RM150,001 - RM200,000	3	1
RM300,001 - RM350,000	1	1

### 10. Taxation

#### Major components of taxation

The major components of income tax expense for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysian income tax:				
- Current year	4,445	4,561	3,245	-
- (Over)/underprovision in prior year	(2,710)	(350)	2	-
Foreign income tax:				
- Current year	144	-	-	-
- Overprovision in prior year	(580)	-	-	-
	<b>1,299</b>	4,211	<b>3,247</b>	-
Deferred income tax (Note 24):				
- Origination and reversal of temporary differences	(2,370)	2,296	(3,245)	-
- Underprovision in prior years	844	1,119	-	-
	<b>(1,526)</b>	3,415	<b>(3,245)</b>	-
Income tax (benefit)/expense recognised in profit or loss	<b>(227)</b>	7,626	<b>2</b>	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable(loss)/profit for the year.

Taxation of other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 10. Taxation (cont'd)

#### Reconciliation between taxation and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Loss)/profit before taxation	(16,782)	(51,197)	12,900	(62,259)
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	(4,196)	(12,799)	3,225	(15,565)
Income not subject to tax	(1,178)	(23)	(9,903)	(7,196)
Effect of different tax rate on foreign income tax	48	-	-	-
Effect of expenses not deductible for tax purposes	3,926	12,012	6,678	22,097
Deferred tax assets not recognised during the year	3,779	8,114	-	1,130
Effect of utilisation of previously unrecognised tax losses and capital allowances	(160)	(447)	2	(466)
Overprovision of Malaysian income tax expense in prior years	(2,710)	(350)	-	-
Overprovision of foreign income tax expense in prior years	(580)	-	-	-
Underprovision of deferred tax in prior years	844	1,119	-	-
Tax expense for the year	(227)	7,626	2	-

Tax savings during the financial year arising from utilisation of:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tax losses brought forward	156	624	-	-

### 11. Disposal group and other non-current assets classified as held for sale

The non-current assets classified as held for sale of the Group as at 31 December 2011 was represented by one leasehold apartment located at Taman Batu Permai, Kuala Lumpur with carrying amount of RM39,000.

During the financial year 31 December 2012, the proposed disposal was completed with gain on disposal of RM8,000.

As at 31 December 2012, the non-current assets classified as held for sale of the Group are represented by the followings:

- (i) one unit of double storey shop located at Section 13, Shah Alam, held by Empirical Systems (M) Sdn Bhd with carrying value amounting to RM506,000; and
- (ii) motor vehicles with carrying value amounting to RM114,000.

The non-current assets held for sale are as follows :

Assets	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Property, plant and equipment	620	39	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 12. Loss per ordinary share

Basic and diluted loss per ordinary share is calculated by dividing 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 loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2012	2011
Loss net of tax attributable to owners of the parent used in the computation of basic and diluted loss per share (RM'000)	(16,714)	(60,401)
Weighted average number of ordinary shares for basic and diluted loss per share computation (in '000)	556,465	556,465
	2012 Sen	2011 Sen
Basic and diluted loss per share	(3.00)	(10.85)

### 13. Dividends

	2012 RM'000	2011 RM'000
First and final dividend for 2010 of 2.4 sen less 25% taxation on 556,464,690 ordinary shares (1.8 sen net per ordinary share)	-	10,016

The directors do not recommend any payment of dividend in respect of the financial year ended 31 December 2012.

### 14. Property, plant and equipment

	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>						
<b>At 31 December 2012</b>						
<b>At cost:</b>						
At 1 January 2012	12,284	90,549	39,489	226,206	9,933	378,461
Additions	-	2,775	1,320	5,504	724	10,323
Disposals	-	(2,781)	(1,481)	(1,546)	(914)	(6,722)
Written off	-	(919)	(47)	(9,563)	(25)	(10,554)
Transfer to assets classified as held for sale	-	(550)	-	-	(843)	(1,393)
Reclassification	-	3,604	(3,604)	-	-	-
Exchange differences	-	54	-	106	1	161
At 31 December 2012	12,284	92,732	35,677	220,707	8,876	370,276

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 14. Property, plant and equipment (cont'd)

	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Group (cont'd)</b>						
<b>At 31 December 2012</b>						
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2012						
As previously reported						
Accumulated depreciation	-	29,476	13,650	167,799	6,158	217,083
Accumulated impairment losses	277	14,115	18	9,607	30	24,047
At 1 January 2012	277	43,591	13,668	177,406	6,188	241,130
Depreciation charge for the year	-	2,065	439	11,779	1,538	15,821
Impairment loss charge for the year	-	1,744	-	348	-	2,092
Disposals	-	(3,674)	(208)	(1,818)	(598)	(6,298)
Written off	-	(487)	-	(5,153)	(190)	(5,830)
Transfer to assets classified as held for sale	-	(44)	-	-	(729)	(773)
Reclassification	-	5,827	(5,827)	-	-	-
Reclassification to intangible assets	-	-	-	(1,039)	-	(1,039)
Exchange differences	-	23	-	122	1	146
At 31 December 2012:						
Accumulated depreciation	-	33,186	8,054	171,690	6,180	219,110
Accumulated impairment losses	277	15,859	18	9,955	30	26,139
	277	49,045	8,072	181,645	6,210	245,249
<b>Net carrying amount</b>	<b>12,007</b>	<b>43,687</b>	<b>27,605</b>	<b>39,062</b>	<b>2,666</b>	<b>125,027</b>

	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000	Motor vehicles RM'000	Building under construction RM'000	Total RM'000
<b>Group (cont'd)</b>							
<b>At 31 December 2011</b>							
<b>At cost:</b>							
At 1 January 2011	12,284	87,144	33,863	228,150	9,935	6,788	378,164
Additions	-	4,507	5,673	12,010	1,796	35,561	59,547
Disposals	-	(185)	(47)	(994)	(1,796)	-	(3,022)
Written off	-	-	-	(8,755)	-	-	(8,755)
Reclassification	-	(791)	-	(3,936)	-	-	(4,727)
Transfer to investment properties (Note 17)	-	-	-	-	-	(42,349)	(42,349)
Exchange differences	-	(126)	-	(269)	(2)	-	(397)
At 31 December 2011	12,284	90,549	39,489	226,206	9,933	-	378,461

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 14. Property, plant and equipment (cont'd)

	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000	Motor vehicles RM'000	Building under construction RM'000	Total RM'000
<b>Group (cont'd)</b>							
<b>At 31 December 2011</b>							
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2011							
As previously reported							
Accumulated depreciation	-	25,716	12,778	163,502	6,380	-	208,376
Accumulated impairment losses	277	982	18	396	-	-	1,673
At 1 January 2011	277	26,698	12,796	163,898	6,380	-	210,049
Depreciation charge for the year	-	3,854	841	13,750	1,166	-	19,611
Impairment loss charge for the year	-	13,133	-	9,211	30	-	22,374
Disposals	-	(43)	(8)	(975)	(1,386)	-	(2,412)
Written off	-	-	-	(8,371)	-	-	(8,371)
Transfer to assets classified as held for sales	-	-	39	-	-	-	39
Exchange differences	-	(51)	-	(107)	(2)	-	(160)
At 31 December 2011							
Accumulated depreciation	-	29,476	13,650	167,799	6,158	-	217,083
Accumulated impairment losses	277	14,115	18	9,607	30	-	24,047
	277	43,591	13,668	177,406	6,188	-	241,130
<b>Net carrying amount</b>	<b>12,007</b>	<b>46,958</b>	<b>25,821</b>	<b>48,800</b>	<b>3,745</b>	<b>-</b>	<b>137,331</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 14. Property, plant and equipment (cont'd)

	Leasehold land RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Company</b>				
<b>At 31 December 2012</b>				
<b>At cost</b>				
At 1 January 2012	11,265	5,572	558	17,395
Additions	-	153	-	153
Disposals	-	(17)	-	(17)
At 31 December 2012	11,265	5,708	558	17,531
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2012	2,026	4,730	275	7,031
Depreciation charge for the year	93	611	97	801
Disposals	-	(8)	-	(8)
At 31 December 2012	1,853	5,333	372	7,558
Accumulated depreciation	266	-	-	266
Accumulated impairment losses	2,119	5,333	372	7,824
<b>Net carrying amount</b>	<b>9,146</b>	<b>375</b>	<b>186</b>	<b>9,707</b>

	Leasehold land RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Building under construction RM'000	Total RM'000
<b>Company</b>					
<b>At 31 December 2011</b>					
<b>At cost</b>					
At 1 January 2011	5,592	5,537	1,088	6,788	19,005
Additions	5,673	65	138	35,561	41,437
Disposals	-	(30)	(668)	-	(698)
Transfer to investment properties (Note 17)	-	-	-	(42,349)	(42,349)
At 31 December 2011	11,265	5,572	558	-	17,395
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2011	1,716	3,987	392	-	6,095
Depreciation charge for the year	310	763	198	-	1,271
Disposals	-	(20)	(315)	-	(335)
At 31 December 2011	1,760	4,730	275	-	6,765
Accumulated depreciation	266	-	-	-	266
Accumulated impairment losses	2,026	4,730	275	-	7,031
<b>Net carrying amount</b>	<b>9,239</b>	<b>842</b>	<b>283</b>	<b>-</b>	<b>10,364</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 14. Property, plant and equipment (cont'd)

#### Building under construction

The Company's building under construction relates to expenditure for development commercial building on a leasehold land which was completed at the end of the previous financial year. The costs of the development of the building has been classified as 'Investment Properties', as disclosed in Note 17.

