



Stronger Together



ANNUAL REPORT 2014

Rationale



2014 FINANCIAL HIGHLIGHTS

PROFIT BEFORE TAX

RM **13.13** million

REVENUE

RM **676.39** million

Our Commitment Continues

Oil & Gas / Energy, Information and Communications Technology, Property, Engineering & Construction and Food Related on which we have firmly hold on by capitalising on our core capabilities and innovative spirit.

We are fully committed towards building new milestones to strengthen our cores and embarking Long-Term Growth Potential to enhance balanced growth.

The cover design with a concise pictorial narrative of the company's core business activities depicts KUB is continuously defining its increasing presence, expands aftermarket growth pursuing operational efficiency and delivering added value to stakeholders.

The year 2014 was indeed noteworthy for KUB as we commenorate our 50th Golden Jubilee year of incorporation.

We have grown immensely since our inception 50 years ago, establishing a reputable position in the Agro Business,

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NOTICE OF 50TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fiftieth (50th) Annual General Meeting ('AGM') of KUB Malaysia Berhad ('KUB' or 'the Company') will be held at MATRADE Exhibition & Convention Centre, Menara MATRADE, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur on Tuesday, 16 June 2015 at 10.00 a.m. for the transaction of the following businesses:

AGENDA ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. Please refer to Note 2
2. To consider and if thought fit to pass the following resolution:
'**THAT** Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad, a Director over the age of seventy (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 1
3. 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:
(i) Dato' Gumuri Hussain
Ordinary Resolution 2
(ii) Datuk Hj Faisyal Datuk Yusof Hamdain Diego
Ordinary Resolution 3
4. To approve the payment of Directors' fees for the financial year ended 31 December 2014. Ordinary Resolution 4
5. To re-appoint Messrs. Deloitte as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

SPECIAL BUSINESS

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

6. Authority for the Directors to Allot Shares Pursuant to Section 132D of the Companies Act, 1965.

THAT pursuant to Section 132D of the Companies Act, 1965 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 centum (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 and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad ('Bursa Malaysia') and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.'
Ordinary Resolution 6

NOTICE OF 50TH ANNUAL GENERAL MEETING

7. Proposed Renewal of the Authority for the Purchase by KUB Malaysia Berhad ('KUB' or 'the Company') of its Own Ordinary Shares Representing up to ten per centum (10%) of its Issued and Paid-Up Share Capital ('Proposed Share Buy-Back').

THAT subject always to compliances with the Companies Act, 1965, the Articles of Association of the Company, the Main Market Listing Requirements ('Listing Requirements') of Bursa Malaysia 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 authorised 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 Malaysia upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (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);
- (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 Companies Act, 1965; 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 authorised 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 re-sell on the market of Bursa Malaysia; 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 Companies Act, 1965 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 any one (1) 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 execution of 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 authorised by this Ordinary Resolution.'

Ordinary Resolution 7



NOTICE OF 50TH ANNUAL GENERAL MEETING

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

FURTHER NOTICE IS HEREBY GIVEN for the purpose of determining a member who shall be entitled to attend this Fiftieth (50th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(iii) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 9 June 2015. Only a depositor whose name appears on the Record of Depositors as at 9 June 2015 shall be entitled to attend the said Meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

By Order of the Board

SHARINA SAIDON (LS 0006127)

MOHD AFENDY MD YAZIM (MAICSA 7056481)

Company Secretaries
Petaling Jaya
21 May 2015

Notes:

4

1. Appointment of Proxy

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

2. Audited Financial Statements for the Financial Year Ended 31 December 2014

This Agenda is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

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

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

NOTICE OF 50TH ANNUAL GENERAL MEETING

Explanatory Notes to the Special Business:

1. **Ordinary Resolution 6 – Authority for the Directors to Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

This Proposed Ordinary Resolution 6 is for the purpose of granting a renewal General Mandate ('General Mandate'), if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 49th Annual General Meeting held on 25 June 2014 and which will lapse at the conclusion of the 50th Annual General Meeting.

2. **Ordinary Resolution 7 – Proposed Share Buy-Back**

Full details of the Ordinary Resolution 7 is disclosed in the Circular to Shareholders dated 21 May 2015 which is enclosed together with the Annual Report 2014.



STATEMENT ACCOMPANYING NOTICE OF 50TH ANNUAL GENERAL MEETING

1. The Director who is standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 at the Fiftieth (50th) Annual General Meeting of the Company is as follows:
 - (i) Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad.
2. The Directors who are standing for re-election pursuant to Article 95(i) of the Articles of Association at the Fiftieth (50th) Annual General Meeting of the Company are as follows:
 - (i) Dato' Gumuri Hussain; and
 - (ii) Datuk Hj Faisyal Datuk Yusof Hamdain Diego.

Further details of the above Directors are set out in the Profile of the Board of Directors which appear from page 13 to 16 of the Annual Report.

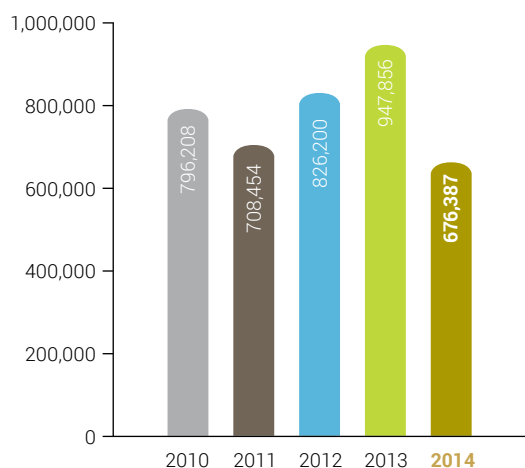
The details of the Directors' securities holdings in the Company are set out in the List of Directors' Shareholdings which appear on page 154 of the Annual Report.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

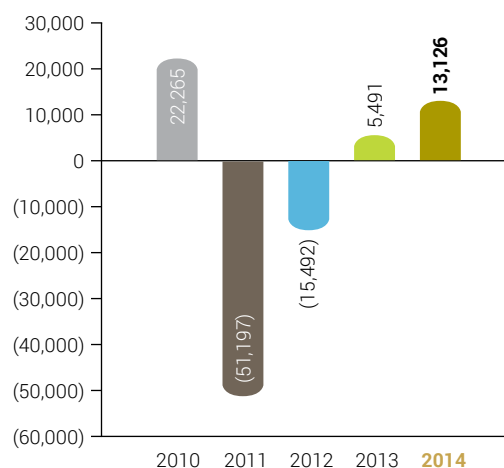
RM'000	2010	2011	2012	2013	2014
Revenue	796,208	708,454	826,200*	947,856*	676,387*
Profit/ (Loss) before taxation	22,265	(51,197)	(15,492)*	5,491*	13,126*
Profit/ (Loss) for the year	17,018	(58,823)	(16,555)	4,942	4,475
Profit / (Loss) attributable to owners of the parent	11,482	(60,401)	(16,714)	4,846	2,294
Shareholders' fund	351,380	282,661	265,440	273,331	269,716
Basic earnings / (loss) per share (sen)	2.06	(10.85)	(3.00)	0.87	0.41
Net asset per share (RM)	0.63	0.51	0.48	0.49	0.48
Dividend per share (sen)	2.4	-	-	-	-
Return on equity	3%	(21%)	(6%)	2%	1%
Gearing ratio	0.37	0.43	0.46	0.32	0.21

*Note: Continuing operations

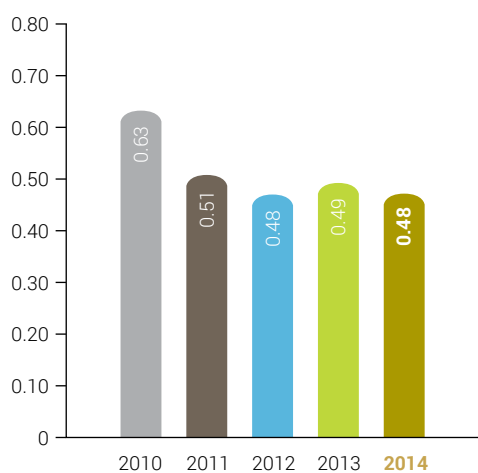
Revenue (RM'000)



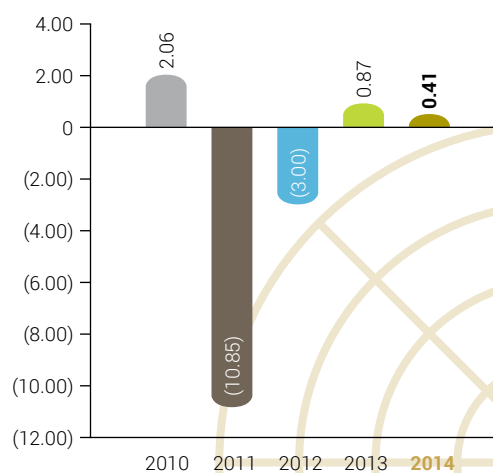
Profit/ (Loss) Before Taxation (RM'000)



Net Assets Per Share (RM)



Basic Earnings/ (Loss) Per Share (Sen)



CORPORATE INFORMATION

BOARD OF DIRECTORS

**Y.B. Senator Datuk Seri Hj Abd. Halim
Hj Abd. Samad**
Chairman/Non-Independent
Non-Executive Director

Dato' Gumuri Hussain
Senior Independent Non-Executive Director

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

Datuk Mohd Hafarizam Harun
Independent Non-Executive Director

Dato' Ab Rahim Abu Bakar
Independent Non-Executive Director

Dato' Jamelah A. Bakar
Independent Non-Executive Director

Dato' Sohaimi Shahadan
Independent Non-Executive Director

Dato' W. Mohd Nor W. Ahmad
Group Managing Director
(Cessation of Office w.e.f. 1 November 2014)

Datuk Badly Shah Ariff Shah
Independent Non-Executive Director
(Resigned w.e.f. 1 June 2014)

SECRETARIES

Sharina Saidon
(LS 0006127)

Mohd Afendy Md Yazim
(MAICSA 7056481)

REGISTERED OFFICE

KUB Malaysia Berhad (6022-D)
Level 8 - 11, Unit 1
Capital 3, Oasis Square
Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : 03-7680 9600 (General Line)
Fax : 03-7680 9793 (Secretarial Division)
: 03-7680 9669 (General)

Website : www.kub.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : 03-7849 0777
Fax : 03-7841 8150/8151

EXTERNAL AUDITORS

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

Tel : 03-7610 8888
Fax : 03-7726 8986

PRINCIPAL BANKERS

Malayan Banking Berhad
Affin Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (635998-W)
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Market : Main Market

Stock Name : KUB

Stock Code : 6874

Sector : Trading/Services

CORPORATE STRUCTURE

OPERATING SUBSIDIARIES/ASSOCIATE COMPANY



AGRO BUSINESS

KUB Agro Holdings Sdn Bhd ^	100%
KUB Sepadu Sdn Bhd >	60%
KUB Maju Mill Sdn Bhd >	66%



OIL & GAS/ENERGY

Summit Petroleum (Malaysia) Sdn Bhd	100%
KUB Oil & Gas Sdn Bhd	100%



INFORMATION AND COMMUNICATIONS TECHNOLOGY

KUB Telekomunikasi Sdn Bhd ^	100%
KFT International (Malaysia) Sdn Bhd •	100%
Empirical Systems (M) Sdn Bhd	100%



PROPERTY, ENGINEERING & CONSTRUCTION

KUB Builders Sdn Bhd	100%
KUB Precast Sdn Bhd (Formerly known as Precast Products Sdn Bhd)	100%
KUB Power Sdn Bhd ^	100%
Peraharta Sdn Bhd	100%



FOOD RELATED

A&W (Malaysia) Sdn Bhd #	100%
A&W Restaurants (Thailand) Co., Ltd. #	100%



OTHERS

KUB-Berjaya Enviro Sdn Bhd *	40%
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LEGEND

- ^ Owned by KUB Ekuiti Sdn Bhd (a wholly-owned subsidiary of KUB Malaysia Berhad)
- > Majority Shareholdings owned by KUB Agro Holdings Sdn Bhd (a wholly-owned subsidiary of KUB Malaysia Berhad)
- # Owned by Restoran Kualiti Sdn Bhd (a wholly-owned subsidiary of KUB Malaysia Berhad)
- Owned by KUB Telekomunikasi Sdn Bhd
- * Associate Company

GROUP DIRECTORY

AGRO BUSINESS SECTOR

- **KUB Agro Holdings Sdn Bhd**
- **KUB Sepadu Sdn Bhd**
- **KUB Maju Mill Sdn Bhd**

Business Address

Unit 330 & 430, Level 3 & 4
Block 4, Laman Seri Business Park
Persiaran Sukan, Section 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : 03-5511 1777
Fax : 03-5510 1216

Registered Office

KUB Malaysia Berhad (6022-D)

Level 8 - 11, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7680 9600 (General Line)
Fax : 03-7680 9793 (Secretarial Division)
: 03-7680 9669 (General)

OIL & GAS / ENERGY SECTOR

- **Summit Petroleum (Malaysia) Sdn Bhd**
- **KUB Oil & Gas Sdn Bhd**

Business Address

Summit Petroleum (Malaysia) Sdn Bhd

Lot 55710
Lorong Kenanga 8
Westport, Pulau Indah
42009 Port Klang
Selangor Darul Ehsan
Tel : 03-3101 1799
Fax : 03-3101 1791

KUB Oil & Gas Sdn Bhd

Level 8 - 11, Unit 1
Capital 3, Oasis Square
Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7689 9600
Fax : 03-7680 9669

Registered Office

KUB Malaysia Berhad (6022-D)

Level 8 - 11, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7680 9600 (General Line)
Fax : 03-7680 9793 (Secretarial Division)
: 03-7680 9669 (General)

INFORMATION AND COMMUNICATIONS TECHNOLOGY SECTOR

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

Business Address

1, Jalan Selukat 33/27
Shah Alam Technology Park
Section 33
40400 Shah Alam
Selangor Darul Ehsan
Tel : 03-5123 5000
Fax : 03-5124 8058

Registered Office

KUB Malaysia Berhad (6022-D)

Level 8 - 11, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7680 9600 (General Line)
Fax : 03-7680 9793 (Secretarial Division)
: 03-7680 9669 (General)

PROPERTY, ENGINEERING & CONSTRUCTION SECTOR

- **KUB Precast Sdn Bhd**
(Formerly known as Precast Products Sdn Bhd)
- **KUB Power Sdn Bhd**
- **KUB Builders Sdn Bhd**
- **Peraharta Sdn Bhd**

Business Address

KUB Precast Sdn Bhd

(Formerly known as Precast Products Sdn Bhd)
Lot 6704
Kawasan Perindustrian Tuanku Jaafar
71450 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-678 1037
Fax : 06-678 6285

KUB Power Sdn Bhd

No. 210, 1st Floor
Block A, Kelana Centre Point
Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7803 3460
Fax : 03-7803 3461

KUB Builders Sdn Bhd

Level 3
Wisma Chinese Chamber
258, Jalan Ampang
50450 Kuala Lumpur
Tel : 03-4251 6801
Fax : 03-4251 6806

Peraharta Sdn Bhd

Lot G02, Bangunan Seri Kinta
Jalan Sultan Idris Shah
30000 Ipoh
Perak Darul Ridzuan
Tel : 05-255 6506
Fax : 05-241 5945

Registered Office

KUB Malaysia Berhad (6022-D)

Level 8 - 11, Unit 1, Capital 3
Oasis Square, Ara Damansara
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7680 9600 (General Line)
Fax : 03-7680 9793 (Secretarial Division)
: 03-7680 9669 (General)

FOOD RELATED SECTOR

- **A&W (Malaysia) Sdn Bhd**
- **A&W Restaurants (Thailand) Co., Ltd.**

Business Address

A&W (Malaysia) Sdn Bhd

1, Jalan Selukat 33/27
Shah Alam Technology Park
Section 33
40400 Shah Alam
Selangor Darul Ehsan
Tel : 03-5122 7770
Fax : 03-5122 7771

A&W Restaurants (Thailand) Co., Ltd.