#### Assets pledged as security

At 31 December 2012, freehold land, factory and buildings of the Group with net carrying amount of RM79,837,000 (2011: RM80,515,000) are pledged to banks as securities for borrowings as disclosed in Note 30.

### 15. Land held for property development

	Group	
	2012 RM'000	2011 RM'000
<b>At cost</b>		
At 1 January	11,820	11,818
Additions	2	2
At 31 December	11,822	11,820
<b>Accumulated impairment losses</b>		
At 1 January/ 31 December	7,215	7,215
<b>Net carrying amount</b>	4,607	4,605

Land held for property development of the Group with net carrying amount of RM4,388,000 (2011: RM4,388,000) is pledged as security for borrowings as disclosed in Note 30.

### 16. Plantation development expenditure

	Group	
	2012 RM'000	2011 RM'000
<b>At cost</b>		
At 1 January	60,550	54,932
Additions	2,596	5,618
At 31 December	63,146	60,550
<b>Accumulated amortisation</b>		
At 1 January	21,282	18,536
Amortisation for the year	2,485	2,746
At 31 December	23,767	21,282
<b>Net carrying amount</b>	39,379	39,268

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 17. Investment properties

	Freehold land and buildings RM'000	Leasehold building RM'000	Total RM'000
<b>Group</b>			
<b>At 31 December 2012</b>			
<b>Cost</b>			
At 1 January 2012	18,355	44,637	62,992
Reclassification	(752)	752	-
Addition	-	423	423
Disposals	(1,038)	-	(1,038)
At 31 December 2012	16,565	45,812	62,377
<b>Accumulated depreciation and impairment losses</b>			
At 1 January 2012			
Accumulated depreciation	8,335	324	8,659
Accumulated impairment losses	211	-	211
	8,546	324	8,870
Reclassification	(419)	419	-
Depreciation for the year	311	883	1,194
Disposals	(85)	-	(85)
At 31 December 2012	8,142	1,626	9,768
Accumulated depreciation	211	-	211
Accumulated impairment losses			
	8,353	1,626	9,979
<b>Net carrying amount</b>	<b>8,212</b>	<b>44,186</b>	<b>52,398</b>
<b>Fair value</b>	<b>19,190</b>	<b>59,085</b>	<b>78,275</b>
<b>At 31 December 2011</b>			
<b>Cost</b>			
At 1 January 2011	18,020	2,288	20,308
Transfer from property, plant and equipment (Note 14)	-	42,349	42,349
Disposals	335	-	335
At 31 December 2011	18,355	44,637	62,992
<b>Accumulated depreciation and impairment losses</b>			
At 1 January 2011			
Accumulated depreciation	7,992	300	8,292
Accumulated impairment losses	211	-	211
	8,203	300	8,503
Depreciation for the year	343	24	367
At 31 December 2011	8,335	324	8,659
Accumulated depreciation	211	-	211
Accumulated impairment losses			
	8,546	324	8,870
<b>Net carrying amount</b>	<b>9,809</b>	<b>44,313</b>	<b>54,122</b>
<b>Fair value</b>	<b>20,790</b>	<b>45,451</b>	<b>66,241</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 17. Investment properties (cont'd)

Included in the freehold land and buildings of the Group are:

	2012 RM'000	2011 RM'000
Freehold land	-	683
Buildings	8,212	9,126
	<u>8,212</u>	<u>9,809</u>

Investment properties of the Group comprise a number of commercial properties leased to third parties.

	Leasehold building RM'000	Total RM'000
<b>Company</b>		
<b>At 31 December 2012</b>		
<b>Cost</b>		
At 1 January/31 December 2012	<u>42,349</u>	<u>42,349</u>
<b>Accumulated depreciation</b>		
At 1 January 2012	-	-
Depreciation for the year	<u>849</u>	<u>849</u>
At 31 December 2012	<u>849</u>	<u>849</u>
<b>Net carrying amount</b>	<u>41,500</u>	<u>41,500</u>
<b>Fair value</b>	<u>56,000</u>	<u>56,000</u>
<b>At 31 December 2011</b>		
<b>Cost</b>		
At 1 January 2011	-	-
Transfer from property, plant and equipment (Note 14)	<u>42,349</u>	<u>42,349</u>
At 31 December 2011	<u>42,349</u>	<u>42,349</u>
<b>Accumulated depreciation</b>		
At 1 January/31 December 2011	-	-
<b>Net carrying amount</b>	<u>42,349</u>	<u>42,349</u>
<b>Fair value</b>	<u>42,366</u>	<u>42,366</u>

Leasehold building of the Group and Company with net carrying amount of RM43,300,000 and RM41,500,000 (2011: RM44,148,000 and RM42,349,000) respectively is pledged as security for borrowings as disclosed in Note 30.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 18. Investments in subsidiaries

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost	284,150	284,150
Less: Accumulated impairment losses	(85,350)	(84,269)
	<u>198,800</u>	<u>199,881</u>
Advances to subsidiaries (c)	308,893	321,251
Less: Accumulated impairment losses	(308,893)	(321,251)
	<u>-</u>	<u>-</u>
Provision for financial guarantees	15,969	13,865
	<u>214,769</u>	<u>213,746</u>

A list of the subsidiaries is shown in Note 41.

#### (a) Transactions during the year

##### (i) Acquisition of Subsidiary

On 1 March 2012, a subsidiary of Bina Alam Bersatu Sdn Bhd, Apsley Sdn Bhd acquired another 50% equity interests in Lambaian Indah Sdn Bhd ("LISB"). Upon acquisition of LISB, LISB ceased to be an associate and became a subsidiary of the Group.

##### (ii) Disposal of a subsidiary

On 16 April 2012, Bina Alam Bersatu Sdn Bhd, a 55% subsidiary of the Group, had disposed its 100% equity interest in Bina Alam Bersatu Development Sdn Bhd for a cash consideration of RM24,871.

##### (iii) Capital Reduction

Bina Alam Bersatu Sdn Bhd had obtained approvals for its capital reduction exercise from the shareholders and the High Court of Malaya on 10 October 2011 and 18 April 2012 respectively. The effects of the capital reduction exercise were as follows :

The issued and paid-up share capital of the Company was reduced from RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each to RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 by the cancellation of 10,000,000 units of ordinary shares on a pro rata basis based on the existing shareholders' shareholding in the Company prior to the above mentioned exercise.

#### (b) Transactions during the previous year

##### (i) Acquisition of non-controlling interests

On 29 December 2010, KUB Telekomunikasi Sdn Bhd ("KUBTel"), a wholly-owned subsidiary of the Group has entered into a Sale and Purchase Share Agreement with Fujitsu Limited and Marubeni Corporation, both companies incorporated in Japan, for the acquisition of 3,300,000 ordinary shares of RM1.00 each representing 30% of the equity interest in KUB-Fujitsu Telecommunications (Malaysia) Sdn Bhd for a total cash consideration of RM1,500,000.

On 12 January 2011, KUBTel has completed the acquisition of the remaining 30% equity interest in KFT International (Malaysia) Sdn. Bhd. ("KFT"). Hence, KFT effectively became a wholly-owned subsidiary of the Group during the previous financial year.

##### (ii) Disposal of a subsidiary

On 28 February 2011, Bina Alam Bersatu Sdn Bhd ("Bina Alam"), a subsidiary of the Group, completed the disposal of its 210,000 ordinary shares representing 70% equity interest in Cocoa Valley Sdn Bhd ("Cocoa Valley") to Top Genesis Sdn Bhd for a cash consideration of RM4,550,000. Hence, Cocoa Valley ceased to be a subsidiary of Bina Alam and the Group, the ultimate holding company. The Group recognised RM1,902,000 for the gain on this disposal.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 18. Investments in subsidiaries (cont'd)

#### (b) Transactions during the previous year (cont'd)

##### (ii) Disposal of a subsidiary (cont'd)

The disposal above had the following effects on the financial position of the Group as at the end of the previous financial year:

	2011 RM'000
Property, plant and equipment	(38)
Payables	809
Fair value of net assets disposed	771
Non-controlling interest	(231)
	540
Proceeds from disposal	2,919
Gain on disposal recognised in profit or loss	3,459
Non-controlling interest share of gain on the disposal	(1,557)
Group share of gain on the disposal	1,902
Cash inflows arising on disposal:	
Net proceeds	2,919
Cash and bank balances of subsidiary disposed	-
Net cash inflows on disposal of the Group	2,919

#### (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 advance has no fixed tenure; and
- (iii) The advance is repayable at the sole discretion of the subsidiaries.

Accordingly, the balances have been classified as part of investments in subsidiaries.