9 UM Tower, 25th Floor
Ramkhamhaeng Road
Suanluang
Bangkok
10250 Thailand
Tel : 662-717-4040
Fax : 662-717-4045

Registered Office

A&W (Malaysia) Sdn Bhd

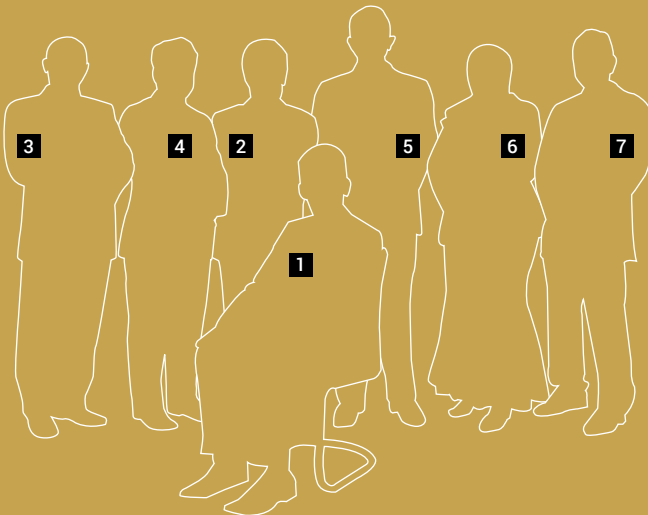
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: 03-7680 9669 (General)

A&W Restaurants (Thailand) Co., Ltd.

9 UM Tower, 25th Floor
Ramkhamhaeng Road
Suanluang
Bangkok
10250 Thailand
Tel : 662-717-4040
Fax : 662-717-4045

BOARD OF DIRECTORS



- 1. Y.B. Senator Datuk Seri Hj Abd. Halim
Hj Abd. Samad**
*Chairman/Non-Independent
Non-Executive Director*
- 2. Dato' Gumuri Hussain**
Senior Independent Non-Executive Director
- 3. Datuk Hj Faisyal Datuk Yusof Hamdain Diego**
Non-Independent Non-Executive Director
- 4. Dato' Sohaimi Shahadan**
Independent Non-Executive Director
- 5. Datuk Mohd Hafarizam Harun**
Independent Non-Executive Director
- 6. Dato' Jamelah A.Bakar**
Independent Non-Executive Director
- 7. Dato' Ab Rahim Abu Bakar**
Independent Non-Executive Director

PROFILE OF THE BOARD OF DIRECTORS

Y.B. SENATOR DATUK SERI HJ ABD. HALIM HJ ABD. SAMAD

CHAIRMAN

Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad, aged 75, a Malaysian, is the Non-Independent Non-Executive Director of KUB Malaysia Berhad ('KUB'). He was conferred the Senatorship on 3 November 2014. He was appointed to the Board of KUB on 19 November 2009, and assumed the position of Chairman on 10 December 2009. He is also the Chairman of the Board Investment and Board Employee Share Scheme Committees of KUB.

Datuk Seri Hj Abd. Halim sits on the Board of Pinehill Pacific Berhad and several subsidiary companies of KUB.

Datuk Seri Hj Abd. Halim graduated from the Teachers' College Kota Bharu, Kelantan in December 1960. He has more than twenty (20) years of experience as the former Senior Private Secretary to YAB Datuk Seri Mohd Najib Tun Hj Abdul Razak. He had also served various ministries namely Ministry of Education, Ministry of Youth and Sports, Ministry of Defence, Ministry of Culture and the Department of Prime Minister. His various involvements in politics include having held the positions of the First Chief of Wilayah Persekutuan United Malays National Organisation ('UMNO') Youth and as the Deputy UMNO Division Head for Setiawangsa.

He attended all the sixteen (16) Board Meetings of KUB held during the financial year ended 31 December 2014.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of KUB. He has no personal interest in any business arrangements involving KUB. He has had no convictions for any offences within the past ten (10) years.

DATO' GUMURI HUSSAIN

DIRECTOR

Dato' Gumuri Hussain, aged 69, a Malaysian, is the Senior Independent Non-Executive Director of KUB. He was appointed to the Board of KUB on 10 February 2010. He is the Chairman of the Board Nomination and Board Remuneration Committees, and a Member of the Board Audit and Board Investment Committees of KUB.

Dato' Gumuri sits on the Board of Media Prima Berhad and Metrod Holdings Berhad. He is also a Member of the Securities Commission and Audit Oversight Board. Within the KUB Group, he sits on the Board of several subsidiary companies and an associate company.

Dato' Gumuri was the former 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 the Governance Board of PricewaterhouseCoopers Malaysia. He has also served as the Chairman of SME Bank Berhad and Rangkaian Hotel Seri Malaysia Berhad, a Non-Executive Director of Bank Industri & Teknologi Malaysia Berhad, Malaysian Airlines System Berhad, Sabah Bank Berhad and Kurnia Setia Berhad.

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

He attended fifteen (15) out of the total sixteen (16) Board Meetings of KUB held during the financial year ended 31 December 2014.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of KUB. He has no personal interest in any business arrangements involving KUB. He has had no convictions for any offences within the past ten (10) years.



PROFILE OF THE BOARD OF DIRECTORS

DATUK HJ FAISYAL DATUK YUSOF HAMDAIN DIEGO

DIRECTOR

Datuk Hj Faisyal Datuk Yusof Hamdain Diego, aged 52, a Malaysian, appointed to the Board on 18 August 2005. He was redesignated as the Non-Independent Non-Executive Director of KUB on 18 August 2014. He is the Chairman of the Board Risk Management Committee and a Member of the Board Audit and Board Remuneration Committees.

Datuk Hj Faisyal is currently the Chairman of Suria Capital Holdings Berhad Group. He also sits on the Board of several subsidiary companies of KUB.

Datuk Hj Faisyal was a Board Member of Bursa Malaysia Berhad ('Bursa') from May 2004 until June 2010. During his tenure with Bursa, he was the Chairman in the Market Participation, Listing and Compensation Committee and a Member of the Risk Management, Investment & Advisory Committee. He has been the Executive Chairman of Arus Sutera Sdn Bhd since 1997 and a Director of Perkasa Trading Sdn Bhd (a subsidiary of Sabah Economic Development Corporation) since 1996. His curriculum vitae also include his positions as the Treasurer of Dewan Perniagaan Melayu Malaysia (Sabah) from 1997 until 2007 and as the Chairman of Yayasan Bumiputra Sabah (wholly-owned by the State Government of Sabah) from September 2010 until September 2012.

Datuk Hj Faisyal holds a Degree in Economics from York University, Toronto, Ontario, Canada and a Diploma in Accountancy from the Toronto School of Business, Toronto, Ontario, Canada.

He attended thirteen (13) out of the total sixteen (16) Board Meetings of KUB held during the financial year ended 31 December 2014.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of KUB. He has no personal interest in any business arrangements involving KUB. He has had no convictions for any offences within the past ten (10) years.

DATUK MOHD HAFARIZAM HARUN

DIRECTOR

Datuk Mohd Hafarizam Harun, aged 43, a Malaysian, is an Independent Non-Executive Director of KUB. He was appointed to the Board of KUB on 19 December 2011. He is the Chairman of the Board Audit and a Member of Board Nomination, Board Remuneration and Board Investment Committees of KUB.

He sits on the Board of Felda Holdings Berhad and Felda Global Ventures Sugar Sdn Bhd, a wholly-owned subsidiary of Felda Global Ventures Holdings Berhad. He also sits on the Board of several subsidiary companies of KUB.

Datuk Mohd Hafarizam is a lawyer by profession. He holds an LLM in Law in Development from University of Warwick, United Kingdom and LLB (Honours) from International Islamic University Malaysia. He was admitted as an Advocate & Solicitor of the High Court of Malaya in 1997, and was appointed as an Investigating Tribunal Panel Member of the Advocates & Solicitors Disciplinary Board in 2005.

Datuk Mohd Hafarizam began his career as a Legal Assistant at Messrs Rashid & Lee in 1993 and moved to Senior Associate at Messrs Shahrizat Rashid & Lee in 2004. He is currently the Managing Partner at Messrs Hafarizam Wan & Aisha Mubarak.

He attended fifteen (15) out of the total sixteen (16) Board Meetings of KUB held during the financial year ended 31 December 2014.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of KUB. He has had no convictions for any offences within the past ten (10) years.

PROFILE OF THE BOARD OF DIRECTORS

DATO' AB RAHIM ABU BAKAR DIRECTOR

Dato' Ab Rahim Abu Bakar, aged 63, a Malaysian, is an Independent Non-Executive Director of KUB. He was appointed to the Board of KUB on 5 August 2013. He is a Member of the Board Audit, Board Risk Management and Board Employee Share Scheme Committees. He also sits on the Board of several subsidiary companies of KUB.

Dato' Ab Rahim's extensive exposures cover his seventeen (17) years of working experience in EPE Power Corporation Berhad, where his last position was the General Manager of the Marketing and Project Division. He has also served several companies in power and oil & gas industries namely Schneider Electric Industries (M) Sdn Bhd and Arab Malaysian SGB. He is also active in serving various business and Non-Governmental Associations. He was appointed the President of Persatuan Usahawan Tenaga Malaysia, President of Bumiputra Manufacturers and Services Industry Association of Malaysia and the former Vice President of National Malay Chamber of Commerce. He is currently the Chief Executive Officer/Chairman of VEI Power Distribution (M) Sdn Bhd.

He holds a Degree in Bachelor of Electrical Engineering.

He attended fifteen (15) out of the total sixteen (16) Board Meetings of KUB held during the financial year ended 31 December 2014.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of KUB. He has no personal interest in any business arrangements involving KUB. He has had no convictions for any offences within the past ten (10) years.

DATO' JAMELAH A.BAKAR DIRECTOR

Dato' Jamelah A.Bakar, aged 62, a Malaysian, is an Independent Non-Executive Director of KUB. She was appointed to the Board of KUB on 5 August 2013. She is a Member of the Board Nomination, Board Remuneration, Board Risk Management and Board Investment Committees. She also sits on the Board of several subsidiary companies of KUB.

Dato' Jamelah holds an Associate Degree in Printing and Advertising, United States of America and Diploma in Journalism from the International Institute of Journalism, Berlin, Germany.

Dato' Jamelah served as a journalist at two (2) renowned local media houses from 1971 to 1984. Currently an accomplished entrepreneur, she was appointed as Director of Perbadanan Usahawan Nasional Berhad. She is currently the Vice Chairwoman of Women & Asean Economic Community Business Foundation. Dato' Jamelah is also actively involved in politics where she has been re-elected as the EXCO Member of the 2008 to 2016 UMNO's Women Wing. Her various involvements in Non-Governmental Organisations include the positions of the Chief of Women's Bureau of Persatuan Mencegah Dadah Kebangsaan.

She attended fourteen (14) out of the total sixteen (16) Board Meetings of KUB held during the financial year ended 31 December 2014.

Other than as disclosed, she does not have any family relationship with any Directors and/or major shareholders of KUB. She has no personal interest in any business arrangements involving KUB. She has had no convictions for any offences within the past ten (10) years.



PROFILE OF THE BOARD OF DIRECTORS

DATO' SOHAIMI SHAHADAN DIRECTOR

Dato' Sohaimi Shahadan, aged 46, a Malaysian, is an Independent Non-Executive Director of KUB. He was appointed to the Board of KUB on 5 August 2013. He is a Member of the Board Audit, Board Risk Management and Board Employee Share Scheme Committees of KUB.

As an accomplished entrepreneur, Dato' Sohaimi served as Special Officer to the Minister of Entrepreneurs and Co-operative Malaysia from 2008 to 2009 and as a Director of the Institute of Bumiputra Entrepreneurs from 2008 to 2010. He was later appointed as the Chairman of Kolej Poly-Tech MARA from 2010 to 2013 and a Director of FINAS in 2011.

He is currently the Chairman of Pelaburan MARA Berhad since 2013. He is also the Chairman of BHS Industries Berhad and PDZ Holdings Bhd. He was a Board Member of MardiTech Corporation from 2009 until 2014 and the Chairman of Perbadanan Kemajuan Kraftangan Malaysia from 2012 until 2014. He is an Independent Non-Executive Director of KBB Resources Berhad since 2013 and D' Berhad. He is the Vice President IV of Malay Businessmen and Industrialist Association of Malaysia. He also sits on the Board of several subsidiary companies of KUB.

Dato' Sohaimi holds Master Degrees in Corporate Communication from Universiti Putra Malaysia and in Business Administration from West Coast Institute Technology and Management, Perth, Australia. His Bachelor Degree is in Business Administration from National University of Malaysia.

He attended fourteen (14) out of the total sixteen (16) Board Meetings of KUB held during the financial year ended 31 December 2014.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of KUB. He has no personal interest in any business arrangements involving KUB. He has had no convictions for any offences within the past ten (10) years.

BOARD COMMITTEES

BOARD AUDIT COMMITTEE

1. Datuk Mohd Hafarizam Harun **(Chairman)**
2. Dato' Gumuri Hussain
3. Datuk Hj Faisyal Datuk Yusof Hamdain Diego
4. Dato' Ab Rahim Abu Bakar
5. Dato' Sohaimi Shahadan

Appointed with effect from (w.e.f.)

19/12/2011
(Redesignated as Chairman w.e.f. 01/06/2014)

01/06/2014

29/05/2012

05/08/2013

05/08/2013

BOARD NOMINATION COMMITTEE

1. Dato' Gumuri Hussain **(Chairman)**
2. Datuk Mohd Hafarizam Harun
3. Dato' Jamelah A.Bakar

29/05/2012

16/08/2012

05/08/2013

BOARD REMUNERATION COMMITTEE

1. Dato' Gumuri Hussain **(Chairman)**
2. Datuk Hj Faisyal Datuk Yusof Hamdain Diego
3. Dato' Jamelah A.Bakar
4. Datuk Mohd Hafarizam Harun

29/05/2012

05/08/2013

05/08/2013

08/01/2015

BOARD RISK MANAGEMENT COMMITTEE

1. Datuk Hj Faisyal Datuk Yusof Hamdain Diego **(Chairman)**
2. Dato' Sohaimi Shahadan
3. Dato' Ab Rahim Abu Bakar
4. Dato' Jamelah A.Bakar

29/05/2012

05/08/2013

21/10/2014

21/10/2014

BOARD INVESTMENT COMMITTEE

1. Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad **(Chairman)**
2. Dato' Gumuri Hussain
3. Datuk Mohd Hafarizam Harun
4. Dato' Jamelah A.Bakar

29/05/2012

29/05/2012

21/10/2014

21/10/2014

BOARD EMPLOYEE SHARE SCHEME

1. Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad **(Chairman)**
2. Dato' Ab Rahim Abu Bakar
3. Dato' Sohaimi Shahadan

04/04/2012

21/10/2014

21/10/2014

PROFILE OF THE GROUP CHIEF EXECUTIVE OFFICER

DATO' ZAINAL ABIDIN SALLEH

Dato' Zainal Abidin Salleh, aged 52, a Malaysian, is the Group Chief Executive Officer of KUB Malaysia Berhad ('KUB'). He was appointed as the Group Chief Executive Officer of KUB on 17 April 2015. Within KUB Group, Dato' Zainal Abidin Salleh sits on the Board of several subsidiary companies. He graduated with a Bachelor of Science (Agribusiness) in 1988 and Diploma in Agriculture Science in 1985, both from Universiti Putra Malaysia.

Dato' Zainal Abidin joined KUB on July 2010 as General Manager, Agro Business Sector of KUB. For his leadership excellence in the KUB's Agro Business Sector, he was then appointed as the Chief Executive Officer and Executive Director of KUB Agro Holdings Sdn Bhd, KUB Sepadu Sdn Bhd and KUB Maju Mill Sdn Bhd on July 2012. On September 2014, he holds office as the Group Chief Operating Officer of KUB before being appointed to his current office.

Dato' Zainal Abidin's working experience evolved around Agrobusinesses, Corporate Management as well as Educational and Management Policy. Started his career with Harrisons Malaysian Plantation (then the company changed its name to Golden Hope Plantation Berhad), he later joined the International Islamic University Malaysia as Principal and having vast experience in corporate strategic management as Senior Management team in Kurnia Setia Berhad.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of KUB. He has no personal interest in any business arrangements involving KUB. He has had no convictions for any offences within the past ten (10) years.



MANAGEMENT

HEAD OF DIVISIONS

Dato' Zainal Abidin Salleh
Group Chief Executive Officer

- | | | |
|---|---|--|
| 1. Aziah Mustapa
General Manager
Group Finance & Strategic Management | 4. Azizan Ariffin
Head
Group Internal Audit | 6. Khamsiah Yaakob
Unit Head
Group Human Capital |
| 2. Mohamat Yusof Abu Bakar
General Manager
Special Projects & Legal | 5. Rozaidin Jaafar
Senior Manager
Group Risk Management | 7. Norashekin Yusof
Unit Head
Corporate Affairs Unit |
| 3. Sharina Saidon
Head
Secretarial | | |

HEAD OF COMPANIES

- | | | |
|---|--|---|
| 1. Dato' Zainal Abidin Salleh
Executive Director & Chief Executive Officer
KUB Agro Holdings Sdn Bhd
KUB Sepadu Sdn Bhd
KUB Maju Mill Sdn Bhd | 4. Mohd Shahrin Mohammad
Chief Executive Officer
KUB Telekomunikasi Sdn Bhd
KFT International (Malaysia) Sdn Bhd
Empirical Systems (M) Sdn Bhd | 7. Zarina Ab Hamid
General Manager
A&W Restaurants (Thailand) Co., Ltd. |
| 2. Mohd Yunus Mohamed Shamsudin
Chief Executive Officer
Summit Petroleum (Malaysia) Sdn Bhd | 5. Samad Mohd Shariff
Chief Executive Officer
A&W (Malaysia) Sdn Bhd | 8. Mior Azhar Mior Mohamed Junid
Head
Peraharta Sdn Bhd |
| 3. Dato' Othman Jaki
Chief Executive Officer
KUB Precast Sdn Bhd
(Formerly known as Precast Products Sdn Bhd) | 6. Mohamad Mazri Zainal Abidin
Chief Executive Officer
KUB Power Sdn Bhd | |
- Acting Chief Executive Officer**
KUB Builders Sdn Bhd

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present to you the Annual Report and the Audited Financial Statement of KUB Malaysia Berhad for the financial year ended 31 December 2014.

**Y.B. Senator Datuk Seri Hj Abd. Halim
Hj Abd. Samad**
Chairman



MESSAGE FROM THE CHAIRMAN

PERFORMANCE REVIEW

It has indeed been another challenging yet remarkable year for KUB Malaysia Berhad ('KUB' or 'the Group'). While we continue to remain profitable, we look forward to better results in the coming years as we are in markets of great opportunities for future growth. Being in the business that has grown substantially over the past fifty (50) years, our growth is projected to continue.



AGRO BUSINESS SECTION: KUB Agro Holdings' oil palm estate and mill (under construction)

For the financial year ended 31 December 2014 ('FY2014'), the Group registered a higher profit before tax ('PBT') of RM13.1 million as compared to RM5.5 million recorded in the preceding financial year ended 31 December 2013 ('FY2013').

The Group's PBT has improved significantly for the year under review contributed by the Agro Business, Oil & Gas/Energy and Information and Communications Technology sectors.

The **Agro Business ('Agro Business')** sector once again retained its position as the biggest contributor to the Group, registering a PBT of RM15.8 million on the back of RM40.7 million revenue in the FY2014, signifying a formidable 39% and 16% increase respectively, as compared to the previous year. The sector's strong performance was due to the improved of fresh fruit bunches ('FFB') production, higher sales volume and reduced production costs.

The second highest contributor to the Group was the **Oil & Gas/Energy ('Energy')** sector which registered a PBT of RM7.2 million on the back of revenue of RM484.8 million, registering a decrease of 29% and 3% respectively, as compared to the previous year. The main contributing factor was caused by lower average contract price of liquefied petroleum gas ('LPG'), despite experiencing increase of sales volume.

The **Information and Communications Technology ('ICT')** sector recorded a PBT of RM3.4 million on the back of RM29.9 million revenue in the FY2014, representing a decrease of 16% and 35% respectively, as compared to the previous year, as a consequence of minimal number of new projects undertaken during the year under review.

Meanwhile, the **Property, Engineering & Construction ('PEC')** sector has managed to reduce its loss before taxation ('LBT') for the FY2014, significantly from RM14.5 million to RM7.4 million on the back of revenue of RM67.2 million, as compared to the previous year. This performance is propelled largely due to the completion and handover of a number of key projects such as the third runway project of klia2. Nevertheless, KUB Precast Sdn Bhd (formerly known as Precast Products Sdn Bhd) ('KUB Precast') has returned to the black following the company's full takeover exercise that was completed in the FY2014.

The **Food Related** sector has shown a marked turnaround improvement in its performance. The sector recorded a PBT of RM76,000 in the FY2014, as compared to a LBT of RM949,000 in the previous corresponding year, despite a slight decrease in revenue to RM53.5 million or 1%, as compared to the FY2013. This performance was mainly underpinned by the closure of several A&W Malaysia Sdn Bhd ('A&W Malaysia') non-performing outlets during the year under review while new outlets were only opened during the end of the FY2014.

MESSAGE FROM THE CHAIRMAN

PERFORMANCE REVIEW (CONT'D)

KUB-Berjaya Enviro Sdn Bhd, the Group's associate company from the **Others** sector remained as a profitable entity for the FY2014, the company which specialises in providing a range of waste treatment and disposal waste solutions contributed RM6.8 million to the Group's profit in FY2014 and paid a substantial dividend during the same year.

FINANCIAL YEAR 2015 PROSPECTS

Looking ahead for the financial year ending 31 December 2015 ('FY2015'), KUB priorities remain focused in driving the growth of its businesses and continue to have strong operational and financial platform.

With the continuous efforts in planting, upkeep and maintenance of its palm oil plantations in Johor and Sarawak, the **Agro Business** sector will persist to dominate as the important core business of the Group, particularly with the construction of a forty five (45) metric tonnes per hour FFB palm oil mill which is expected to generate more than RM130 million turnover per annum. Currently, the mill is in the final stage of its completion and would be ready for commission by the end of 2015.

More income stream will be generated with this new addition to the Group, and that includes the creation of new by-products into renewable clean energy such as electricity and heat. The positive outlook of this industry also boosts the Group's confidence to expand its oil palm plantation land size to 10,000 hectares in the next two (2) years. A few areas in East Malaysia have been identified to accommodate the expansion exercise.

The forward momentum of the **Energy** sector is likely to remain firmly intact in the FY2015 and shall continue to be the main contributor to the Group's revenue. While Summit Petroleum (Malaysia) Sdn Bhd ('Summit Petroleum') is committed to further enhance its output and capacity in

the bottling and distributing of LPG cylinders, several new projects are expected to be in the pipeline in the FY2015. Among others are the setting up of a refrigerated LPG plant at its existing production plant in West Port as well as to initiate a swap product arrangement. These initiatives will be implemented via strategic partnerships which will result in more flexibility, reliability and cost-effective of the LPG supply in the long term.

Summit Petroleum also intends to diversify into the industrial and medical gasses production by exploring potential merger and/or acquisition with companies that offer direct involvement and market access of the products. This will pave the way for Summit Petroleum to venture into new businesses and at the same time, pursuing growth opportunities.

The **ICT** sector is moving towards the next phase of growth after KUB Telekomunikasi Sdn Bhd ('KUB Telekomunikasi') obtained three (3) licences from the Malaysian Communications and Multimedia Commission ('MCMC') namely Application Service Provider ('ASP'), Network Facilities Provider ('NFP') and Network Service Provider ('NSP'). These licenses will enable KUB Telekomunikasi to provide outsourcing services for customers who want to deploy WIFI at their premises using the Operating Expenses ('OPEX') model and providing broadband services for customers seeking for alternative broadband provider.

In addition, KUB Telekomunikasi will play a pivotal role in supporting the government's initiatives to provide reliable internet services to civil society around the nation which include the deployment of cellular services in the rural regions, distribution of fibre optic network across the cities and the development of WIFI services and IT centres in the urban-poor areas. FY2015 will also witness new strategies being implemented by the sector such as the utilisation of KUB Telekomunikasi's existing 30,000 square feet warehouse to embark on a warehousing operation management and seeking new opportunities in the Cloud Computing Infrastructure and Managed Services.



OIL & GAS/ENERGY SECTOR: Summit Petroleum LPG Cylinder Filling Plant at West Port, Klang



PROPERTY, ENGINEERING & CONSTRUCTION SECTOR: KUB Precast's manufacturing factory for IBS components in Senawang, Negeri Sembilan

MESSAGE FROM THE CHAIRMAN

FINANCIAL YEAR 2015 PROSPECTS (CONT'D)

The operations of the **PEC** sector is expected to drive growth for the upcoming years as it taps into the vast opportunities and growing Industrialised Building System ('IBS') industry. These include the enhancement of its manufacturing capacity of concrete products and IBS components up to a 100% utilisation by the financial year ending 31 December 2016 ('FY2016') and improved business processes and market branding through the establishment of new marketing tools. KUB Precast is planning to set up a mobile factory and an on-site casting in Johor and later in other states for the market expansion and in line with its strategy to save cost on transportation. KUB Precast aims to become a pioneer in the manufacture and supply of IBS components.

As for KUB Power Sdn Bhd ('KUB Power'), the company will aggressively participate in the tenders floated by the government and its agencies, contributes its expertise in the building and distribution of the sub-station and transmission line in the power systems as well as providing mechanical and electrical works for the infrastructure projects. Moving ahead, KUB Power will explore possible ventures into new prospects of renewable energy businesses, particularly in the development of biomass, mini-hydro and solar projects.



FOOD RELATED SECTOR: A&W Restaurant Inc. President & Chief Executive Officer Kevin Bazner presents token of appreciation to Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad at the A&W Bi-Annual Franchisee Conference 2014 in Hawaii

In respect of the **Food Related** sector, A&W Malaysia with the implementation of new strategies will continue to expand its business activities particularly to improve the customers' value perceptions and enhancement of its profitability. A&W Malaysia's growth target for the FY2015 is to open six (6) new outlets in the urban areas and to increase the sales of the existing twenty two (22) outlets. The Board of Directors ('the Board') has also approved to retain A&W Restaurants (Thailand) Co., Ltd. as part of the Group's businesses.

CORPORATE GOVERNANCE

The Board remains committed to ensure that good corporate governance is practised throughout the Group in enhancing shareholders' value and the financial performance of the Group.

The Board is further committed in ensuring not only the Group operates effectively, but each Director is committed to discharge his/her role and contributes effectively to ensure successful implementation of the Group's business activities.

The Board also promotes good corporate governance in the application of sustainability practices and such is outlined in the KUB Management Guide ('KUBMaG'). The governance structure focuses on creating and enhancing Shareholders' value by striking a balance between short-term financial performance and long-term sustainability through sound corporate governance that upholds code of ethics, risk management and effective internal controls.

In September 2014, the Board has approved for the adoption of an updated KUBMaG which provides guidelines for proper management and operations of the Group operating units to suit the current business operations as well as incorporating the current statutory requirements.

All directors and employees of the Group are required to act fairly, honestly and with integrity in tandem with the provisions as spelt out in the Code of Business Conduct and Ethics, a copy of which is published on the corporate website at www.kub.com.

CORPORATE RESPONSIBILITY

As we continue to strive for a greater level of excellence, we remain committed to our responsibilities as corporate citizen. We have been carrying out numerous charity programmes for the less privileged society with the aim to ease their burdens and provide comfort.

The Group's wholly-owned subsidiary, KUB Agro Holdings contributed RM350,000 in business tithe (zakat) to Majlis Agama Islam Johor to help the poor and needy in the state.

As part of its corporate responsibility programme, the Group had organised Ramadan and Hari Raya Aidilfitri activities with the participation from the orphanages, less privileged children and single mothers. These annual traditions have always been part of KUB's effort to celebrate and embrace the spirit of togetherness.

MESSAGE FROM THE CHAIRMAN

CORPORATE RESPONSIBILITY (CONT'D)



SOCIAL RESPONSIBILITY: Y.A.B. Datuk Seri Mohamed Khaled Nordin, Chief Minister of Johor receives the zakat contribution from Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad alongside YBhg. Dato' Zainal Abidin Salleh during the cheque presentation ceremony

The Group prioritises the welfare, safety and health of its staff by ensuring that the work place environment is safe and secure. The Group Human Capital Division has conducted health talks for the staff to increase their awareness and to adopt a healthier life style.

Various special programmes and activities such as annual bowling tournament, expedition to Gopeng and mountain climbing at Broga hill were organised by KUB Club as part of our effort to maintain good relations among staff.



SOCIAL RESPONSIBILITY: Y.B. Datuk Seri Hj Abd. Halim Hj Abd. Samad presents the contributions to the children of Rumah Amal Al-Firdaus during the breaking of fast ceremony held last Ramadan

APPRECIATION



CORPORATE RESPONSIBILITY: KUB Malaysia Berhad's Hari Raya Aidilfitri Open House 2014

On behalf of the Board of Directors, I would like to thank our management and staff for their dedication, commitment and untiring contributions, and to our business associates and all other stakeholders for their continued support and loyalty to KUB.

We also express our sincerest appreciation to the Honourable Prime Minister, the Government and its agencies for the constant support and commitment to us.

I would also like to thank my fellow Board members for their support throughout the year under review.

God willing, with all your support, we hope to continue serving you, our shareholders and supporters well during our 50th Golden Jubilee year of incorporation while we seek and leverage on current and future opportunities to add further shareholders' value in the coming years.

Thank you.