### 19. Investment in associates

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares, at cost	29,652	29,652	27,822	27,822
Share of post-acquisition reserves	15,306	10,702	-	-
	44,958	40,354	27,822	27,822
Less: Accumulated impairment losses	(20,653)	(20,652)	(18,822)	(18,822)
	24,305	19,702	9,000	9,000

A list of the associates is shown in Note 42.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 19. Investment in associates (cont'd)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2012 RM'000	2011 RM'000
<b>Gross assets and liabilities</b>		
Current assets	95,074	68,755
Non-current assets	32,885	27,163
Total assets	127,959	95,918
Current liabilities	11,323	5,847
Non-current liabilities	58,217	41,024
Total liabilities	69,540	46,871
<b>Gross results</b>		
Revenue	46,658	29,383
Profit for the year	20,509	12,413

### 20. Other investments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Available-for-sale financial investments</b>				
<b>Non-current</b>				
At cost:				
Unquoted shares	617	617	140	140
Less: Accumulated impairment losses	(477)	(477)	-	-
	140	140	140	140
At market value:				
Quoted shares in Malaysia	4,059	4,203	4,059	4,203
	4,199	4,343	4,199	4,343
<b>Current</b>				
At market value:				
Quoted shares in Malaysia	-	-	-	-
Total other investments	4,199	4,343	4,199	4,343

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 21. Intangible assets

	Goodwill RM'000	Initial fees RM'000	Development costs RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2012</b>				
<b>Cost</b>				
At 1 January 2012	103,653	5,275	330	109,258
Written off	-	(988)	-	(988)
Exchange difference	-	18	-	18
At 31 December 2012	103,653	4,305	330	108,288
<b>Accumulated amortisation and impairment losses</b>				
At 1 January 2012				
Accumulated amortisation	-	1,728	96	1,824
Accumulated impairment losses	103,653	-	234	103,887
	103,653	1,728	330	105,711
Amortisation for the year	-	326	-	326
Reclassification from property, plant and equipment	-	1,039	-	1,039
Impairment loss	-	1,438	-	1,438
Written off	-	(988)	-	(988)
Exchange difference	-	17	-	17
At 31 December 2012				
Accumulated amortisation	-	1,083	96	1,179
Accumulated impairment losses	103,653	2,477	234	106,364
	103,653	3,560	330	107,543
<b>Net carrying amount</b>	-	745	-	745
<b>At 31 December 2011</b>				
<b>Cost</b>				
At 1 January 2011	103,653	5,071	330	109,054
Additions	-	248	-	248
Exchange difference	-	(44)	-	(44)
At 31 December 2011	103,653	5,275	330	109,258
<b>Accumulated amortisation and impairment losses</b>				
At 1 January 2011				
Accumulated amortisation	-	1,313	47	1,360
Accumulated impairment losses	86,326	-	-	86,326
	86,326	1,313	47	87,686
Amortisation for the year	-	428	49	477
Impairment loss	17,327	-	234	17,561
Exchange difference	-	(13)	-	(13)
At 31 December 2011:				
Accumulated amortisation	-	1,728	96	1,824
Accumulated impairment losses	103,653	-	234	103,887
	103,653	1,728	330	105,711
<b>Net carrying amount</b>	-	3,547	-	3,547

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 21. Intangible assets (cont'd)

#### (a) Goodwill

##### (i) Allocation of goodwill

The goodwill is in respect of the acquisition of subsidiaries, Empirical Systems (M) Sdn. Bhd. and KUB Builders Sdn. Bhd. by the Company in 2008.

##### (ii) Key assumptions used in value-in-use calculations

The recoverable amount of the cash generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the Board covering a three-year period. The following describes each key assumption on which the management has based its cash flow projections for the purpose of impairment testing of goodwill:

##### (1) Revenue and profit assumptions

Revenue and profit for the financial year ended 2012 is predominantly based on the expected revenue and profit from existing contracts and contracts expected to be secured in 2012. The weighted average growth rate used is consistent with the long term average growth rate for the industry where the cash generating unit is in.

##### (2) Discount rate

The discount rate used for the information, communications and technology segment is 16% (2011: 16%) and property, engineering and construction segment is 12% (2011: 12%). These rates are pre-tax and reflect specific risks relating to the respective industry.

Based on the impairment assessment made by management of the Company, the Company has recognised full impairment allowance of the remaining carrying amount of the goodwill of RM17,327,000 during the previous financial year as the recoverable amount of the cash generating unit of the goodwill is less than its carrying amount.

#### (b) Initial fees

The restaurant's initial franchise fees incurred during the year are fees charged by the franchise holder for new outlets opened during the year.

#### (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.

Based on the impairment assessment made by management of the Company as at 31 December 2011, the Company has recognised full impairment allowance of the remaining carrying amount of the development cost of RM283,000 during the previous financial year as this product has yet to secure any contracts since it was developed in financial year 2009.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 22. Amount due from subsidiaries, trade receivables and other receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Non-current</b>				
Due from subsidiaries (a)	-	-	22,635	18,158
Less: Allowance for impairment loss	-	-	(87)	(902)
	-	-	22,548	17,256
<b>Current</b>				
<b>Trade</b>				
Due from customers on contract (Note 23)	29,403	35,410	-	-
Trade receivables (b)	131,165	109,767	-	-
Less: Allowance for impairment loss	(19,592)	(16,783)	-	-
	140,976	128,394	-	-
<b>Non-trade</b>				
Due from associates (c)	1,121	472	-	-
Other receivables	16,684	14,075	1,516	2,425
Government subsidy receivable	55,093	33,738	-	-
Deposits and prepayments	10,682	12,835	634	715
Less: Allowance for impairment loss	(8,093)	(5,551)	-	(133)
	75,487	55,569	2,150	3,007
	216,463	183,963	2,150	3,007
Total trade and other receivables (current and non-current)	216,463	183,963	24,698	20,263
Add: Cash and bank balances (Note 26)	144,253	164,128	9,989	5,952
Less: Prepayments	(2,527)	(1,164)	(172)	(244)
Total loans and receivables	358,189	346,927	34,515	25,971

#### (a) Amount due from subsidiaries

The amount due from subsidiaries is unsecured, bears interest at the market Base Lending Rate ("BLR") of 6.6% (2011: 5.3% to 6.6%) per annum and not expected to be repaid within the next twelve months.

#### (b) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2011: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The trade receivables are non-interest bearing.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	86,505	44,933
Past due but not impaired	25,068	48,051
	111,573	92,984
Impaired	19,592	16,783
	131,165	109,767

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 22. Amount due from subsidiaries, trade receivables and other receivables (cont'd)

#### (b) Trade receivables (cont'd)

##### 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 Corporations amounting to RM11,023,000 (2011: RM36,886,000) which are recoverable based on the creditworthiness of these debtors. Management is of the view that there is no recoverability issue on these balances.

##### 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	
	2012 RM'000	2011 RM'000
<b>Group</b>		
Trade receivables - nominal amounts	19,592	16,783
Less: Allowance for impairment	(19,592)	(16,783)
	-	-

Movement in allowance accounts:

	Individually impaired	
	2012 RM'000	2011 RM'000
At 1 January	16,783	15,197
Charge for the year (Note 7)	3,170	4,607
Written off during the year	(98)	(1,154)
Written back during the year (Note 7)	(263)	(1,867)
At 31 December	19,592	16,783

Other information on financial assets are disclosed in Note 36.

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) Amount due from associates

The amount due from associates is non-trade, unsecured, non-interest bearing and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 23. Due from customers on contract

	Group	
	2012 RM'000	2011 RM'000
Construction costs incurred to date	980,247	888,494
Attributable profits to date	73,533	70,712
	<b>1,053,780</b>	959,206
Less: Provision for foreseeable loss	(1,763)	(1,442)
Progress billings to date	(1,022,614)	(922,354)
	<b>29,403</b>	35,410
Analysed as:		
Due from customers on contract (Note 22)	29,403	35,410
Retention sum on contracts included within trade receivables	17,939	23,895

Construction contracts revenue and costs are disclosed in Notes 4 and 5 respectively.

### 24. Deferred tax assets and liabilities

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	9,950	7,292	-	757
Recognised in profit or loss (Note 10)	(1,526)	3,415	-	-
Recognised in other comprehensive income	-	(757)	-	(757)
At 31 December	<b>8,424</b>	9,950	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(5,617)	(5,050)	-	-
Deferred tax liabilities	14,041	15,000	-	-
	<b>8,424</b>	9,950	-	-

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	Fair value adjustment reserve RM'000	Total RM'000
At 1 January 2011	9,149	757	9,906
Recognised in profit or loss	5,851	-	5,851
Recognised in other comprehensive income	-	(757)	(757)
At 31 December 2011	15,000	-	15,000
Recognised in profit or loss	(959)	-	(959)
Recognised in other comprehensive income	-	-	-
At 31 December 2012	<b>14,041</b>	-	<b>14,041</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 24. Deferred tax assets and liabilities (cont'd)

#### Deferred tax liabilities of the Company:

	Fair value adjustment reserve RM'000
At 1 January 2011	757
Recognised in profit or loss	-
Recognised in other comprehensive income	(757)
At 31 December 2011	-
Recognised in profit or loss	-
Recognised in other comprehensive income	-
At 31 December 2012	-

#### Deferred tax assets of the Group:

	Unabsorbed tax losses and unutilised capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
At 1 January 2011	(1,515)	(539)	(560)	(2,614)
Recognised in profit or loss	(2,936)	137	363	(2,436)
At 31 December 2011	(4,451)	(402)	(197)	(5,050)
Recognised in profit or loss	(674)	(24)	131	(567)
At 31 December 2012	<b>(5,125)</b>	<b>(426)</b>	<b>(66)</b>	<b>(5,617)</b>

Deferred tax assets have not been recognised in respect of the following items due to the uncertainty of their recoverability:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unabsorbed tax losses	114,170	109,669	34,617	38,470
Unutilised capital allowances	16,835	14,114	-	3,256
Other deductible temporary difference	5,454	10,320	-	-
	<b>136,459</b>	134,103	<b>34,617</b>	41,726