CORPORATE GOVERNANCE STATEMENT

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

The Board is pleased to report as follows on the extent to which the principles and recommendations of the Code and the Listing Requirements were applied throughout the financial year ended 31 December 2014.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board is responsible for ensuring that Shareholders' value and interests are protected and enhanced. The Board has since the 49th Annual General Meeting continuously reviewed and adopted various guidelines and processes to enhance the standards of the corporate governance practised within the Group. These include but not limited to review the Board Charter and Terms of Reference of its Sub-Committees, the Management Guidelines and undertaking the Board's Evaluation Assessment.

1.1 Clear Functions of the Board and Management

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

The Board's power and functions are specified in the Board Charter. Based on the Charter, the Board assisted by its Sub-Committees is ultimately responsible for the Group's corporate governance, strategic direction, establishing the Group's business and investment policies, overseeing the conduct of the Company's business and evaluating whether these are being properly and effectively managed. A clear guideline separating the functions of the Board and its Sub-Committees with the function of the Management is further spelt out in KUB Management Guidelines ('KUBMaG'). The KUBMaG is subject to periodic review by the Board. On 9 September 2014, the newly updated KUBMaG was implemented to suit the current business operations as well as incorporating the current statutory requirements.

The Non-Executive Directors, with their different background, professions and experiences effectively contribute to independent view and judgement to facilitate the decision making process of the Group with regards to the various business strategies and performance. No individual or group of individuals dominates the Board's decision making process. The Board adopts the concept of independence in tandem with the definition of 'Independent Director' in Section 1.01 of the Listing Requirements; 'a Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of an applicant or a listed issuer'.

Dato' Gumuri Hussain acts as the Senior Independent Non-Executive Director dealing with concerns regarding the Group where it could be inappropriate to be dealt with by the Chairman or the Management.

1.2 Board Duties and Responsibilities

The Board has full control of the Group and oversees the business affairs to ensure proper management. These include adopting strategic plans, approving key business initiatives, major investments decisions, reviewing financial performance, developing corporate objectives and implementing investor relations programmes. It also determines succession plans for Senior Management and ensures adequate internal controls to identify and manage risks. These actions are carried out directly by the Board and through its Sub-Committees.

Board Meetings are held at quarterly intervals with additional meetings held whenever necessary. Sixteen (16) Board Meetings were held during the financial year ended 31 December 2014. All Directors fulfilled the requirements of the Articles of Association and Listing Requirements in respect of the Board Meeting attendance.

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

CORPORATE GOVERNANCE STATEMENT

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.2 Board Duties and Responsibilities (Cont'd)

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

Sub-Committees	Main Roles
Board Audit Committee	Assists the Board in overseeing the Group's adherence to regulatory and financial compliances, ensure system of internal controls and adherence to good corporate governance practices within the Group. Full details on the roles and responsibilities of the Board Audit Committee are reflected on page 44 to 50 of the Annual Report.
Board Nomination Committee	Assists the Board in overseeing the selection and assessment of Directors and Senior Management.
Board Remuneration Committee	Assists the Board in determining the remuneration package for the Board and Senior Management.
Board Risk Management Committee	Assists the Board in overseeing the implementation of enterprise risk management framework within the Group. Full details on the roles and responsibilities of the Board Risk Management Committee are reflected on page 41 to 43 of the Annual Report.
Board Investment Committee	Assists the Board in evaluating and examining the Company's strategic investment proposals to optimise the Group's returns on its investment activities.
Board Employee Share Scheme Committee	Assists the administration of the Company's Employee Share Scheme in accordance with its approved By-Laws.
Board Executive Committee	Assists the Board in reviewing and approving the operational activities of the Group. Assuming the roles, responsibilities and functions of the Group Managing Director during the interim organisational structure. The Board Executive Committee has been dissolved on 17 April 2015.

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

1.3 Formalised Ethical Standards through Code of Ethics

Currently the Board observes the Code of Ethics in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

The Company Directors' Code of Ethics will be further enhanced through a code of conduct and to ensure the implementation of appropriate internal systems to support, promote and ensure its compliance.

For the employees, the Group has developed the Code of Ethics in line with the Group's corporate values. The Code of Ethics reinforces the employees' moral principles and commitments acceptable by the Group. This covers all aspects of business operations including confidentiality of information, conflict of interests, gifts, gratuities or bribes and breach of conducts.

The Group has established a Whistleblower Policy with the following objectives:

- (i) To help develop a culture of accountability, transparency and integrity within the Group;
- (ii) To provide a safe and confidential avenue for all directors, employees, external parties and stakeholders to raise concerns about any misconduct;
- (iii) To reassure whistleblowers that they will be protected from detrimental action or unfair treatment for disclosing concerns in good faith;
- (iv) To deter wrongdoing and promote standards of good corporate practices; and
- (v) To ensure the concerns raised are properly investigated.

CORPORATE GOVERNANCE STATEMENT

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.3 Formalised Ethical Standards through Code of Ethics (Cont'd)

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

- (i) Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad; or
- (ii) Dato' Gumuri Hussain; or
- (iii) Datuk Hj Faisyal Datuk Yusof Hamdain Diego.

The Code of Ethics and Whistleblower Policy are available on the Company's corporate website.

1.4 Strategies Promoting Sustainability

The Board promotes good corporate governance in the application of sustainability practices and such is outlined in the KUBMaG.

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

1.5 Access to Information and Advice

All scheduled meetings held during the year were preceded by a formal notice issued by the Company Secretary in consultation with the Chairman. The Directors have full and timely access to information, with Board Papers distributed in advance of meetings. The notice for each of the meetings is accompanied by the minutes of the preceding Board Meetings, together with the relevant information and supporting documents to facilitate the Board's informed decision-making process. Senior Management and consultants are also invited to attend the Board Meetings from time to time as deemed fit to assist the Board with management and operational input as well as professional advices.

Where a Board Member is unable to physically attend the Board Meeting, Article 119(ii) of the Company's Articles of Association allows for participation via tele-conferencing.

The Directors are empowered to have access to all information within the Group in discharging their duties. They also have access to the advice and services of the Company Secretary and independent professionals as and when required.

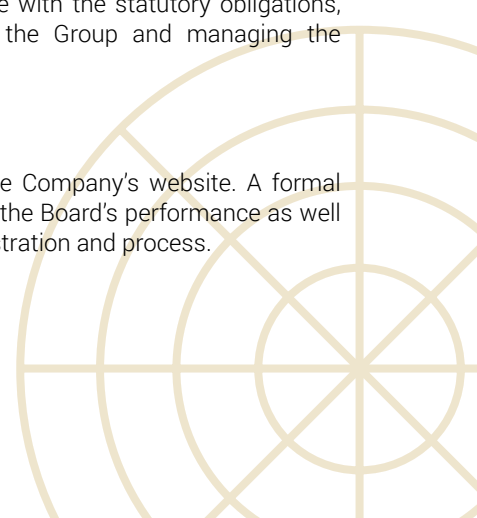
1.6 Qualified and Competent Company Secretary

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary ensures that all Board Meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory registers of the Company. The Company Secretary also keeps abreast of the evolving market environment, regulatory changes and developments in Corporate Governance through continuous training.

The Company Secretary is also responsible in ensuring the Group's compliance with the statutory obligations, facilitating high standards of corporate governance being practised within the Group and managing the communications with the shareholders.

1.7 Board Charter

The Board had adopted its Board Charter, of which a copy is published on the Company's website. A formal evaluation to review the Board Charter's effectiveness was conducted to assess the Board's performance as well as to recommend improvement areas and remedial action on the Board's administration and process.



2. STRENGTHEN COMPOSITION

2.1 Establish Board Nomination Committee

The Board has delegated its powers to its Sub-Committee, Board Nomination Committee, which exclusively comprises of three (3) Independent Non-Executive Directors. The Committee is chaired by Dato' Gumuri Hussain, the Senior Independent Non-Executive Director in compliance with Paragraph 15.08(1) of the Listing Requirements.

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

The Board Nomination Committee has met six (6) times during the financial year ended 31 December 2014 for deliberation of the following:

- (i) Assessment and appointment of Directors to the subsidiary companies;
- (ii) Appointment and redesignation of Senior Management and Head of Subsidiaries;
- (iii) Review on the Group's Corporate Structure; and
- (iv) Review on the tenure of the Independent Directors having served either for a cumulative or consecutive nine (9) year period.

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

Directors	Attendance
Dato' Gumuri Hussain Chairman (Senior Independent Non-Executive Director)	6/6
Datuk Mohd Hafarizam Harun (Independent Non-Executive Director)	6/6
Dato' Jamelah A.Bakar (Independent Non-Executive Director)	6/6

Procedures relating to the appointment and re-election of Directors are contained in the Company's Articles of Association. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

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

2.2 Recruitment Process and Annual Assessment of Directors

The Board delegated to the Board Nomination Committee the responsibility of recommending the appointment of any new Directors, review of the Board's succession plans and training programmes.

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

Hence, the Board through the Board Nomination Committee had carried out the evaluation and assessment on Directors due for re-appointments and re-elections at the forthcoming Annual General Meeting and is satisfied with the performances rendered by each of the Directors. The Board's recommendation for the re-election of the Directors is reflected in the Notice of the 50th Annual General Meeting.

CORPORATE GOVERNANCE STATEMENT

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration Policies

The Board Remuneration Committee is entrusted with the role of determining and recommending suitable policies in respect of remuneration packages for the Executive and Non-Executive Directors and Senior Management of the Group to ensure that rewards commensurate with their experience and individual performances. The Board Remuneration Committee consists of one (1) Senior Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director and one (1) Independent Non-Executive Director and has met four (4) times during the financial year ended 31 December 2014.

On 8 January 2015, Datuk Mohd Hafarizam Harun was appointed as the Member of the Board Remuneration Committee.

The Members of the Board Remuneration Committee and their attendance at its Meetings held during the financial year ended 31 December 2014:

Directors	Attendance
Dato' Gumuri Hussain Chairman (Senior Independent Non-Executive Director)	4/4
Datuk Hj Faisyal Datuk Yusof Hamdain Diego (Non-Independent Non-Executive Director) (Redesignated w.e.f. 18 August 2014)	3/4
Dato' Jamelah A. Bakar (Independent Non-Executive Director)	3/4
Datuk Badly Shah Ariff Shah (Independent Non-Executive Director) (Resigned w.e.f. 1 June 2014)	2/2

The Board as a whole determines the remuneration of the Non-Executive Directors.

The Board of Directors is of the view that the disclosure of remuneration by appropriate components and bands are sufficient to meet the objectives set out in the Listing Requirements.

The remuneration of the Directors for the financial year ended 31 December 2014 is as follows:

Company Level	Fees (RM)	Salary and Other Emoluments (RM)	Defined Contribution Plans (RM)	Allowances (RM)	Benefits in Kind (RM)	Total (RM)
Executive Director	-	816,521	146,985	-	20,070	983,576
Non-Executive Directors	445,000	-	-	526,250	155,089	1,126,339

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration Policies (Cont'd)

The number of Directors whose total remuneration falls within the following bands for the financial year ended 31 December 2014 is as follows:

Range of remuneration*** Company Level	Number of Directors		
	Executive	Non-Executive	Total
RM50,001 – RM100,000	-	3	3
RM100,001 – RM150,000	-	3	3
RM150,001 – RM200,000	-	1	1
RM350,001 – RM400,000	-	1	1
RM950,001 – RM1,000,000	1	-	1

***Note: Includes resigned Directors.

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

3. REINFORCE INDEPENDENCE

3.1 Assessment of Independence Annually

The Board adopts the concept of independence in tandem with the definition of Independent Director under Section 1.01 of the Listing Requirements.

3.2 Tenure of Independent Directors & Resignation as a Non-Independent Non-Executive Director

As recommended by the Code, the Board adopts the nine (9) years policy for the tenure of the Independent Non-Executive Directors. An Independent Non-Executive Director who has served either for a cumulative or consecutive nine (9) year period will be redesignated as a Non-Independent Non-Executive Director. In the case of Datuk Hj Faisyal Datuk Yusof Hamdain Diego, his independence has lapsed effective 18 August 2014 and thus, he has been redesignated as the Non-Independent Non-Executive Director. Thereafter, the Board agreed that any Director excluding the Chairman having served the nine (9) years period, is to relinquish his/her Directorship.

3.3 Separate Positions of the Chairman and Group Chief Executive Officer

The Board complies with the recommendation of the Code on the separate positions of the Chairman and Group Chief Executive Officer.

The positions are held by two (2) different individuals. Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad, the Non-Independent Non-Executive Chairman is responsible in leading and guiding the Board in achieving its objectives. Whereas, the Group Chief Executive Officer, assisted by the Senior Management, is responsible for the day-to-day operations of the Group and execution of the Board's decision.

The Chairman ensures the effectiveness of the relationship between the Non-Executive Directors and the Senior Management, which the Chairman handled with ease with his vast experience in various government sectors and agencies. He is instrumental in generating an open and effective Board discussion.

3. REINFORCE INDEPENDENCE (CONT'D)

3.4 Composition of the Board

As at the date of the Annual Report, the Board consists of seven (7) Members comprising one (1) Chairman/Non-Independent Non-Executive Director, one (1) Senior Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. The Independent Directors make up 71.4% of the Board membership. The Company complies with the Recommendation 3.5 of the Code.

The Board encourages female candidate to take up Board positions with the appointment of Dato' Jamelah A.Bakar as Director. The Board will continue to seek to appoint capable and competent female Directors in order to reach at least 30% female representation on the Board in the near term.

4. FOSTER COMMITMENT

4.1 Commitment of the Board Members

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. This is evidenced by the attendance record of the Directors at Board Meetings held during the financial year ended 31 December 2014 as set out below:

Directors	Attendance
Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad Chairman Non-Independent Non-Executive Director	16/16
Dato' Gumuri Hussain Senior Independent Non-Executive Director	15/16
Datuk Hj Faisyal Datuk Yusof Hamdain Diego Non-Independent Non-Executive Director	13/16
Datuk Mohd Hafarizam Harun Independent Non-Executive Director	15/16
Dato' Ab Rahim Abu Bakar Independent Non-Executive Director	15/16
Dato' Jamelah A.Bakar Independent Non-Executive Director	14/16
Dato' Sohaimi Shahadan Independent Non-Executive Director	14/16
Dato' W. Mohd Nor W. Ahmad Group Managing Director (Cessation of Office w.e.f. 1 November 2014)	14/14
Datuk Badly Shah Ariff Shah Independent Non-Executive Director (Resigned w.e.f. 1 June 2014)	6/6



4. FOSTER COMMITMENT (CONT'D)

4.2 Continuing Education Programmes

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia except for Dato' Sohaimi Shahadan who was unable to attend the Mandatory Accreditation Programme due to his prior commitment throughout the specified time after being appointed to the Board. However, he has completed the Mandatory Accreditation Programme on 5 March 2014. The Directors will continue to attend other training courses to equip themselves effectively and discharge their duties as Directors on continuous basis in compliance with Paragraph 15.08 of the Listing Requirements.

Based on the BEA findings, the training structure for the Board is continuously reviewed to be relevant with the changing business needs.

The trainings attended by the Directors during the period under review are as follows:

	Programmes
Corporate Governance	<ul style="list-style-type: none"> Annual Asean Corporate Governance Summit 2014 Board Chairman Series: The Roles of the Chairman Ensuring Effectiveness of Audit Committee and Independent Non-Executive Directors' Roles and Responsibilities Mandatory Accreditation Programme
Economics, Finance and Capital Market	<ul style="list-style-type: none"> Institutional Investor as Stewards in promoting Governance in the Malaysian Capital Market
Risk Management	<ul style="list-style-type: none"> Corporate Directors Advance Programme 2014 - Strategy & Risks - Managing Uncertainty Qualified Risk Director Programme: Green Belt The New Landscape for Global Political Risk Management
General	<ul style="list-style-type: none"> The Innovation Zone: Unleashing the Mindset

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

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

5.2 Assessment of Suitability and Independence of External Auditors

The Company has established a transparent and appropriate relationship with the Group's external auditors through the Audit Committee. The Audit Committee meets the external auditors without the presence of the Management at least twice (2) a year. The Audit Committee also undertakes an annual assessment of the suitability and independence of the external auditors.

The role of the Audit Committee in relation to the external auditors is described on page 48 of the Annual Report.

6. RECOGNISE AND MANAGE RISKS

6.1 Framework to Manage Risks

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

Full report on the Company's Risk Management and Internal Control is reflected on page 37 to 43 of the Annual Report.

6.2 Internal Audit Function

The Board has established an internal audit function within the Company. Details of the Group's internal control system are set out in the Statement on Risk Management and Internal Control of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy & Procedures

The Company adopts the requirement on corporate disclosure as stipulated under Chapters 9 and 10 of the Listing Requirements. This is further spelt out in the Group's KUBMaG. The Management is taking the necessary steps to update the KUBMaG in accordance with the latest development of the Listing Requirements. On 9 September 2014, the newly updated KUBMaG was implemented to suit the current business operations as well as incorporating the current statutory requirements.

7.2 Leverage on Information Technology

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

Information such as Company's profiles, Group structure, Directors' Profile, Announcements released to Bursa Malaysia, Annual Reports and other recent news of the Group are accessible on the Company's corporate website.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholders' Participation at General Meetings

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

Quarterly reports on the Group's results and announcements can be accessed from Bursa Malaysia's website. Shareholders are notified of the meeting and provided with a copy of the Annual Report earlier than the minimum notice period of twenty-one (21) days before the meeting.

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

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

CORPORATE GOVERNANCE STATEMENT

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

8.2 Encourage Poll Voting

The Board encourages the Shareholders to request for the resolutions put forth to be voted by poll. The procedure for voting by polls is in accordance with the Company's Articles of Association.

8.3 Communication and Engagements with Shareholders and/or Stakeholders

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

Dato' Gumuri Hussain, the Senior Independent Non-Executive Director shall deal with concerns regarding the Group where it could be inappropriate to be dealt with by the Chairman or the Management.

COMPLIANCE STATEMENT

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

In this regard, the Board considers that the Group has complied satisfactorily with the principles and recommendations as stipulated in the Code throughout the financial year ended 31 December 2014.

This Statement is made in accordance with the resolution of the Board of Directors dated 29 April 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITY

(FOR THE AUDITED FINANCIAL STATEMENT)

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

In preparing the financial statements, the Board has:

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

The Board has the responsibility of ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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



ADDITIONAL COMPLIANCE INFORMATION

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

a. Utilisation of Proceeds Raised from any Corporate Proposal

There were no proceeds raised from any Corporate Proposal in the financial year ended 31 December 2014.

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 2014 amounted to RM7,500.00.

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 authorities.

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 ten per centum (10%) or more between the audited results of the financial year ended 31 December 2014 and the unaudited results previously announced.

f. Revaluation Policy in 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 2014.

h. Share Buy-Back

The proposed share buy-back which was announced on 2 June 2014 was approved by the shareholders of the Company at the 49th Annual General Meeting ('AGM') on 25 June 2014. However, no share buy-back has taken place during the financial year ended 31 December 2014.

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 Transaction

At the 49th AGM of the Company on 25 June 2014, there was no motion on the Recurrent Related Party Transaction ('RRPT') of revenue and/or trading nature tabled for Shareholders' approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

The 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 risk management and internal control of the Group.

RESPONSIBILITY

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

The Board acknowledges that the system of risk management and 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 risk management and 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 the date of approval of the Annual Report and financial statements. It has been reviewed at regular intervals by the Board and is guided by *the Statement on Risk Management and Internal Control, Guidelines for Directors of Listed Issuers*.

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.

The Board has put in place a 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 Risk Management Framework, please refer to page 41 to 43 of the Risk Management section.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY 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 25 to 28 of the Annual Report.

Independence of Board Audit Committee

The Board Audit Committee ('BAC') consists of four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director who have unrestricted access to both the internal and external auditors. The independence of BAC remains intact as the majority of the members are independent directors. BAC also has the right to convene meetings with the auditors without the presence of other directors and employees.

BAC meets on a regular basis to review the risk management and internal control issues identified in reports prepared by the internal auditors, the external auditors and further evaluates the effectiveness and adequacy of the Group's risk management and internal control system. The BAC has active oversight on the internal audit's independence, scope of work and resources. It also reviews the Internal Audit function, particularly the scope of the annual audit plan and frequency 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 44 to 50 of the Annual Report.

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. A revised organisation structure has been approved by the Board on 30 March 2015 that shall 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 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. The KUBMaG has been revised and approved by the Board to be implemented by the Group on 9 September 2014. It is updated to suit the current business operations as well as incorporating the current statutory requirements. In addition, the Limits of Authority (LOA) specified in the KUBMaG are aligned to be in tandem with the latest organisation structure of the Group. KUBMaG and other common Group's Standard Operating Procedures are available on the Group's intranet for easy access by staff.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY INTERNAL CONTROL ELEMENTS (CONT'D)

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. 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 and employee relations, training and development, salary administration and other relevant human resources management areas. The information is accessible online through the system i.e. 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 the Group's vision and mission. Training and development programmes are established to ensure that employees are equipped with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives. Key Performance Indicators ('KPIs') and Shared Values Inculcation Factors are used as tools to measure staff performance and to identify reward in line with the Group's mission that is to enhance a culture that emphasise on high performance.

Insurance on Assets

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

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

Insurance coverage is reviewed on a yearly basis to ensure comprehensive coverage to mitigate business risks in view of 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.

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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY INTERNAL CONTROL ELEMENTS (CONT'D)

Internal Audit

Reviews of the internal control system are carried out by AFTAAS Corporate Advisory Services Sdn Bhd ('AFTAAS'), the outsourced party which undertakes the internal audit function of KUB Group up to 30 September 2014. Subsequently, the tasks are taken up by the Group Internal Audit ('GIA') Division.

Through its internal audit, AFTAAS and/or GIA assess compliance with policies and procedures as well as relevant laws and regulations. In addition, they examine and evaluate the effectiveness and efficiency of the Group's internal control system using the risk-based audit approach.

AFTAAS and/or GIA provide independent assurance to BAC on the adequacy and integrity of internal control system to manage risks across the Group. Regular internal audit review on the adequacy and effectiveness of the internal control procedures, assurance on the management of risk and governance processes is carried out based on the Internal Audit Annual Plan. 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.

Whistleblower Policy

The Whistleblower 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 risk management and 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 Chief Executive Officer 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 based on the recommendation of the BAC to the Board of Directors and as per the Board's resolution dated 29 April 2015.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors, Messrs Deloitte 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 2014.

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 the adequacy and integrity of the internal control of KUB Group.

RISK MANAGEMENT

INTRODUCTION

Statement on Risk Management is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad which requires the Board of Directors ('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 pleased to enclose the Statement of Risk Management for KUB Malaysia Berhad ('KUB').

BOARD OF DIRECTORS RESPONSIBILITIES

The Board understands and appreciates the importance of providing sound risk management framework within the Group as part of good corporate governance practice. 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 an 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 risk management process. The framework was developed and improved to ensure the Group capabilities in facing changing and challenging business environment by continuously implementing, monitoring, reviewing and improving the overall risk management activities.

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

- (a) The underlying principles of Risk Management for KUB Group of Companies;
- (b) Risk Management Governance under the supervision of Board Risk Management Committee ('BRMC');
- (c) Risk Tolerance as guidelines to the level of risks acceptable to the Group in pursuing its business objectives; and
- (d) Risk Management Policies and Procedures to govern the processes, roles and responsibilities of all individuals involved in the risk management activities.

RISK MANAGEMENT UNDERLYING PRINCIPLES

Generally, the Group Risk Management objectives are:

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



RISK MANAGEMENT

RISK MANAGEMENT GOVERNANCE FRAMEWORK

The Board has delegated its oversight functions to the Board Risk Management Committee ('BRMC') to assume the responsibilities for the supervision and monitoring of principal risks.

The Members of the BRMC and their attendance at its Meeting held during the financial year ended 31 December 2014 are as follows:

Directors	Attendance
Datuk Hj Faisyal Datuk Yusof Hamdain Diego Chairman (Non-Independent Non-Executive Director)	2/2
Datuk Mohd Hafarizam Harun (Independent Non-Executive Director) (Resigned w.e.f. 21 October 2014)	1/1
Dato' Sohaimi Shahdan (Independent Non-Executive Director)	2/2
Dato' Ab Rahim Abu Bakar (Independent Non-Executive Director) (Appointed w.e.f. 21 October 2014)	0/1
Dato' Jamelah A. Bakar (Independent Non-Executive Director) (Appointed w.e.f. 21 October 2014)	1/1

Overall, BRMC 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:



RISK MANAGEMENT

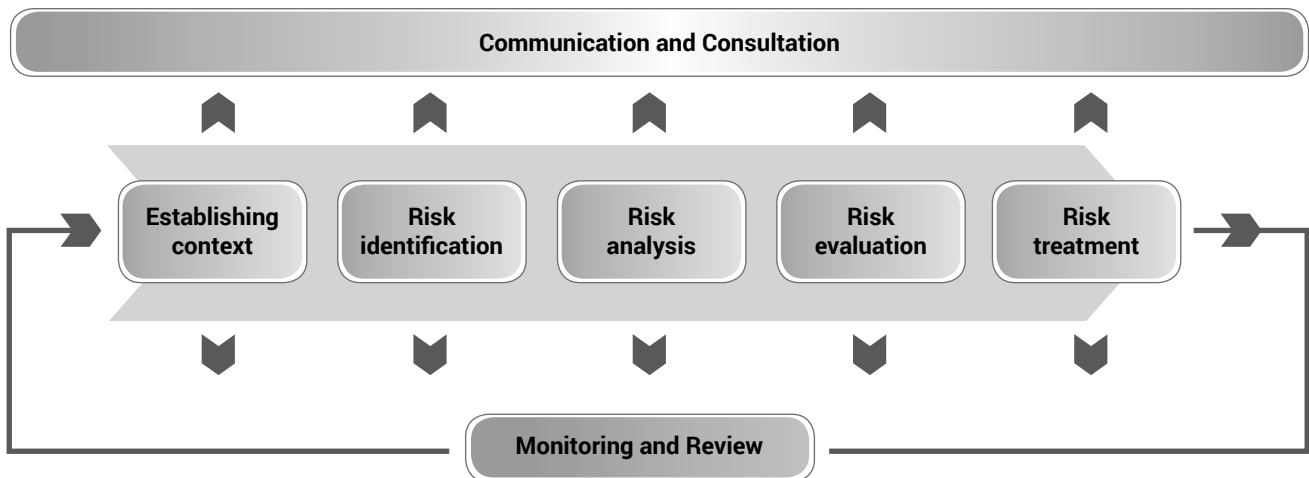
RISK MANAGEMENT GOVERNANCE FRAMEWORK (CONT'D)

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

- (a) Streamlining risk management and planning activities to risk management principles are embedded into the Group's strategic business plans;
- (b) Implemented systematic risk assessment and review of the Group's Risk Profiles;
- (c) Improve risk reporting structures to better highlight the key risks for Board's attention;
- (d) Collaboration with Internal Audit Division to improve risk database accuracy;
- (e) Review update of key risk mitigation strategies while exploring opportunities of such risk; and
- (f) Embarking on strengthening Business Continuity Management programme for the Group.

RISK MANAGEMENT PROCESS

The Group's Risk Management Framework provides a systematic approach in identifying, evaluating, assessing, treating, monitoring and reviewing the risks. Those processes for managing risk have been entrenched in the Group's business activities 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 and controls. 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 Risk Management Framework and systems are sufficient and effective. The Board will continuously review the system for improvement and enhancement so as to ensure the risk management system implementation aligns with the Group business objectives.

BOARD AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Board Audit Committee ('BAC') for the financial year ended 31 December 2014.

COMPOSITION

The BAC currently consists of the following members:

Datuk Mohd Hafarizam Harun

(redesignated as Chairman w.e.f. 1 June 2014)
Chairman, Independent Non-Executive Director

Dato' Gumuri Hussain*

(appointed as member w.e.f. 1 June 2014)
Senior Independent Non-Executive Director

Datuk Hj Faisyal Datuk Yusof Hamdain Diego

(redesignated as Non-Independent Non-Executive Director w.e.f. 18 August 2014)
Non-Independent Non-Executive Director

Dato' Ab Rahim Abu Bakar

Independent Non-Executive Director

Dato' Sohaimi Shahadan

Independent Non-Executive Director

Datuk Badly Shah Ariff Shah**

(resigned w.e.f. 1 June 2014)
Chairman, Independent Non-Executive Director

The BAC is governed by its Terms of Reference as set out on page 46 to 50 of the Annual Report. Conforming to the requirements of the Malaysian Code on Corporate Governance 2012 ('the Code'), the four (4) members of the BAC are Independent Non-Executive Directors and one (1) member is a Non-Independent Non-Executive Director. The Senior Independent Non-Executive Director is a member of the Malaysian Institute of Accountants ('MIA'), thereby complying with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ('Listing Requirements') of Bursa Malaysia Securities Berhad ('Bursa Malaysia').

MEETINGS

During the financial year ended 31 December 2014, the BAC held a total of ten (10) meetings, with the following record of attendance:

DIRECTORS ATTENDANCE

Directors	Attendance
Datuk Mohd Hafarizam Harun	9/10
Dato' Gumuri Hussain	3/3*
Datuk Hj Faisyal Datuk Yusof Hamdain Diego	9/10
Dato' Ab Rahim Abu Bakar	9/10
Dato' Sohaimi Shahadan	8/10
Datuk Badly Shah Ariff Shah	7/7**

Note:

* Three (3) BAC Meetings were held during the period from 16 June 2014 until the end of the financial year.

** Datuk Badly Shah Ariff Shah resigned w.e.f. 1 June 2014

BOARD AUDIT COMMITTEE REPORT

DIRECTORS ATTENDANCE (CONT'D)

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 outgoing external auditors, Messrs Ernst & Young and representatives of the incoming external auditors, Messrs Deloitte, as well as the Group Chief Executive Officer, the Group Chief Operating Officer, the General Manager of Group Finance and Strategic Management Division and Senior Management personnel also attended the meetings upon invitation.