The unabsorbed tax losses and unutilised capital allowances of the Group are available indefinitely 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

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 25. Inventories

	Group	
	2012 RM'000	2011 RM'000
<b>At cost:</b>		
Raw materials and consumables	5,353	4,638
Contract work-in-progress	12,187	12,081
Finished goods	2,949	5,890
Parts and components	1,043	969
	<b>21,532</b>	<b>23,578</b>
<b>At net realisable value:</b>		
Raw materials and consumables	22	32
	<b>21,554</b>	<b>23,610</b>

### 26. Cash and bank balances

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash on hand and at banks	66,298	94,787	4,783	147
Deposits with licensed banks	77,955	69,341	5,206	5,805
	<b>144,253</b>	<b>164,128</b>	<b>9,989</b>	<b>5,952</b>

Included in cash at banks of the Group is an amount of RM24,000 (2011: RM24,000) 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 RM48,860,000 (2011: RM37,126,000) which has been pledged as securities 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 at the reporting date:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	144,253	164,128	9,989	5,952
Deposits pledged with licensed banks	(48,860)	(37,126)	-	-
Bank overdrafts (Note 30)	(54,548)	(41,238)	-	-
	<b>40,845</b>	<b>85,764</b>	<b>9,989</b>	<b>5,952</b>

The weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group and the Company's deposits with licensed banks are as follows:

	Group		Company	
	2012	2011	2012	2011
WAEIR (%)	2.9	2.9	3.0	2.8
Average maturities (days)	229	193	16	3

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 27. Share capital

	Number of ordinary shares		Amount	
	2012 '000	2011 '000	2012 RM'000	2011 RM'000
<b>Authorised:</b>				
At 1 January/31 December	1,000,000	1,000,000	400,000	400,000
<b>Issued and fully paid:</b>				
At 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

The capital reserve arose from the capitalisation of bonus shares issued by certain subsidiaries in prior years.

#### (b) Capital redemption reserve

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

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

#### (d) Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

#### (e) Merger reserve

Merger reserve amounting to approximately RM11,147,000 which arose from the acquisition of KUB Ekuiti Sdn. Bhd. in 1997.

#### (f) Revaluation reserve

Revaluation reserve amounting to RM4,613,000 which arose from the revaluation of an agriculture land in Mukim of Bruas, Perak held by the Company which was performed prior to 1 January 2006. The land has been disposed in 2011 and consequently the reserve has been transferred to retained earnings.

#### (g) Premium paid on acquisition of non-controlling interest

Premium paid on acquisition of non-controlling interest amounting to RM7,019,000 which arose from the premium paid on the acquisition of remaining equity interest of KUB Builders Sdn. Bhd. in 2010 and KFT International (Malaysia) Sdn. Bhd. in 2011.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 29. Retained earnings

As at 31 December 2012, the Company has zero balances in the Section 108 to frank dividends (2011: nil) and tax exempt account amounting to RM16,090,000 (2011: RM16,090,000).

### 30. Borrowings

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Long term borrowings</b>				
<b>Secured</b>				
Term loans	44,710	47,766	28,600	30,113
Hire purchase payables (a)	799	1,037	-	-
Finance lease liabilities	1,823	-	-	-
	<b>47,332</b>	<b>48,803</b>	<b>28,600</b>	<b>30,113</b>
<b>Short term borrowings</b>				
<b>Secured</b>				
Term loans	7,094	7,321	1,650	1,650
Revolving credit	-	(636)	-	-
Bankers' acceptances	10,286	27,671	-	-
Letter of credit	5,318	2,765	-	-
Trust receipts	4,109	4,199	-	-
Hire purchase payables (a)	448	410	-	-
Finance lease liabilities	1,199	-	-	-
Bank overdrafts	54,548	41,238	-	-
	<b>83,002</b>	<b>82,968</b>	<b>1,650</b>	<b>1,650</b>
<b>Total borrowings</b>				
Term loans	51,804	55,087	30,250	31,763
Revolving credit	-	(636)	-	-
Bankers' acceptances	10,286	27,671	-	-
Letter of credit	5,318	2,765	-	-
Trust receipts	4,109	4,199	-	-
Hire purchase payables (a)	1,247	1,447	-	-
Finance lease liabilities	3,022	-	-	-
Bank overdrafts	54,548	41,238	-	-
	<b>130,334</b>	<b>131,771</b>	<b>30,250</b>	<b>31,763</b>
Maturity of borrowings is as follows:				
Within 1 year	83,002	82,968	1,650	1,650
More than 1 year and less than 2 years	8,292	7,248	1,650	1,650
More than 2 years and less than 5 years	13,381	16,154	3,300	3,300
More than 5 years	25,659	25,401	23,650	25,163
	<b>130,334</b>	<b>131,771</b>	<b>30,250</b>	<b>31,763</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 30. Borrowings (cont'd)

The weighted average effective interest rates ("WAEIR") (% per annum) of the borrowings at the reporting date are as follows:

	Group		Company	
	2012 WAEIR %	2011 WAEIR %	2012 WAEIR %	2011 WAEIR %
Term loans	5.00 - 10.60	5.00 - 8.05	7.00	7.00
Revolving credit	-	7.58	-	-
Bankers' acceptance	1.50	1.80	-	-
Trust receipts	3.88 - 8.35	7.20 - 8.05	-	-
Finance lease liabilities	2.50 - 6.95	2.50 - 6.95	-	-
Bank overdrafts	7.50 - 8.25	7.90 - 8.25	-	-

The secured term loans, bank overdrafts, bankers' acceptances, trust receipts and revolving credits of the Group and Company are secured by way of fixed and floating charges over certain assets of the Group as disclosed in Note 14, Note 15, Note 17 and Note 26.

#### (a) Hire purchase payables

	Group	
	2012 RM'000	2011 RM'000
<b>Future minimum lease payables</b>		
Not later than 1 year	494	418
Later than 1 year and not later than 2 years	491	676
Later than 2 years and not later than 5 years	360	472
Total future minimum lease payments	1,345	1,566
Less: Future finance charges	(98)	(119)
	<b>1,247</b>	<b>1,447</b>
<b>Analysis of present value of hire purchase payables</b>		
Not later than 1 year	448	410
Later than 1 year and not later than 2 years	438	578
Later than 2 years and not later than 5 years	361	459
	1,247	1,447
Less: Due within 12 months	(448)	(410)
Due after 12 months	<b>799</b>	<b>1,037</b>

The Group has hire purchase contracts for various items of property, plant and equipment. These leases have terms of renewal but no purchase options and escalations clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 31. Trade and other payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Current</b>				
<b>Trade payables:</b>				
Trade payables (a)	104,988	95,297	-	-
<b>Non-trade payables:</b>				
Refundable deposits	29,171	28,846	-	-
Provision for liquidated ascertained damages	-	7,493	-	-
Financial guarantees (b)	-	-	1,705	1,107
Other payables	80,283	56,393	10,208	12,272
	109,454	92,732	11,913	13,379
	214,442	188,029	11,913	13,379
Total trade and other payables	214,442	188,029	11,913	13,379
Add: Loans and borrowings (Note 30)	130,334	131,771	30,250	31,763
Total financial liabilities carried at amortised cost	344,776	319,800	42,163	45,142

#### (a) Trade payables

These amounts are non-interest bearing and normally settled between 60 to 90 days (2011: 60 to 90 days) terms.

#### (b) Financial guarantees

This amount relates to fair value of corporate guarantees provided by the Company to banks for banking facilities granted to subsidiaries.

### 32. Derivatives

	2012		2011	
	Contract/ Notional Amount RM'000	Fair value of derivative liabilities RM'000	Contract/ Notional Amount RM'000	Fair value of derivative liabilities RM'000
<b>Group</b>				
<b>Current</b>				
Forward currency contracts	25,721	193	10,155	(260)

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 sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to January 2013.

During the financial year, the Group recognised a loss of RM453,000 (2011: gain of RM1,119,000) arising from fair value changes of derivative assets and liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 33. Capital commitments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Capital expenditure</b>				
<b>Approved and contracted for:</b>				
Property, plant and equipment	26,252	-	-	-
<b>Approved but not contracted for:</b>				
Property, plant and equipment	9,104	25,280	1,947	4,142
	<b>35,356</b>	<b>25,280</b>	<b>1,947</b>	<b>4,142</b>
<b>Lease and repurchase commitments:</b>				
Less than a year	2,208	2,320	-	-
Between one and five years	7,706	8,156	-	-
More than 5 years	2,805	4,563	-	-
	<b>12,719</b>	<b>15,039</b>	<b>-</b>	<b>-</b>

### 34. Contingent liabilities

The Company has given corporate guarantees amounting to RM327,670,000 (2011: RM310,374,000) to banks for credit facilities granted to subsidiaries. As at 31 December 2012, the carrying amount of the financial guarantees is RM1,705,055 (2011: RM1,107,011) as disclosed in Note 31(b).

### 35. Related party disclosures

(a) The Company had the following transactions with related parties during the financial year:

	Company	
	2012 RM'000	2011 RM'000
Dividend income from subsidiaries	11,600	-
Interest income from subsidiaries	1,197	1,164

Related parties refer to:

- (i) subsidiaries and associates of the Company and its subsidiaries;
- (ii) directors and key management personnel having authority and responsibility for planning, directing and controlling activities of the Company and their close family members;
- (iii) enterprises owned by directors of the Group; and
- (iv) enterprises that have a member of key management in common with the Company.