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

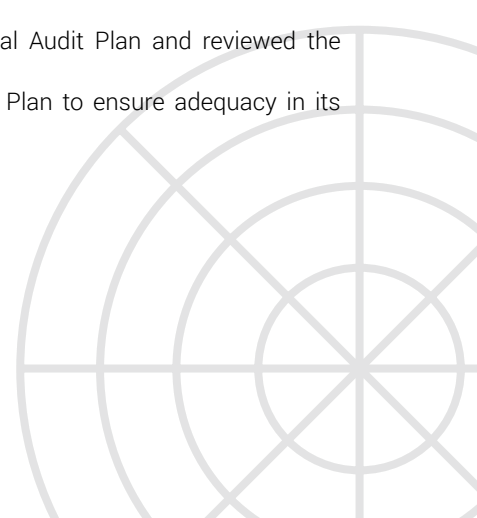
The following activities were carried out by the BAC during the financial year ended 31 December 2014:

1. 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 Listing Requirements, Financial Reporting Standards issued by the Malaysian Accounting Standards Board ('MASB') and other legal and regulatory requirements;
- Reviewed the audited financial statements of the Group with external auditors prior to submission to the Board for its consideration and approval. The review is to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 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 the 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 the Board Audit Committee Report pursuant to the Listing Requirements for the Board's approval; and
- Reviewed the Related Party Transactions ('RPT') entered by the Group in compliance with the Listing Requirements before recommending to the Board for its approval.

2. 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; and
- Reviewed and approved the GIA and AFTAAS budget and Internal Audit Annual Plan to ensure adequacy in its resources, competencies and coverage.



BOARD AUDIT COMMITTEE REPORT

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 under review, a total of fourteen (14) audits were carried out on holistic approach in accordance with the Internal Audit Annual Plan. The audit engagements encompassed scheduled, ad-hoc and follow-up audits covering the Information and Communications Technology (ICT) Sector, Food Related Sector (inclusive of outlet audits), Energy Sector, Agro Business Sector and Property, Engineering & Construction (PEC) Sector. For the 4th quarter of the year under review, GIA had undertaken and continued the internal audit tasks from AFTAAS upon the expiry of its outsourced services in September 2014.

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 of Malaysia ('IIAM'). Being members, they have access to internal audit information, networking and trainings. GIA and AFTAAS are also committed to ensure that their activities meet the standards required by The Institute of Internal Auditors International Professional Practices Framework ('IPPF').

The total costs incurred by GIA and AFTAAS for the internal audit function of the Group in 2014 amounted to RM502,556.

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 (2) a year, through the Chairman of the Committee.

2. COMPOSITION OF THE COMMITTEE

The composition of the Committee shall take into consideration of 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 Listing Requirements;
- The period of appointment shall be concurrent with their tenure on the Board unless otherwise decided by the Board and in accordance with the Listing Requirements;
- The composition of the Committee must not be less than three (3) Members;

BOARD AUDIT COMMITTEE REPORT

2. COMPOSITION OF THE COMMITTEE (CONT'D)

- 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 Listing Requirements;
- 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 (1) Member of the BAC must comply with Paragraph 15.09(1)(c) (i)-(ii) of the Listing Requirements 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 three (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 (1) 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;
- 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; and
- Full and unrestricted access to the Company's records, properties and personnel.

5. RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

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

1. 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 the Management on reports issued by the 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 regulations related to the KUB Malaysia Berhad Group's operations; and
- To consider other areas as defined by the Board.

5. RESPONSIBILITIES AND DUTIES OF THE COMMITTEE (CONT'D)

2. 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 cognisance 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, recommendations and management's responses; and
- Discuss with the Management on actions taken to improve the system of internal controls, based on operational risks identified in the internal audit reports.

3. 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 (1) 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 the Senior Management such as the Group Chief Executive Officer, the Group Chief Operating Officer, the General Manager of Group Finance and Strategic Management Division, the internal auditors and external auditors in order to keep informed of matters affecting the Group.

4. 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 the Management's integrity.

5. 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 Listing Requirements;
- 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.

BOARD AUDIT COMMITTEE REPORT

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 Listing Requirements, 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 (1) 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;
- 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 at 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 auditors, internal auditors, 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 Chief Executive Officer, the Group Chief Operating Officer, General Manager of Group Finance and Strategic Management Division, 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 the Executive Board Members and employees present at least two (2) times 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. Organise 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 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.

BOARD AUDIT COMMITTEE REPORT

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; and
- 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 the 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; and
- 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.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors of KUB Malaysia Berhad have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

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 39 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year except for the discontinuance of a construction company and ceased of its hotel and education business. The discontinuance of the construction company is disclosed in Note 11 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Continuing operations		
Profit before taxation	13,126	16,750
Taxation	(8,695)	-
Profit for the year from continuing operations	4,431	16,750
Discontinued operations		
Profit for the year from discontinued operations, net of tax	44	-
Profit for the year	4,475	16,750
Profit attributable to :		
Owners of the parent	2,294	16,750
Non-controlling interest	2,181	-
	4,475	16,750

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.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year ended 31 December 2014.

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:

Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad (Chairman)
Dato' Gumuri Hussain
Datuk Mohd Hafarizam Harun
Datuk Hj Faisyal Datuk Yusof Hamdain Diego
Dato' Ab. Rahim Abu Bakar
Dato' Jamelah A.Bakar
Dato' Sohaimi Shahadan
Datuk Badly Shah Ariff Shah (resigned w.e.f 1 June 2014)
Dato' W. Mohd Nor W. Ahmad (Group Managing Director) (cessation of office w.e.f 1 November 2014)

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 the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 33 (d) to the Financial Statements.

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 and at the end of the financial year were as follows:

Name of director	Number of ordinary shares of RM0.40 each			
	1.1.2014	Acquired	Sold	31.12.2014
Direct interest:				
Ordinary shares of the Company				
Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad	100,000	-	-	100,000

Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad is deemed to have interest in the shares of all the Company's subsidiaries to the extent the Company has an interest by virtue of his 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 had satisfied themselves that there were no known bad debts to be written off and that adequate allowance 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) it necessary to write off any bad debts or the amount of the allowance 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.
- 54 (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.

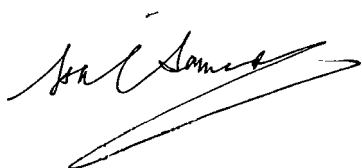
SIGNIFICANT EVENTS

The details of the significant events during the year are disclosed in Note 38 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2015.



Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad



Datuk Mohd Hafarizam Harun

STATEMENT BY DIRECTORS

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

We, Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad and Datuk Mohd Hafarizam Harun, 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 147 are drawn up in accordance with Financial Reporting Standards and 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 42 on page 148 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 29 April 2015.

Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad

Datuk Mohd Hafarizam Harun

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 148 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 29 April 2015.

Aziah Mustapa

Before me,

21A Jalan SS 6/12
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan



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 2014 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 148.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 about 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 the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity'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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report on 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 accounts and auditors' reports of the subsidiaries of which we have not acted as auditors, as shown accounts in Note 39 to the financial statements, being accounts that have been included in the financial statements of the Group;
- (c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for these purposes; and
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under sub-section (3) of Section 174 of the Act.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD

(INCORPORATED IN MALAYSIA)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 148 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. 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 the 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.

OTHER MATTERS

- (a) This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.
- (b) The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were audited by another firm of auditors whose report dated 29 April 2014 expressed an unmodified opinion.


DELOITTE
AF 0080
Chartered Accountants

29 April 2015



KAMARUL BAHARIN BIN TENGGU ZAINAL ABIDIN
No. 2903/11/15(J)
Chartered Accountant



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Continuing operations					
Revenue	4	676,387	947,856	16,332	11,332
Cost of sales	5	(608,857)	(872,293)	-	-
Gross profit		67,530	75,563	16,332	11,332
Other income		15,739	12,486	15,429	21,776
Distribution expenses		(335)	(809)	-	-
Administrative expenses		(61,488)	(64,657)	(9,697)	(13,820)
Other expenses		(10,023)	(16,948)	(2,804)	(5,436)
Profit from operating activities		11,423	5,635	19,260	13,852
Finance costs	6	(5,049)	(6,588)	(2,510)	(2,138)
Share of results of associates		6,752	6,444	-	-
Profit before taxation	7	13,126	5,491	16,750	11,714
Taxation	10	(8,695)	302	-	-
Profit for the year from continuing operations		4,431	5,793	16,750	11,714
Discontinued operations					
Profit / (Loss) for the year from discontinued operations, net of tax	11	44	(851)	-	-
Profit for the year		4,475	4,942	16,750	11,714
Other comprehensive income/(loss)					
Net gain/(loss) on available-for-sale financial assets					
- Gain/(loss) on fair value changes, net of tax		(2,673)	2,926	(2,673)	2,926
Foreign currency translation		34	388	-	-
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax		(2,639)	3,314	(2,673)	2,926
Total comprehensive income for the year		1,836	8,256	14,077	14,640

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Profit/(Loss) attributable to:					
Owners of the parent					
- from continuing operations		2,250	5,697	16,750	11,714
- from discontinued operations		44	(851)	-	-
		2,294	4,846	16,750	11,714
Non-controlling interest					
		2,181	96	-	-
		4,475	4,942	16,750	11,714
Total comprehensive income/(loss) attributable to:					
Owners of the parent					
- from continuing operations		(389)	9,011	14,077	14,640
- from discontinued operations		44	(851)	-	-
Non-controlling interest					
		2,181	96	-	-
		1,836	8,256	14,077	14,640
Basic and diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen)					
	12				
- from continuing operations		0.40	1.02		
- from discontinued operations		0.01	(0.15)		
		0.41	0.87		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	152,544	137,539	22,982	23,107
Land held for property development	14	4,610	4,609	-	-
Plantation development expenditure	15	48,218	45,679	-	-
Investment properties	16	8,183	37,617	-	29,029
Investments in subsidiaries	17	-	-	264,874	220,240
Investments in associates	18	23,116	27,164	9,000	9,000
Other investments	19	4,451	7,124	4,451	7,124
Intangible assets	20	545	648	-	-
Due from subsidiaries	21	-	-	2,406	23,787
Deferred tax assets	23	9,469	11,592	-	-
		251,136	271,972	303,713	312,287
Current assets					
Inventories	24	15,367	18,241	-	-
Trade and other receivables	21	102,067	200,153	3,923	1,086
Tax recoverable		699	714	1,875	3,928
Cash and bank balances	25	125,061	128,323	4,922	12,575
		243,194	347,431	10,720	17,589
Non-current assets held for sale	11	24,864	1,993	24,864	-
Assets of disposal group classified as held for sale	11	975	2,131	-	-
Total assets		520,169	623,527	339,297	329,876

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	26	222,586	222,586	222,586	222,586
Reserves	27	44,087	49,786	8,571	11,244
Retained earnings	28	3,043	959	71,311	54,561
		269,716	273,331	302,468	288,391
Non-controlling interest		10,379	13,247	-	-
Total equity		280,095	286,578	302,468	288,391
Non-current liabilities					
Borrowings	29	39,933	42,693	16,632	27,380
Deferred tax liabilities	23	13,695	13,445	-	-
		53,628	56,138	16,632	27,380
Current liabilities					
Trade and other payables	30	164,333	225,142	18,457	12,369
Provision for tax		2,945	5,685	-	-
Borrowings	29	19,147	49,872	1,740	1,736
Derivative financial liabilities	31	7	98	-	-
		186,432	280,797	20,197	14,105
Liabilities of disposal group classified as held for sale	11	14	14	-	-
Total liabilities		240,074	336,949	36,829	41,485
Total equity and liabilities		520,169	623,527	339,297	329,876

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the parent				Non-distributable					Non-controlling interests RM'000		
	Non-distributable		Distributable		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			
Equity, total RM'000	Equity, parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000						Other reserves, total RM'000	Capital reserve RM'000	Capital redemption reserve RM'000
2014												
Group												
Opening balance at 1 January 2014	286,578	273,331	222,586	5,965	959	43,821	312	4,967	(7,019)	398	11,147	13,247
Profit for the year	4,475	2,294	-	-	2,294	-	-	-	-	-	-	2,181
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of tax	(2,639)	(2,639)	-	-	-	(2,639)	-	(2,673)	-	34	-	-
Total comprehensive income / (loss)	1,836	(345)	-	-	2,294	(2,639)	-	(2,673)	-	34	-	2,181
Transactions with owners												
Acquisition of non-controlling interest (Note 17(a)(i))	(7,659)	(3,270)	-	-	(210)	(3,060)	-	-	(3,060)	-	-	(4,389)
Dividend paid to non-controlling interest at subsidiary	(660)	-	-	-	-	-	-	-	-	-	-	(660)
Total transactions with owners	(8,319)	(3,270)	-	-	(210)	(3,060)	-	-	(3,060)	-	-	(5,049)
Closing balance at 31 December 2014	280,095	269,716	222,586	5,965	3,043	38,122	312	2,294	(10,079)	432	11,147	10,379

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Equity attributable to owners of the parent		Non-distributable		Distributable		Attributable to owners of the parent						
	Equity, total RM'000	Equity, parent, total RM'000	Share capital RM'000	Share premium RM'000	(Accumulated Losses)/ 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	Non-controlling interests RM'000
2013 Group													
Opening balance at 1 January 2013	281,041	265,440	222,586	5,965	(3,618)	40,507	34,016	312	2,041	(7,019)	10	11,147	15,601
Profit for the year	4,942	4,846	-	-	4,846	-	-	-	-	-	-	-	96
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	3,314	3,314	-	-	-	3,314	-	-	2,926	-	388	-	-
Total comprehensive income	8,256	8,160	-	-	4,846	3,314	-	-	2,926	-	388	-	96
Transactions with owners													
Capital repayment in subsidiary interests (Note 17(b)(iii))	(4,050)	-	-	-	-	-	-	-	-	-	-	-	(4,050)
Subscription of shares in subsidiary by non-controlling interest (Note 17(b)(i))	1,431	(269)	-	-	(269)	-	-	-	-	-	-	-	1,700
Dividend paid to non-controlling interest at subsidiary	(100)	-	-	-	-	-	-	-	-	-	-	-	(100)
Total transactions with owners	(2,719)	(269)	-	-	(269)	-	-	-	-	-	-	-	(2,450)
Closing balance at 31 December 2013	286,578	273,331	222,586	5,965	959	43,821	34,016	312	4,967	(7,019)	398	11,147	13,247

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	← 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
2014							
Company							
Opening balance at 1 January 2014	288,391	222,586	5,965	54,561	5,279	312	4,967
Profit for the year	16,750	-	-	16,750	-	-	-
Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax	(2,673)	-	-	-	(2,673)	-	(2,673)
Total comprehensive income/(loss)	14,077	-	-	16,750	(2,673)	-	(2,673)
Closing balance at 31 December 2014	302,468	222,586	5,965	71,311	2,606	312	2,294

	← 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
2013							
Company							
Opening balance at 1 January 2013	273,751	222,586	5,965	42,847	2,353	312	2,041
Profit for the year	11,714	-	-	11,714	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	2,926	-	-	-	2,926	-	2,926
Total comprehensive income	14,640	-	-	11,714	2,926	-	2,926
Closing balance at 31 December 2013	288,391	222,586	5,965	54,561	5,279	312	4,967

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Operating activities				
Profit before taxation				
- continuing operations	13,126	5,491	16,750	11,714
- discontinued operations (Note 11)	44	(851)	-	-
<i>Adjustments for:</i>				
Amortisation of intangible assets (Note 20)	109	96	-	-
Amortisation of plantation development expenditure (Note 15)	2,439	2,471	-	-
Depreciation of property, plant and equipment (Note 13)	14,290	14,589	1,074	364
Depreciation of investment properties (Note 16)	911	1,244	506	847
Finance costs	5,049	6,588	2,510	2,138
Loss on fair value changes of derivative instruments	7	98	-	-
Property, plant and equipment written off (Note 13)	754	391	87	-
Allowance for impairment on:				
- receivables	232	2,182	-	-
- continuing operations (Note 21)	232	2,143	-	-
- discontinued operations (Note 11)	-	39	-	-
- other receivables (Note 21)	-	387	-	-
- amount due from subsidiaries (Note 21)	-	-	598	1,919
- investment in subsidiaries (Note 17)	-	-	71	1,343
- property, plant and equipment (Note 13)	-	330	-	-
Unrealised loss on foreign exchange	1	322	-	-
Dividend income (Note 4)	(282)	(247)	(16,332)	(11,332)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(248)	(133)	(9)	23
- assets held for sale	(2,569)	(218)	(1,449)	-
- continuing operations	(2,569)	(194)	(1,449)	-
- discontinued operations (Note 11)	-	(24)	-	-
Interest income	(2,630)	(2,532)	(1,653)	(1,756)
Reversal of allowance for impairment on receivables (Note 21)	(263)	(1,600)	-	-
Reversal of allowance for impairment on advances to subsidiaries (Note 17)	-	-	(10,724)	(16,582)
Provision for liquidated ascertained damages (Note 30)	1,320	4,193	-	-
Provision for litigation (Note 30)	842	528	466	-
Reversal of provision for liquidated ascertained damages (Note 30)	(4,260)	-	-	-
Reversal of provision for foreseeable loss (Note 22)	(128)	-	-	-
Share of results of associates (Note 18)	(6,752)	(6,444)	-	-
Operating profit/(loss) before changes in working capital	21,992	26,885	(8,105)	(11,322)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Operating activities (Cont'd)				
Changes in working capital:				
Inventories	2,874	3,702	-	-
Trade and other payables	(68,517)	13,888	(4,360)	52
Trade and other receivables	120,278	8,836	6,995	(4,404)
Cash generated from/(used in) operations	76,626	53,311	(5,470)	(15,674)
Tax paid	(8,665)	(1,205)	-	-
Net cash generated from/(used in) operating activities	67,961	52,106	(5,470)	(15,674)
Investing activities				
Acquisition of property, plant and equipment (Note 13)	(30,076)	(17,380)	(1,045)	(2,221)
Acquisition of investment properties (Note 16)	-	(48)	-	-
Addition to plantation development expenditure (Note 15)	(4,978)	(8,771)	-	-
Advances to subsidiaries	-	-	(14,233)	(18,504)
Acquisition of non-controlling interests	(7,650)	-	(7,650)	-
Dividends received	282	247	16,332	11,332
Interest received	2,630	2,532	1,653	1,756
Proceeds from disposal of property, plant and equipment	432	400	13	104
Proceeds from disposal of assets classified as held for sale	7,625	725	-	-
Repayment from subsidiaries	-	-	16,001	29,065
Subsequent expenditure of land held for property development (Note 14)	(1)	(2)	-	-
Net cash (used in)/generated from investing activities	(31,736)	(22,297)	11,071	21,532

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Financing activities				
Deposits pledged with licensed banks	(224)	10,368	-	-
Interest paid	(5,049)	(6,588)	(2,510)	(2,138)
Net (repayment) / drawdown of short term borrowings	(28,709)	9,396	-	516
Net (repayment) / drawdown of finance lease	(3,158)	3,730	(94)	-
Net repayment of term loans	(1,731)	(5,995)	(10,650)	(1,650)
Net cash (used in)/generated from financing activities	(38,871)	10,911	(13,254)	(3,272)
Net (decrease)/increase in cash and cash equivalents	(2,646)	40,720	(7,653)	2,586
Effect of exchange rate fluctuations on cash held	22	388	-	-
Cash and cash equivalents classified as held for sale (Note 11)	(975)	(1,770)	-	-
Cash and cash equivalents at beginning of year	80,183	40,845	12,575	9,989
Cash and cash equivalents at end of year (Note 25)	76,584	80,183	4,922	12,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 and principal place of business of the Company is located at Level 8-11, Unit 1, Capital 3, Oasis Square, Ara Damansara, Jalan PJU 1A/7A, 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 39.

There have been no significant changes in the nature of these principal activities during the financial year except for the discontinuance of construction company and ceased of its hotel and education business. The discontinuance of the construction company is disclosed in Note 11.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2015.

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 ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2014 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 2014, the Group and the Company adopted the following new and amended FRSS and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for financial periods beginning on or after
Amendments to FRS 10, FRS 12 and FRS 127: Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements - Investment Entities	1 January 2014
Amendments to FRS 132: Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136 : Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Int.21 : Levies	1 January 2014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.2 Changes in accounting policies (Cont'd)

The application of the above Amendments to FRSs and IC Interpretation have no material impact on the disclosures or on the amount recognised in the financial statements of the Group and the Company.

Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities

The Group and the Company have applied the amendments to FRS 10, FRS 12 and FRS 127 Investment Entities for the first time in the current year. The amendments to FRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for return from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have also been made to FRS 12 and FRS 127 to introduce new disclosure requirements for investment entities.

The application of the FRSs have not materially impacted the Group and the Company.

Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities

The Group and the Company have applied the amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to FRS 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Group and the Company do not have any financial assets and financial liabilities that qualify for offset, the application of these amendments has had no impact on the disclosures or on the amounts recognised in these financial statements.

Amendments to FRS 136 Recoverable Amount disclosures for Non-Financial Assets

The Group and the Company have applied the amendments to FRS 136 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful life had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements which is applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by FRS 13 Fair Value Measurements.

Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting

The Group and the Company have applied the amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to FRS 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.2 Changes in accounting policies (Cont'd)

Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting (Cont'd)

As the Group and the Company do not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in these financial statements.

IC Interpretation 21 Levies

The Group and the Company have applied IC Interpretation 21 Levies for the first time in the current year. IC Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

As the Group and Company do not have any levies, the application of these amendments has had no impact on the disclosures or on the amounts recognised in these financial statements.

2.3 Standards issued but not yet effective

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

The directors anticipate that the following Standards and IC Interpretation will be adopted in the annual financial statements of the Group and of the Company when they become mandatorily effective for adoption. The adoption of these Standards and IC Interpretation is not expected to have a material impact on the financial statements of the Group and of the Company.

Description	Effective for financial periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to FRSs: Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Amendments to FRSs: Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
Amendments to FRSs: Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 101 : Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity method in Separate Financial Statements	1 January 2016
FRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

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

Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities should apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in its financial statements for the financial year ending 31 December 2017, being the first set of financial statements prepared in accordance with the new MFRS Framework.

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

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of 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 for like transactions and events in similar circumstances.

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

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

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

- (a) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) Potential voting rights held by the Group, other vote holders or other parties;
- (c) Rights arising from other contractual arrangements; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.4 Basis of consolidation (Cont'd)

- (d) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

Business combinations and goodwill

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.11(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

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 Subsidiaries

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

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

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

2.7 Investments in associates

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.7 Investments in associates (Cont'd)

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

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

2.8 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.

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

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

(c) Foreign operations

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.9 Property, plant and equipment

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

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

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

Factory and buildings

- Factory and buildings 2%

Plant, office renovation and equipment

- Renovations 10%-20%

- Plant, machinery and tools 5% - 20%

- Furniture and fittings 5% - 33%

- Office equipment and computers 20% - 33%

Motor vehicles

- Motor vehicles 20% - 33%

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

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.10 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 2.9.

The freehold land element of an investment property is not depreciated due to the unlimited useful life and the building element is depreciated at an annual rate of depreciation of 2%. Buildings which are situated on leasehold land are also depreciated at annual rate of depreciation of 2%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.10 Investment properties (Cont'd)

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Fair value, for purpose of disclosure in the financial statements, is arrived at by reference to market evidence of transaction prices for similar properties.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred. The cost of the property remains unchanged for disclosure purposes.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

(b) Research and development costs

All research costs are recognised in the profit or loss as incurred. Development expenditures on individual projects to develop new products, including IT related products, are recognised as an intangible asset by capitalising and deferring them, when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

All other product development expenditures which do not meet these criteria are expensed off when incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.11 Intangible assets (Cont'd)

(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.

2.12 Plantation development expenditure

Plantation development expenditure includes the costs incurred on the land, plantation infrastructure and development and capitalisation of interest expense on loans and advances utilised to finance on-going development. The capitalisation of interest is ceased when the plantation is ready for its intended use.

Plantation expenditure incurred for the land development, planting and upkeep of trees is capitalised until maturity in the plantation development account. Upon maturity, the expenditure incurred is amortised based on estimated annual yield over 25 years.

2.13 Impairment of non-financial assets

The carrying amounts of assets, other than 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.

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.

2.14 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 loans and receivables and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.14 Financial assets (Cont'd)

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale.

After initial recognition, available-for-sale financial assets are measured at fair value, except for investments in equity instruments whose fair value cannot be reliably measured. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

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 carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Groups 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.15 Impairment of financial assets (Cont'd)

(a) Trade and other receivables carried at amortised cost (Cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.17 Construction contracts (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

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.

2.21 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.22 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.23 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.

2.24 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.

2.25 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.25 Leases (Cont'd)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.27(g).

2.26 Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, employee benefits assets, financial assets and inventories) are measured at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.27 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.27 Revenue

(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.

2.28 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.28 Income taxes (Cont'd)

(b) Deferred tax (Cont'd)

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.

2.29 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases. The Group assessed the following:

- (i) The land titles do not pass to the Group; and
- (ii) The rentals paid to the landlord for the commercial properties are increased to the market rent at regular intervals, and the Group does not participate in the residual value of the building.

Management judged that the Group retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

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 23)

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

(b) Impairment of investments in subsidiaries (Note 17) and associates (Note 18)

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, judgements are made by management to select suitable methods of valuation such as the discounted cash flow method.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year.

Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

(c) Construction contracts (Note 22)

The Group recognises construction contracts revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date over the total construction contract costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction project. In making the judgement, the Group evaluates based on past experience, external economic factor and by relying on the work of specialists.

The construction contracts revenue and expenses recognised in the profit or loss are disclosed in Note 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 21)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Contract revenue	40,179	284,320	-	-
Sale of goods	616,998	640,670	-	-
Services	18,928	22,619	-	-
Dividend income from:				
- subsidiaries	-	-	16,050	11,085
- others	282	247	282	247
	676,387	947,856	16,332	11,332

5. COST OF SALES

	Group	
	2014 RM'000	2013 RM'000 (Re-presented)
Contract costs	45,907	284,833
Cost of inventories sold	550,794	578,470
Cost of services rendered	12,156	8,990
	608,857	872,293

6. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on:				
- Bank borrowings	4,756	6,171	1,983	2,086
- Obligations under finance leases	89	64	21	-
Interest expense on intercompany advances	-	-	506	52
Others	204	353	-	-
	5,049	6,588	2,510	2,138

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

7. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Amortisation of:				
- plantation development expenditure (Note 15)	2,439	2,471	-	-
- intangible assets (Note 20)	109	96	-	-
Auditors' remuneration:				
Statutory audits				
- to the Company's auditors and its other member firms	420	479	100	92
- to other firms of auditors	84	30	-	-
Other services				
- to the Company's auditors	8	74	6	74
- to other firms of auditors	22	-	22	-
Depreciation of:				
- property, plant and equipment (Note 13)	14,290	14,589	1,074	364
- investment properties (Note 16)	911	1,244	506	847
Employee benefits expense (Note 8)	40,644	51,745	3,553	6,772
- continuing operations	40,644	51,274	3,553	6,772
- discontinued operations	-	471	-	-
Non-executive directors' remuneration (Note 9)	1,278	1,114	971	809
Loss on fair value changes of derivative instruments (Note 31)	7	98	-	-
Forfeiture of deposits payable	(300)	(1,995)	-	-
Provision for liquidated ascertained damages (Note 30)	1,320	4,193	-	-
Provision for litigation (Note 30)	842	528	466	-
Allowance for impairment on:				
- property, plant and equipment (Note 13)	-	330	-	-
- receivables (Note 21)	232	2,182	-	-
- continuing operations	232	2,143	-	-
- discontinued operations	-	39	-	-
- other receivables (Note 21)	-	387	-	-
- due from subsidiaries (Note 21)	-	-	598	1,919
- investment in subsidiaries (Note 17)	-	-	-	-
- advances to subsidiaries	-	-	71	1,343
Property, plant and equipment written off	754	391	87	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

7. PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Rental expense on:				
- land and buildings	1,189	1,371	-	-
- premises	7,072	4,470	145	613
- office equipment	419	428	38	42
- machineries	246	367	-	-
Unrealised loss on foreign exchange	1	322	-	-
Realised gain on foreign exchange	(1,890)	(1,549)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(248)	(133)	(9)	23
Gain on disposal of assets held for sale (Note 11)	(2,569)	(218)	(1,449)	-
- continuing operations	(2,569)	(194)	(1,449)	-
- discontinued operations	-	(24)	-	-
Inventories written off	47	-	-	-
Interest income	(2,630)	(2,532)	(1,653)	(1,756)
- continuing operations	(2,630)	(2,505)	(1,653)	(1,756)
- discontinued operations	-	(27)	-	-
Amortisation of financial guarantees	-	-	(1,003)	(1,603)
Rental income	(1,191)	(1,375)	(480)	(480)
Reversal of provision for liquidated ascertained damages (Note 30)	(4,260)	-	-	-
Reversal of allowance for impairment on receivables (Note 21)	(263)	(1,600)	-	-
Reversal of allowance for investment in subsidiaries				
- advances to subsidiaries (Note 17)	-	-	(10,724)	(16,582)
Reversal of provision for foreseeable loss (Note 22)	(128)	-	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages, bonuses and salaries	33,397	38,907	2,274	5,913
Social security contributions	398	424	28	24
Contributions to defined contribution plan	2,987	3,205	564	432
Other benefits	3,862	9,209	687	403
	40,644	51,745	3,553	6,772

Included in employee benefits expense of the Group and the Company is the Company's executive director's remuneration amounting to RM963,000 (2013: RM683,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive director:				
Salaries and other emoluments	720	578	720	578
Bonus	96	-	96	-
Defined contribution plans	147	104	147	104
Allowances	-	1	-	-
Total executive director's remuneration excluding benefits-in-kind (Note 8)	963	683	963	682
Estimated money value of benefits-in-kind	20	28	20	28
	983	711	983	710
Non-executive directors:				
Fees	538	433	445	392
Allowances	740	681	526	417
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	1,278	1,114	971	809
Estimated money value of benefits-in-kind	155	114	155	114
	1,433	1,228	1,126	923
Total directors' remuneration excluding benefits in kind	2,241	1,797	1,934	1,491
Estimated money value of benefits-in-kind	175	142	175	142
Total directors' remuneration	2,416	1,939	2,109	1,633

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

Group	Number of directors	
	2014	2013
Executive director:		
RM700,001 - RM750,000	-	1
RM950,001 - RM1,000,000	1	-
Non-executive directors:		
Below RM50,000	-	3
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	4	3
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	1
RM350,001 - RM400,000	-	1
RM400,001 - RM450,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

10. TAXATION

Major components of taxation

The major components of income tax expense / (benefit) for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Continuing operations:				
Malaysian income tax:				
- Current year	6,280	7,889	-	-
- Under / (Over) provision in prior year	186	(1,633)	-	-
Foreign income tax:				
- Overprovision in prior year	(144)	-	-	-
	6,322	6,256	-	-
Deferred income tax (Note 23):				
- Origination and reversal of temporary differences	2,659	(5,605)	-	-
- Overprovision in prior years	(286)	(953)	-	-
	2,373	(6,558)	-	-
Income tax expense/(benefit) attributable to continuing operations	8,695	(302)	-	-
Income tax expense/(benefit) recognised in profit or loss	8,695	(302)	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit/(loss) for the year.