The directors are of the opinion that all the transactions above have been entered into 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 at 31 December 2012 are disclosed in Note 35(c).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 35. Related party disclosures (cont'd)

(b) Remuneration of key management personnel

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors (Note 9):				
- fees	443	384	395	336
- remuneration	3,184	4,108	1,212	1,582
	<b>3,627</b>	<b>4,492</b>	<b>1,607</b>	<b>1,918</b>
Other key management personnel:				
- salaries, bonus and wages	2,802	2,763	745	1,452
- defined contribution plan	297	368	87	194
	<b>6,726</b>	<b>7,623</b>	<b>2,439</b>	<b>3,564</b>

Other key management personnel comprises persons other than directors of the Group entities having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

(c) Other significant related party transactions

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	2012		2011	
	Transactions amount for year ended 31 December RM'000	Net balance outstanding at 31 December RM'000	Transactions amount for year ended 31 December RM'000	Net balance outstanding at 31 December RM'000
<b>Group</b>				
<b>Cuscapi Malaysia Sdn Bhd *</b> <i>(Transaction until 19 December 2011)</i>				
Rental of point of sales systems	-	-	77	-
Remedial and maintenance services	-	-	626	-
<b>JEKS Engineering Sdn Bhd</b>				
Sales of precast products	16,763	10,918	8,227	6,078
Purchase of raw material	(1,089)	(799)	-	-
<b>JEKS Trading Sdn Bhd</b>				
Purchase of raw material	(12,005)	(3,569)	(2,004)	(426)
<b>JEKS Engineering Pte. Ltd.</b>				
Sales of precast products	12,701	2,710	4,156	719
<b>JEKS BMC Sdn. Bhd.</b>				
Sales of precast products	220	41	-	-
<b>Fujitsu Telecommunications Asia Sdn Bhd **</b> <i>(Transaction until 12 January 2011)</i>				
Purchase of equipment and engineering services	-	-	(17)	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 35. Related party disclosures (cont'd)

#### (c) Other significant related party transactions (cont'd)

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

\* On 19 December 2011, Dato' Rosman bin Abdullah, a Non-Executive Director of KUB Malaysia Berhad has resigned. Thus, Cusapi Malaysia Sdn. Bhd. has ceased to be KUB's related party.

\*\* On 12 January 2011, KUB Telekomunikasi Sdn. Bhd., a wholly-owned subsidiary of the Group, completed the acquisition of 3,300,000 ordinary shares representing the remaining 30% equity interest in KFT International (Malaysia) Sdn. Bhd. ("KFT") for a cash consideration of RM1,500,000. Hence, KFT effectively became a wholly-owned subsidiary of the Group.

Thus, Fujitsu Limited and Fujitsu Telecommunications Asia Sdn. Bhd. have ceased to be KFT's related party.

### 36. Fair value of financial instruments

#### A. 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	2012		2011	
		Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair Value RM'000
<b>Group</b>					
<b>Financial liabilities:</b>					
Borrowings (non-current)					
- Term loans	30	44,710	40,552	47,766	43,754
- Hire purchase payables	30	799	774	1,037	1,005
- Finance lease liabilities	30	1,823	1,767	-	-
<b>Company</b>					
<b>Financial liabilities:</b>					
Borrowings (non-current)					
- Term loans	30	28,600	27,721	30,113	29,188

#### B. 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)	31

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 36. Fair value of financial instruments (cont'd)

#### B. Determination of fair value (cont'd)

##### Derivatives

Forward currency contracts are valued using valuation obtained from counterparties.

##### Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

### 37. 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 policies and procedures for the management of these risks. The Board of Audit 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.

#### (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 investment securities, 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 with the result that the Group's exposure to bad debts is not significant.

##### Exposure to credit risk

The Group does not have any significant exposure to any individual customer or counterparty nor does it 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 RM33,617,000 and RM23,014,000 (2011: RM32,750,000 and RM31,551,000) representing 24% (2011: 26%) and 16% (2011: 25%) of the Group's total net trade receivables, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 37. Financial risk management objectives and policies (cont'd)

#### (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.

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
<b>At 31 December 2012</b>				
<b>Financial liabilities:</b>				
Trade and other payables	214,442	-	-	214,442
Borrowings	83,002	21,673	25,659	130,334
Total undiscounted financial liabilities	297,444	21,673	25,659	344,776
<b>At 31 December 2011</b>				
<b>Financial liabilities:</b>				
Trade and other payables	188,029	-	-	188,029
Borrowings	82,968	23,402	25,401	131,771
Total undiscounted financial liabilities	270,997	23,402	25,401	319,800
	Company			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>At 31 December 2012</b>				
<b>Financial liabilities:</b>				
Trade and other payables, excluding financial guarantees*	10,208	-	-	10,208
Term loan	1,650	4,950	23,650	30,250
Total undiscounted financial liabilities	11,858	4,950	23,650	40,458
<b>At 31 December 2011</b>				
<b>Financial liabilities:</b>				
Trade and other payables, excluding financial guarantees*, representing total discounted financial liabilities	12,272	-	-	12,272
Term loan	1,650	4,950	25,163	31,763
Total undiscounted financial liabilities	13,922	4,950	25,163	44,035

\* 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

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 37. 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 interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value 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 at 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 the Notes 26 and 30 to the financial statements.

#### 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 (loss)/profit net of tax would have been RM356,000 (2011: RM327,000) 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 currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar and Thailand Baht. 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 32. 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 at the reporting date is as follows:

	Group	
	2012 RM'000	2011 RM'000
Trade payables hedged using forward currency contracts	25,721	10,155
Unhedged trade payables	-	94
	<b>25,721</b>	<b>10,249</b>

### 38. 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 2012 and 31 December 2011.

The Group monitors its capital using a gearing ratio, which is debt divided by total capital and debt. The Group's total debts include borrowings and trade payables, while the Group's capital is represented by equity attributable to the owners of the parent less fair value adjustment reserve.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 38. Capital management (cont'd)

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Borrowings - long term	30	47,332	48,803	28,600	30,113
Borrowings - short term	30	83,002	82,968	1,650	1,650
Trade payables	31	104,988	95,297	-	-
Total debts		235,322	227,068	30,250	31,763
Equity attributable to the owners of the parent		265,440	282,661	273,751	260,997
Less: Fair value adjustment reserve		(2,041)	(2,185)	(2,041)	(2,185)
Translation reserve		(10)	(353)	-	-
Total capital		263,389	280,123	271,710	258,812
Capital and total debts		498,711	507,191	301,960	290,575
Gearing ratio - long term		9%	10%	9%	10%
Gearing ratio - short term		38%	35%	1%	1%
Gearing ratio - total debts		47%	45%	10%	11%

### 39. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

- I. Information, communications and technology ("ICT")
  - ICT services and their related infrastructures
- II. Energy
  - Bottling and trading of liquefied petroleum gas
- III. Agricultural businesses ("Agro")
  - Oil palm plantation and trading of agriculture fertilizer
- IV. Food related ("Food")
  - Quick service restaurants and hotelier
- V. Property, engineering and construction ("PEC")
  - Development, construction and management of residential and commercial properties, including engineering and civil works in the power sector
- VI. Others
  - Investment holding and trading of consumer goods

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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

## 39. Segment information (cont'd)

## (a) Business segments (cont'd)

31 December 2012	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	PEC RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>								
External sales	90,769	488,961	37,194	71,189	138,212	367	-	826,692
Inter-segment sales	680	-	-	152	-	16,713	(17,545)	-
Total revenue	91,449	488,961	37,194	71,341	138,212	17,080	(17,545)	826,692
<b>Results</b>								
Profit/(loss) from operations	269	3,865	12,577	(15,946)	(15,016)	30,334	(36,283)	(20,200)
Interest income	351	673	586	-	1,435	1,418	(1,197)	3,266
Finance costs	(934)	(87)	(511)	(78)	(5,388)	(2,251)	1,197	(8,052)
Share of profit of associates	-	-	-	-	-	8,204	-	8,204
Taxation	663	(253)	(1,357)	40	1,143	(9)	-	227
Profit/(loss) for the year	349	4,198	11,295	(15,984)	(17,826)	37,696	(36,283)	(16,555)
<b>Assets</b>								
Segment assets	83,350	118,771	98,704	26,934	215,705	355,250	(280,801)	617,913
Investment in associates	-	-	-	-	-	24,305	-	24,305
Total assets	83,350	118,771	98,704	26,934	215,705	379,555	(280,801)	642,218
<b>Liabilities</b>								
Segment liabilities	42,732	77,583	31,452	188,175	170,448	163,737	(312,950)	361,177
<b>Other information</b>								
Capital expenditure	206	1,567	1,026	3,119	4,246	159	-	10,323
Depreciation	634	6,106	1,248	4,103	2,877	853	-	15,821
Amortisation	-	-	2,485	326	-	-	-	2,811

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 39. Segment information (cont'd)

#### (a) Business segments (cont'd)

	31 December 2011	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	PEC RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>									
External sales	83,721	420,422	50,460	85,399	68,090	362	-	-	708,454
Inter-segment sales	2,822	-	-	-	-	15,462	(18,284)	-	-
Total revenue	86,543	420,422	50,460	85,399	68,090	15,824	(18,284)	-	708,454
<b>Results</b>									
Profit/(loss) from operations	2,645	681	24,908	(44,349)	(10,501)	(46,345)	22,010	-	(50,951)
Interest income	306	870	589	-	1,676	551	-	-	3,992
Finance costs	(938)	(94)	(2,476)	(64)	(5,607)	(24)	-	-	(9,203)
Share of profit of associates	-	-	-	-	-	4,965	-	-	4,965
Taxation	(806)	(1,049)	(5,834)	-	(919)	(2,356)	3,338	-	(7,626)
Profit/(loss) for the year	1,207	408	17,187	(44,413)	(15,351)	(43,209)	25,348	-	(58,823)
<b>Assets</b>									
Segment assets	90,287	127,296	91,700	39,141	203,244	70,010	-	-	621,678
Investment in associates	-	-	-	-	-	19,702	-	-	19,702
Total assets	90,287	127,296	91,700	39,141	203,244	89,712	-	-	641,380
<b>Liabilities</b>									
Segment liabilities	50,018	85,056	30,331	16,336	120,872	35,757	-	-	338,370
<b>Other information</b>									
Capital expenditure	534	3,923	1,446	11,198	1,009	41,437	-	-	59,547
Depreciation	854	6,471	826	7,186	2,441	2,200	-	-	19,978
Amortisation	49	-	2,746	428	-	-	-	-	3,223

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 39. Segment information (cont'd)

#### Geographical information

The Group's geographical segments primarily operate in Malaysia except for its food related segment which also operates in Thailand.

The following table provides an analysis of the Group's revenue by geographical segments:

	Revenues	
	2012 RM'000	2011 RM'000
Malaysia	807,287	686,775
Thailand	19,405	21,679
	<b>826,692</b>	<b>708,454</b>

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical segments:

	Segment assets		Capital expenditure	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	636,838	633,305	10,199	58,683
Thailand	5,380	8,075	124	864
	<b>642,218</b>	<b>641,380</b>	<b>10,323</b>	<b>59,547</b>

#### Information about major customers

The Group's customers are primarily the Government of Malaysia and Government Linked Corporations.

### 40. Significant events during the financial year

- (a) On 19 January 2012, KUB Power Sdn Bhd, a wholly owned subsidiary of KUB Ekuiti Sdn Bhd had accepted a contract award from Bahru Stainless Sdn Bhd for a project named "Supply, Install, Lay, Erect, Test and Commission of 275V Outdoor Conventional Single Busbar Electrical System at Stainless Steel Integrated Plant in Tanjung Langsat, Pasir Gudang, Johor" for a contract sum of RM33,900,000.
- (b) On 16 April 2012, Bina Alam Bersatu Sdn Bhd, a 55% subsidiary of the Company, had disposed its 100% equity interest in Bina Alam Bersatu Development Sdn Bhd for a cash consideration of RM24,871.
- (c) On 19 June 2012, KUB Ibuzawa Sdn Bhd, a dormant subsidiary of the Company, which 60% interest is held through KUB Malaysia Berhad and 40% interest held through KUB Builders Sdn Bhd, had been struck off from the register pursuant to Section 308 (4) of the Companies Act, 1965, as part of the Group structure rationalisation.
- (d) On 19 June 2012, KUB-Tis Controls Sdn Bhd and KUB Drilling Sdn Bhd, wholly owned and dormant subsidiaries of KUB Ekuiti Sdn Bhd, had been struck off from the register pursuant to Section 308 (4) of the Companies Act, 1965.
- (e) On 19 June 2012, Empirical Systems (M) Sdn Bhd, a 70% subsidiary of the Company had accepted a Contract named "Tender Pembekalan & Penghantaran Toner dan Consumables Pencetak OKI untuk Pengguna NKRA, Polis Diraja Malaysia" from Kementerian Dalam Negeri for a contract sum of RM11,698,944.
- (f) On 6 July 2012, Villa-Annexe Sdn Bhd, a dormant subsidiary of the Company which is held through the Company's wholly-owned subsidiary, KUB Ekuiti Sdn Bhd, had been struck off from the register pursuant to Section 308 (4) of the Companies Act, 1965, as part of the Group structure rationalisation.
- (g) On 13 December 2012, KUB Agro Holdings Sdn Bhd (formerly known as KUB Agrotech Sdn. Bhd.), a wholly owned subsidiary of KUB Ekuiti Sdn Bhd, had entered into a Memorandum of Understanding ("MOU") with Sutracom Sdn Bhd to develop a palm oil mill in Mukah, Sarawak for the processing of fresh fruit bunch and producing crude palm oil and palm kernel and such other viable projects as may be mutually agreed between the Parties from time to time during the validity of the MOU.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 41. Investments in subsidiaries

Details of the subsidiaries are as follows:-

Name of subsidiary	Country of incorporation	Principal activities	Equity interest	
			2012 %	2011 %
<b>Held by the Company:</b>				
KUB Ekuiti Sdn. Bhd.	Malaysia	Investment holding	100	100
KUB Builders Sdn. Bhd. @	Malaysia	Property investment and general contractor and trading	100	100
Empirical Systems (M) Sdn. Bhd.@	Malaysia	Information and communication technology infrastructure and consultation	70	70
Restoran Kualiti Sdn. Bhd. * @	Malaysia	Investment holding	100	100
Summit Petroleum (Malaysia) Sdn Bhd	Malaysia	Bottling and trading of liquefied petroleum gas	100	100
KUB Prasarana Sdn. Bhd. * @	Malaysia	Dormant	100	100
Peraharta Sdn. Bhd.	Malaysia	Property management	100	100
Perbiba Sdn. Bhd. *	Malaysia	Dormant	100	100
Pernida Berhad *	Malaysia	Dormant	86	86
Peramining Sdn. Bhd. *	Malaysia	Investment trading	100	100
Utama Steel Works Sdn. Bhd.* @	Malaysia	Dormant	51	51
Pelita Espipi Sdn. Bhd. @	Malaysia	Dormant	100	100
Gerik Timber Industries Sdn. Bhd.* @	Malaysia	Dormant	100	100
KUB Oil & Gas Sdn Bhd * (formerly known as Perinding Plantations Sdn. Bhd.)	Malaysia	Dormant	100	100
Creative Communications & Events Sdn. Bhd.*	Malaysia	Dormant	100	100
Academy of Knowledge for Accounting and Leadership Sdn. Bhd.*	Malaysia	Dormant	100	100

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 41. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Equity interest	
			2012 %	2011 %
<b>Held through KUB Ekuiti Sdn. Bhd.:</b>				
Bina Alam Bersatu Sdn. Bhd.	Malaysia	Civil engineering works, building works and housing development	55	55
KUB Agro Holdings Sdn Bhd <i>(formerly known as KUB Agrotech Sdn.Bhd.)</i>	Malaysia	Plantation and estate management	100	100
KUB Telekomunikasi Sdn. Bhd.	Malaysia	Assembling and commissioning of telecommunication equipment	100	100
KUB Power Sdn. Bhd.	Malaysia	Constructions of power substations	100	100
KUB Realty Sdn. Bhd.* @	Malaysia	Property management and investment holding	100	100
KUB Development Berhad*	Malaysia	Dormant	100	100
ITTAR Sdn. Bhd.* @	Malaysia	Dormant	100	100
KUB Hotel and Resort Management Sdn. Bhd.* @	Malaysia	Dormant	100	100
KUB Teknologi Sdn. Bhd.* @	Malaysia	Dormant	100	100
Affluent Vision Sdn. Bhd.*	Malaysia	Dormant	100	100
KUB Gas Sdn. Bhd.*	Malaysia	Dormant	100	100
KUB Microelectronics Sdn. Bhd.* @	Malaysia	Dormant	78.5	78.5
Perumahan KUB Sdn. Bhd.* @	Malaysia	Dormant	100	100
Pembinaan Efektif (M) Sdn. Bhd.*	Malaysia	Dormant	100	100
KUB Expertise A&I Sdn. Bhd.*	Malaysia	Dormant	100	100
<b>Held through KUB Builders Sdn. Bhd.</b>				
Precast Products Sdn. Bhd.	Malaysia	Manufacturing and trading of precasted concrete slabs and concrete elements	70	70
<b>Held through Empirical Systems (M) Sdn. Bhd.:</b>				
Credensoft Solutions Sdn. Bhd. @	Malaysia	Telco engineering works and dealer of software products, information technology advisers and general trading	70	70

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 41. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Equity interest	
			2012 %	2011 %
<b>Held through Bina Alam Bersatu Sdn. Bhd.:</b>				
Apsley Sdn. Bhd.	Malaysia	Dormant	100	100
Bina Alam Management Sdn. Bhd.*	Malaysia	Dormant	100	100
Bina Alam -KMK Development Sdn. Bhd.	Malaysia	Dormant	70	70
<b>Held through Apsley Sdn. Bhd.:</b>				
Lambaian Indah Sdn. Bhd.	Malaysia	Dormant	100	50
<b>Held through KUB Agro Holdings Sdn. Bhd. (formerly known as KUB Agrotech Sdn Bhd):</b>				
KUB Sepadu Sdn. Bhd.	Malaysia	Plantation and estate management	60	60
KUB Maju Mill Sdn. Bhd. (formerly known as KUB Advanced System Sdn Bhd)	Malaysia	Manufacturing	51	-
<b>Held through KUB Sepadu Sdn. Bhd.:</b>				
KUB Maju Mill Sdn Bhd (formerly known as KUB Advanced System Sdn Bhd)	Malaysia	Manufacturing	6	-
<b>Held through KUB Telekomunikasi Sdn. Bhd.:</b>				
Cybertrek (Malaysia) Sdn. Bhd.* @	Malaysia	Dormant	100	100
KFT International (Malaysia) Sdn. Bhd.	Malaysia	Assembling and installation of telecommunication equipment	100	100
KUB Research Sdn. Bhd.* @	Malaysia	Dormant	100	100
<b>Held through ITTAR Sdn. Bhd.:</b>				
ITTAR-IPP (PJ) Sdn. Bhd. @	Malaysia	Hospitality education and training	100	100
ITTAR-ILP (Prai) Sdn. Bhd.* @	Malaysia	Dormant	100	100
<b>Held through KUB Realty Sdn. Bhd.:</b>				
KUB Realty (PJ) Sdn. Bhd.* @	Malaysia	Property management	100	100
<b>Held through KUB Development Berhad:</b>				
Kesina Development Sdn. Bhd.*	Malaysia	Property development and project management	100	100
KUB-Astana Development Sdn. Bhd.*	Malaysia	Dormant	51	51
<b>Held through KUB Microelectronics Sdn. Bhd.:</b>				
KUB Microelectronics Sales and Services Sdn. Bhd.*	Malaysia	Dormant	100	100

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

## 41. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Equity interest	
			2012 %	2011 %
<b>Held through KUB Hotel and Resort Management Sdn. Bhd.:</b>				
KUB Singgahsana (PJ) Sdn. Bhd. @	Malaysia	Hotel Management	100	100
KUB Singgahsana (Langkawi) Sdn. Bhd.*	Malaysia	Dormant	100	100
<b>Held through Restoran Kualiti Sdn. Bhd.:</b>				
A&W (Malaysia) Sdn. Bhd. @	Malaysia	Operating a chain of restaurants	100	100
A&W Restaurants (Thailand) Co. Ltd. ^ @	Thailand	Food and beverage catering through retail outlets	100	100
<b>Held through A&amp;W (Malaysia) Sdn. Bhd.:</b>				
A&W Properties Sdn. Bhd.* @	Malaysia	Dormant	100	100
Prosperous Avenue Sdn. Bhd.* @	Malaysia	Dormant	100	100
Dysec (M) Sdn. Bhd.* @	Malaysia	Dormant	60	60
Pleasant Harmony Sdn. Bhd.* @	Malaysia	Dormant	60	60
Syarikat Ayam Mutiara Sdn. Bhd.*	Malaysia	Dormant	55	55

\* Audited by firms other than Ernst &amp; Young

^ Audited by a member firm of Ernst &amp; Young Global

@ 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. Where necessary, appropriate adjustments have been made to the carrying value of investments at Company level and to the carrying value of assets at Group level.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 42. Investment in associates

Details of associates are as follows:-

Name of associates	Country of incorporation	Principal activities	Equity interest	
			2012 %	2011 %
<b>Held by the Company:</b>				
KUB-Berjaya Enviro Sdn. Bhd.	Malaysia	Sanitary waste management	40	40
Mambang Di-Awan Sdn. Bhd.	Malaysia	Dormant	37.5	37.5
Rimba Raya Sdn. Bhd.	Malaysia	Dormant	20	20
Progas Holding Limited	Pakistan	Investment holding	38.2	38.2
<b>Held through KUB Telekomunikasi Sdn. Bhd.:</b>				
Sphairon (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and distribution of wireless local loop system	49	49
<b>Held through A&amp;W (Malaysia) Sdn. Bhd.:</b>				
Success United Corporation Sdn. Bhd.	Malaysia	Dormant	40	40
Relk Food Services Sdn. Bhd.	Malaysia	Fast food business	49	49
Matrix Consolidated Sdn. Bhd.	Malaysia	Fast food business	20.7	20.7
<b>Held through KUB Ekuiti Sdn. Bhd.:</b>				
Editry Sdn. Bhd.	Malaysia	Dormant	41	41

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

### 43. Supplementary information - realised and unrealised unappropriated profits

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:				
Realised	<b>(590,287)</b>	(580,587)	<b>42,847</b>	30,077
Unrealised	<b>(7,968)</b>	(9,597)	-	(128)
	<b>(598,255)</b>	(590,184)	<b>42,847</b>	29,949
Total share of retained earnings from associated companies:				
Realised	<b>20,700</b>	12,444	-	-
Unrealised	<b>(1,794)</b>	(1,742)	-	-
	<b>18,906</b>	10,702	-	-
Consolidation adjustments	<b>575,731</b>	592,598	-	-
(Accumulated losses)/retained profits as per financial statements	<b>(3,618)</b>	13,116	<b>42,847</b>	29,949

The above breakdown of the accumulated losses and retained profits of the Group and of the Company as at 31 December 2012 and 31 December 2011 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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.

# LIST OF PROPERTIES

LOCATION	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/12 (RM'000)	APPROXIMATE AGE OF BUILDING (YEARS)	DATE OF ACQUISITION / (REVALUATION)
<b>KUB MALAYSIA BERHAD</b>							
HS (D) 279769, PT 9 Seksyen 26 Town of Petaling Jaya, District of Petaling, Selangor	Retail Lot	Commercial	4,238 sq. meter	Leasehold (99 years expiring 2110)	9,146	-	10 January 2005
Parcel No CG01 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Retail Lot	Commercial	6,789 sq. meter	Freehold	3,025	2	24 May 2010
Parcel No C101 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,612 sq. meter	Freehold	3,821	2	24 May 2010
Parcel No C201 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,612 sq. meter	Freehold	3,821	2	24 May 2010
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. meter	Freehold	3,821	2	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. meter	Freehold	3,787	2	24 May 2010
Parcel No C501 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. meter	Freehold	3,787	2	24 May 2010
Parcel No C601 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. meter	Freehold	3,787	2	24 May 2010
Parcel No C701 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. meter	Freehold	3,787	2	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. meter	Freehold	3,787	2	24 May 2010

# LIST OF PROPERTIES

LOCATION	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/12 (RM'000)	APPROXIMATE AGE OF BUILDING (YEARS)	DATE OF ACQUISITION / (REVALUATION)
<b>KUB MALAYSIA BERHAD (continued)</b>							
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. meter	Freehold	3,787	2	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. meter	Freehold	2,145	2	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. meter	Freehold	2,145	2	24 May 2010
<b>KUB SEPADU SDN BHD</b>							
Lot 221, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	2.60 acres	Leasehold (60 years expiring 2024)	49	-	1 May 1964
Lot 252, Block No 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	3.46 acres	Leasehold (60 years expiring 2024)	52	-	1 May 1964
Lot 261, Block No 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	2.91 acres	Leasehold (60 years expiring 2030)	42	-	11 February 1970
Lot 642, Block No. 363, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	6,008.40 acres	Leasehold (60 years expiring 2050)	4,916	-	22 May 1990
Lot 135, Block No. 48, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	2,720.78 acres	Leasehold (60 years expiring 2050)	1,468	-	22 May 1990
Lot 8, Block No 109, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	2,816.41 acres	Leasehold (60 years expiring 2052)	1,099	-	10 March 1992

# LIST OF PROPERTIES

LOCATION	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/12 (RM'000)	APPROXIMATE AGE OF BUILDING (YEARS)	DATE OF ACQUISITION / (REVALUATION)
<b>KUB AGRO HOLDINGS SDN BHD</b>							
PTD No. 3545, Mukim of Paloh & PTD No. 3796, Mukim of Kahang, District of Kluang, Johor	Oil Palm Plantation	Agricultural	1,120 acres and 1,243 acres respectively	Leasehold (99 years expiring 2086)	1,668	-	17 March 1987
PTD No. 4901, Mukim of Kahang, PTD No. 26005 & 26006, Mukim of Kahang, District of Kluang, Johor	Oil Palm Plantation	Agricultural	3,686 acres 364 acres 149 acres respectively	Leasehold (99 years expiring 2093)	4,544	-	14 November 1994
<b>KUB DEVELOPMENT BERHAD</b>							
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	115.66 acres	Freehold	4,388	-	1 December 2004
HSD 4280, PT No. 606, Mukim of Serting Ulu, District of Jempol, Negeri Sembilan	Vacant Development Land	Industrial	80,920 sq. meter	Leasehold (99 years expiring 2086)	752	-	1999
<b>A&amp;W (MALAYSIA) SDN BHD</b>							
Lot No 1897 Township of Johor Bahru District of Johor Bahru, Johor	Vacant Land	Commercial	13,966 sq. feet	Freehold	473	-	14 April 1990
<b>A&amp;W PROPERTIES SDN BHD</b>							
Unit No. LG-07, Amcorp Mall Trade Centre, Jalan Timur, Petaling Jaya, Selangor	Retail Lot	Commercial	4,605 sq. feet	Leasehold (99 years expiring 2088)	1,778	18	4 August 1995
<b>KUB TELEKOMUNIKASI SDN BHD</b>							
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	6,977	12	20 December 2000

# LIST OF PROPERTIES

LOCATION	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/12 (RM'000)	APPROXIMATE AGE OF BUILDING (YEARS)	DATE OF ACQUISITION / (REVALUATION)
<b>PERAHARTA SDN BHD</b>							
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	7,796	29	1983 (4 August 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)	302	20	1992 (3 August 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)	426	20	1992 (16 September 2002)
Lot PT 10174 and PT 10175, Industrial Estate Sri Manjung, Sitiawan, Perak	Industrial Vacant Land	Industrial	21,780 sq. feet	Leasehold	53	-	1993 (27 April 2011)
PT No. 51, Seksyen 16 Town and District of Kota Bharu, Kelantan.	Shoplot Malay Reserve	Commercial	915 sq. meter	Leasehold (67 years expiring 2061)	1,497	22	4 December 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	1,497	-	28 December 2012
PN 131601 Lot No. 8713N Bandar Ipoh District of Kinta Ipoh, Perak.	Empty lot	Commercial	2,149 sq. meter	Leasehold (99 years expiring 2092)	1,497	-	20 July 2012
<b>SUMMIT PETROLEUM (M) SDN BHD</b>							
HS (D) 44395, Plot 91 Mukim 01, Seberang Perai Tengah District, Pulau Pinang	Land, Plant & office building	Industrial	3.35 acres	Leasehold (99 years expiring 2070)	1,294	23	1 January 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	12	1 July 2001

# LIST OF PROPERTIES

LOCATION	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/12 (RM'000)	APPROXIMATE AGE OF BUILDING (YEARS)	DATE OF ACQUISITION / (REVALUATION)
<b>SUMMIT PETROLEUM (M) SDN BHD (cont'd)</b>							
PTD 40053 Mukim of Tebrau, District of Johor Bahru, Johor	Office & Plant	Industrial	143,609 sq. feet	Freehold	1,042	25	1 July 1988
Lot 55710, Lorong Kenanga 8, Liquid Bulk Terminal, Pulau Indah, Port Klang, Selangor	Office & Plant	Industrial	NA	NA	5,999	14	1 May 1999
<b>PERNIDA BERHAD</b>							
PN 2801, Lot 315, Bandar Kuala Kangsar, District of Kuala Kangsar, Negeri Perak	3 Storey Shoplot	Building	148.64 sq. meter	Leasehold (60 years expiring 2029)	161	41	(1 August 2011)
<b>KUB BUILDERS SDN BHD</b>							
Level 3 Wisma Chinese Chamber 258 Jalan Ampang 50450 Kuala Lumpur	Office space	Office	15,507 sq. feet	Freehold	4,050	20	7 August 2009
Unit 6.14, 6th Floor Wisma Central Jalan Ampang 50450 Kuala Lumpur	Office space	Commercial	3,312 sq. feet	Freehold	502	22	7 August 2009
Unit 6.15, 6th Floor Wisma Central Jalan Ampang 50450 Kuala Lumpur	Office space	Commercial	3,358 sq. feet	Freehold	540	22	7 August 2009
Unit 6.16, 6th Floor Wisma Central Jalan Ampang 50450 Kuala Lumpur	Office space	Commercial	3,358 sq. feet	Freehold	540	22	7 August 2009
<b>PRECAST PRODUCTS SDN BHD</b>							
No. HS.D 122114 No PT 6704 Mukim of Rantau, District of Seremban Negeri Sembilan	Land and building	Industrial	44,632 sq. meter	Freehold	20,075	17	29 October 1998 (10 June 2007)
Lot 664, Mukim of Ampangan District of Seremban Negeri Sembilan	Land for storage purposes	Multi usage	20,870 sq. meter	Freehold	1,426	15	6 February 1996 (10 June 2007)
<b>EMPIRICAL SYSTEMS (M) SDN BHD</b>							
HS(D) 14159, Lot 2009 Section 13, Town of Shah Alam District of Petaling Selangor	2 storey shop office	Commercial	143 sq. meter	Leasehold (99 years expiring 2102)	506	4	26 December 2008

# ANALYSIS OF SHAREHOLDINGS

## ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 2 MAY 2013

Size of Shareholdings	No of Shareholders	% of Shareholders	No of Shares Held	% of Shareholdings
Less Than 100	10,606	14.65	459,070	0.08
100 - 1,000	36,568	50.51	20,234,360	3.64
1,001 - 10,000	22,048	30.46	64,249,837	11.55
10,001 - 100,000	2,889	3.99	86,280,569	15.50
100,001 To Less Than 5%	280	0.39	94,929,384	17.06
5% And Above	2	0.00	290,311,470	52.17
<b>Total</b>	<b>72,393</b>	<b>100.00</b>	<b>556,464,690</b>	<b>100.00</b>

## LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS AT 2 MAY 2013

No	Names	Shareholdings	%
1	Gaya Edisi Sdn Bhd	164,844,520	29.62
2	Minister of Finance	125,466,950	22.55

## LIST OF DIRECTORS' SHAREHOLDINGS AS AT 2 MAY 2013

No	Names	Shareholdings	%
1	Datuk Seri Hj Abd Halim Hj Abd Samad	100,000	0.01
2	Datuk Hj Faisyal Datuk Yusof Hamdain Diego	-	-
3	Dato' Gumuri Hussain	-	-
4	Datuk Badly Shah Ariff Shah	-	-
5	Datuk Mohd Hafarizam Harun	-	-
6	Dato' Wan Mohd Nor Wan Ahmad	-	-

# ANALYSIS OF SHAREHOLDINGS

## LIST OF THIRTY (30) LARGEST ACCOUNT HOLDERS AS AT 2 MAY 2013

No	Names	Shareholdings	%
1	Gaya Edisi Sdn Bhd	164,844,520	29.62
2	Minister of Finance	125,466,950	22.55
3	Tasec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Puncak Kinta Sdn Bhd	10,000,000	1.80
4	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	6,366,600	1.14
5	CIMSEC Nominees (Tempatan) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	2,000,000	0.36
6	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	2,000,000	0.36
7	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak (CDB-NR-PerakCB)	2,000,000	0.36
8	Lim Gaik Bway @ Lim Chiew Ah	1,919,400	0.34
9	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noor Azman @ Noor Hizam B Mohd Nurdin	1,858,300	0.33
10	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,459,400	0.26
11	Chong Hong Jong	1,448,000	0.26
12	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,353,500	0.24
13	Lim Boi Kee @ Lim Ah Siok	1,154,000	0.21
14	Bank Pertanian Malaysia Berhad	1,030,000	0.19
15	Liew Choon Guan @ Liew Soon Guan	1,013,300	0.18
16	Raja Mohd Nazri Bin Raja Abd Malek	1,000,000	0.18
17	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	900,000	0.16
18	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng	820,000	0.15

# ANALYSIS OF SHAREHOLDINGS

## LIST OF THIRTY (30) LARGEST ACCOUNT HOLDERS AS AT 2 MAY 2012 (CONT'D)

No	Names	Shareholdings	%
19	Abdul Razak Bin Arshad	780,000	0.14
20	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Liew Siew Ling	746,600	0.13
21	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Ling	650,000	0.12
22	Lee Yeow Teng	620,000	0.11
23	Teng Eng Seah	600,000	0.11
24	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Su Ming Yaw	600,000	0.11
25	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 2DCN for John Hancock Funds II Emerging Markets Fund	592,900	0.11
26	Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Ong Soom Peng	565,000	0.10
27	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund DIMH for Dimensional Funds PLC	560,800	0.10
28	Lee Kok Chin	540,000	0.10
29	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 2CIA for Emerging Markets Value Trust (JHVIT)	534,400	0.10
30	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for City of New York Group Trust	501,800	0.09

# PROXY FORM

Number of Shares Held

I/We ..... NRIC .....  
(block letters)

of .....  
(full address)

being a member/members of KUB Malaysia Berhad ("Company"), hereby appoint Chairman of the Meeting\* or

..... NRIC .....  
(block letters)

of .....  
(full address)

and/or failing him ..... NRIC .....  
(block letters)

of .....  
(full address)

as my/our proxy(ies) to vote for me/us on my/our behalf at the 48th Annual General Meeting ("AGM") of the Company to be held on Thursday, 20 June 2013 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 words "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:

NO	RESOLUTIONS	FOR	AGAINST
1	To receive the Audited Financial Statements for the financial year ended 31 December 2012		
2	Re-election of Datuk Hj Faisyal Datuk Yusof Hamdain Diego		
3	Re-election of Dato' Wan Mohd Nor Wan Ahmad		
4	Re-appointment of Datuk Seri Hj Abd. Halim Hj Abd. Samad		
5	Approval of the Directors' fees		
6	Re-appointment of Messrs Ernst & Young as Auditors		
7	Authority to the Director to issue shares under Section 132D of Companies Act, 1965		
8	Proposed Renewal of Authority for Purchase by the Company of its own shares (Share Buy-Back)		
9	Proposed Renewal of Shareholders' Mandate For RRPT		

The proportion of my/our holding to be represented by my/our proxy/proxies is as follows:

First proxy	%
Second proxy	%
<b>Total</b>	100 %

In the case of vote by a show of hands, \*\*First Proxy/Second Proxy shall vote on my/our behalf.

Dated this ..... day of ..... of 2013

Signature of Member/Common Seal/Attorney/Authorised Officer

\*\* Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit)

**NOTES:**

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 48th AGM.
- A member of the Company entitled to attend, speak and vote at the abovementioned Meeting is entitled to appoint a maximum of two (2) proxies whether a member or not as his/her proxy/proxies to attend, speak and vote in his/her stead. Where a member appoints two 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized 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.
- The Proxy Forms must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan. by hand or fax to 603-78418152 not less than forty eight (48) hours before the time for holding the Meeting or an adjournment thereof.

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AFFIX STAMP

**KUB MALAYSIA BERHAD** (6022-D)  
c/o THE REGISTRAR  
Symphony Share Registrars Sdn Bhd (378993-D)  
Level 6, Symphony House, Block D 13  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor

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www.kub.com

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