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

Reconciliation between taxation and accounting profit/(loss)

The reconciliation between tax benefit / (expense) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Profit before tax from continuing operations	13,126	5,491	16,750	11,714
Profit / (Loss) before tax from discontinued operations	44	(851)	-	-
Accounting profit before taxation	13,170	4,640	16,750	11,714

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

10. TAXATION (CONT'D)

Reconciliation between taxation and accounting profit/(loss) (Cont'd)

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	3,293	1,160	4,188	2,929
Income not subject to tax	(2,687)	(1,185)	(13,500)	(18,185)
Effect of different tax rate on foreign income tax	18	-	-	-
Effect of expenses not deductible for tax purposes	10,812	2,265	9,312	15,256
Deferred tax assets not previously recognised / (Utilisation of deferred tax asset not recognised) during the year	(2,497)	44	-	-
Under/(Over) provision of Malaysian income tax expense in prior years	186	(1,633)	-	-
Overprovision of foreign income tax expense in prior years	(144)	-	-	-
Under/(over) provision of deferred tax in prior years	(286)	(953)	-	-
Tax expense / (credit) for the year	8,695	(302)	-	-

Tax savings during the financial year arising from utilisation of:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Tax losses brought forward	657	1,120	514	987

11. DISPOSAL GROUP AND OTHER NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale in current year

- (i) During the financial year, the Company has transferred its investment properties to non-current assets held for sale at carrying amount of RM28.5 million in relation to Group's decision to sell the properties which consist of eight office floors located at Oasis Square, Ara Damansara.

As at 31 December 2014, the sale of one of the floors has been completed at a consideration of RM5.5 million resulting in gain on disposal of RM1.45 million whilst the remaining is expected to be completed in 2015. The carrying value of the properties at the end of the year was RM24.9 million.

- (ii) The assets of disposal group classified as held for sale as at 31 December 2014 and 31 December 2013 are represented by the assets and liabilities of a subsidiary, Bina Alam Bersatu Sdn Bhd following the Group's intention to wind up the subsidiary in 2013. As at 31 December 2014, the subsidiary is in the process of liquidation. The proposed liquidation is expected to be completed within the next twelve (12) months and are now presented as discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

11. DISPOSAL GROUP AND OTHER NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Non-current assets held for sale in prior year

As at 31 December 2013, non-current assets classified as held for sale of the Group were:

- (i) One unit of retail lot at Amcorp Mall, Petaling Jaya held by A&W Properties Sdn. Bhd. with carrying value of RM1,765,000. The sale was completed in April 2014 at a consideration of RM3 million resulting in a net gain from disposal of RM1,235,000.
- (ii) Non-current assets of KUB Singgahsana (PJ) Sdn. Bhd. which comprise of computers, tools and equipments with carrying value of RM155,000 and furniture and fittings with carrying value of RM73,000 which were disposed in 2014 resulting in a loss on disposal of RM115,000.

In 2013, a subsidiary Company, A&W Restaurants (Thailand) Co. Ltd. ("AWT") was classified as under disposal group held for sale following the commitment of the Group's management to dispose AWT. However, in 2014, the sale of AWT was aborted and the Group has decided to retain AWT as part of the Group's current and future businesses. Hence, the results of AWT in 2013 has been reclassified in the Group financial statements as results from continuing operations.

The Group has re-presented the statements of comprehensive income by presenting a single amount showing the post-tax loss of discontinued operations by the end of the reporting period for the latest period presented.

The analysis of the results of the discontinued operations is as follows:

	Group	
	2014 RM'000	2013 RM'000 (Re-presented)
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other income	134	156
Administrative expenses	(90)	(968)
Other expenses	-	(39)
Profit / (Loss) before tax from discontinued operations	44	(851)
Taxation	-	-
Profit / (Loss) from discontinued operations, net of tax	44	(851)

The major classes of assets and liabilities of disposal group and non-current assets classified as held for sale as at 31 December 2014 are as follows :

Non-current assets held for sale:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment	-	228	-	-
Investment properties	24,864	1,765	24,864	-
	24,864	1,993	24,864	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

11. DISPOSAL GROUP AND OTHER NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Disposal group held for sale:

	Group	
	2014 RM'000	2013 RM'000 (Re-presented)
Assets		
Trade and other receivables	-	49
Tax recoverable	-	312
Cash and bank balances	975	1,770
Assets of disposal group classified as held for sale	975	2,131
Liabilities		
Trade and other payables	1	1
Deferred tax liabilities	13	13
Liabilities of disposal group classified as held for sale	14	14
Net assets of disposal group classified as held for sale	961	2,117

Summarised cash flows of discontinued operations

	Group	
	2014 RM'000	2013 RM'000 (Re-presented)
Net cash generated from operating activities	405	3,737
Net cash used in financing activities	(1,200)	(9,000)
Net decrease in cash and cash equivalents	(795)	(5,263)
Cash and cash equivalents at beginning of the year	1,770	7,033
Cash and cash equivalents at end of the year	975	1,770

12. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic and diluted earnings per ordinary share is calculated by dividing earnings/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the earnings/(loss) and share data used in the computation of basic and diluted earnings/(loss) per share for the years ended 31 December:

	Group	
	2014 RM'000	2013 RM'000 (Re-presented)
Profit/(Loss) net of tax attributable to owners of the parent used in the computation of basic and diluted earnings/(loss) per share (RM'000)		
- From continuing operations	2,250	5,697
- From discontinued operations	44	(851)
Weighted average number of ordinary shares for basic and diluted earnings/(loss) per share computation (in '000)	556,465	556,465

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

12. EARNINGS/(LOSS) PER ORDINARY SHARE(CONT'D)

	Group	
	2014 Sen	2013 Sen
Basic and diluted earnings/(loss) per share attributable to the owners of the parent		
- From continuing operations	0.40	1.02
- From discontinued operations	0.01	(0.15)
	0.41	0.87

13. 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	Renovation in progress RM'000	Assets under construction RM'000	Total RM'000
Group								
At 31 December 2014								
At cost								
At 1 January 2014	11,811	108,974	36,298	213,419	9,345	2,664	1,361	383,872
Additions	-	2,001	-	8,197	235	-	19,643	30,076
Disposals	-	(2)	-	(3,631)	(766)	-	-	(4,399)
Written off	-	(1,420)	-	(8,623)	(479)	-	-	(10,522)
Reclassification	-	-	-	3,479	-	(2,635)	(844)	-
Exchange differences	-	-	61	644	5	-	-	710
At 31 December 2014	11,811	109,553	36,359	213,485	8,340	29	20,160	399,737

Accumulated depreciation and impairment losses

At 1 January 2014

Accumulated depreciation	-	35,313	8,097	169,645	7,167	-	-	220,222
Accumulated impairment losses	277	16,020	18	9,766	30	-	-	26,111
	277	51,333	8,115	179,411	7,197	-	-	246,333

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. 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	Renovation in progress RM'000	Assets under construction RM'000	Total RM'000
Group (Cont'd)								
At 31 December 2014								
Accumulated depreciation and impairment losses (Cont'd)								
Depreciation charge for the year	-	2,182	564	10,617	927	-	-	14,290
Disposals	-	(1)	-	(3,565)	(772)	-	-	(4,338)
Written off - depreciation	-	(689)	-	(7,443)	(469)	-	-	(8,601)
Written off - impairment	-	(611)	-	(556)	-	-	-	(1,167)
Exchange differences	-	-	155	516	5	-	-	676
At 31 December 2014:								
Accumulated depreciation	-	36,805	8,816	169,770	6,858	-	-	222,249
Accumulated impairment losses	277	15,409	18	9,210	30	-	-	24,944
	277	52,214	8,834	178,980	6,888	-	-	247,193
Net carrying amount	11,534	57,339	27,525	34,505	1,452	29	20,160	152,544
At 31 December 2013 (Re-presented)								
At cost								
At 1 January 2013	12,284	92,732	35,677	220,707	8,876	-	-	370,276
Additions	-	4,970	1,019	6,571	795	2,664	1,361	17,380
Disposals	(473)	(819)	-	(1,837)	(274)	-	-	(3,403)
Written off	-	(6)	(398)	(11,991)	(52)	-	-	(12,447)
Transfer from investment properties (Note 16)	-	12,109	-	-	-	-	-	12,109
Exchange differences	-	(12)	-	(31)	-	-	-	(43)
At 31 December 2013	11,811	108,974	36,298	213,419	9,345	2,664	1,361	383,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. 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	Renovation in progress RM'000	Assets under construction RM'000	Total RM'000
Group (Cont'd)								
At 31 December 2013 (Re-presented)								
Accumulated depreciation and impairment losses								
At 1 January 2013								
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
Depreciation charge for the year	-	2,092	441	10,890	1,166	-	-	14,589
Impairment loss charge for the year	-	161	-	169	-	-	-	330
Disposals	-	(438)	-	(1,647)	(152)	-	-	(2,237)
Written off - depreciation	-	(4)	(398)	(11,269)	(27)	-	-	(11,698)
Written off - impairment	-	-	-	(358)	-	-	-	(358)
Transfer from investment properties (Note 16)	-	485	-	-	-	-	-	485
Exchange differences	-	(8)	-	(19)	-	-	-	(27)
At 31 December 2013:								
Accumulated depreciation	-	35,313	8,097	169,645	7,167	-	-	220,222
Accumulated impairment losses	277	16,020	18	9,766	30	-	-	26,111
	277	51,333	8,115	179,411	7,197	-	-	246,333
Net carrying amount	11,534	57,641	28,183	34,008	2,148	2,664	1,361	137,539

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Factory and buildings RM'000	Leasehold land RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Renovation in progress RM'000	Total RM'000
Company						
At 31 December 2014						
At cost						
At 1 January 2014	12,109	11,265	5,860	1,005	1,470	31,709
Additions	-	-	106	-	939	1,045
Reclassification	-	-	2,380	-	(2,380)	-
Written off	-	-	(2,934)	-	-	(2,934)
Disposals	-	-	(110)	(250)	-	(360)
At 31 December 2014	12,109	11,265	5,302	755	29	29,460
Accumulated depreciation and impairment losses						
At 1 January 2014						
Accumulated depreciation	485	1,947	5,530	374	-	8,336
Accumulated impairment losses	-	266	-	-	-	266
	485	2,213	5,530	374	-	8,602
Depreciation charge for the year	242	94	576	162	-	1,074
Written off	-	-	(2,847)	-	-	(2,847)
Disposals	-	-	(101)	(250)	-	(351)
At 31 December 2014						
Accumulated depreciation	727	2,041	3,158	286	-	6,212
Accumulated impairment losses	-	266	-	-	-	266
	727	2,307	3,158	286	-	6,478
Net carrying amount	11,382	8,958	2,144	469	29	22,982

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Factory and buildings RM'000	Leasehold land RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Renovation in progress RM'000	Total RM'000
Company						
At 31 December 2013						
At cost						
At 1 January 2013	-	11,265	5,708	558	-	17,531
Additions	-	-	166	585	1,470	2,221
Transfer from investment properties (Note 16)	12,109	-	-	-	-	12,109
Disposals	-	-	(14)	(138)	-	(152)
At 31 December 2013	12,109	11,265	5,860	1,005	1,470	31,709
Accumulated depreciation and impairment losses						
At 1 January 2013						
Accumulated depreciation	-	1,853	5,333	372	-	7,558
Accumulated impairment losses	-	266	-	-	-	266
	-	2,119	5,333	372	-	7,824
Depreciation charge	-	94	217	53	-	364
Transfer from investment properties (Note 16)	485	-	-	-	-	485
Disposals	-	-	(14)	(57)	-	(71)
Reclassification	-	-	(6)	6	-	-
At 31 December 2013						
Accumulated depreciation	485	1,947	5,530	374	-	8,336
Accumulated impairment losses	-	266	-	-	-	266
	485	2,213	5,530	374	-	8,602
Net carrying amount	11,624	9,052	330	631	1,470	23,107

Assets under construction

Asset under construction were mainly cost incurred on down payment on purchase of machineries and other expenses incidental to the construction of 45MT/hour palm oil mill in Mukah, Sarawak.

Assets held under finance leases

During the financial year, the Group and the Company acquired motor vehicles with an aggregate cost of RM235,000 and RMNil (2013: RM1,066,000 and RM585,000) respectively by means of finance leases. The cash outflow on acquisition of property, plant and equipment by the Group and Company amounted to RM35,000 and RMNil (2013: RM101,000 and RM69,000) respectively.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under finance leases (Cont'd)

The carrying amount of assets held under finance leases of the Group and the Company at the reporting date were RM1,694,000 and RM422,000 (2013: RM1,425,000 and RM585,000) respectively.

Assets pledged as security

At 31 December 2014, freehold land and factory and buildings of the Group with net carrying amount of RM67,971,000 (2013: RM80,250,000) are pledged to banks as securities for borrowings as disclosed in Note 29.

14. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2014 RM'000	2013 RM'000
At cost		
At 1 January	11,824	11,822
Additions	1	2
At 31 December	11,825	11,824
Accumulated impairment losses		
At 1 January/31 December	7,215	7,215
Net carrying amount	4,610	4,609

Land held for property development of the Group with net carrying amount of RM4,388,000 (2013: RM4,388,000) is pledged as security for borrowings as disclosed in Note 29.

15. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2014 RM'000	2013 RM'000
At cost		
At 1 January	71,917	63,146
Additions	4,978	8,771
At 31 December	76,895	71,917
Accumulated amortisation		
At 1 January	26,238	23,767
Amortisation for the year recognised in cost of sales	2,439	2,471
At 31 December	28,677	26,238
Net carrying amount	48,218	45,679

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. INVESTMENT PROPERTIES

Group	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
At 31 December 2014			
Cost			
At 1 January	16,565	31,462	48,027
Transfer to assets held for sale (Note 11)	-	(30,240)	(30,240)
At 31 December	16,565	1,222	17,787
Accumulated depreciation and impairment losses			
At 1 January			
Accumulated depreciation	8,455	1,744	10,199
Accumulated impairment losses	211	-	211
	8,666	1,744	10,410
Depreciation for the year	321	590	911
Transfer to assets held for sale	-	(1,717)	(1,717)
At 31 December			
Accumulated depreciation	8,776	617	9,393
Accumulated impairment losses	211	-	211
	8,987	617	9,604
Net carrying amount	7,578	605	8,183
Fair value	22,920	5,000	27,920
At 31 December 2013			
Cost			
At 1 January	16,565	45,812	62,377
Transfer to property, plant and equipment (Note 13)	-	(12,109)	(12,109)
Addition	-	48	48
Disposals	-	(2,289)	(2,289)
At 31 December	16,565	31,462	48,027

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. INVESTMENT PROPERTIES (CONT'D)

	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
Group (Cont'd)			
At 31 December 2013 (Cont'd)			
Accumulated depreciation and impairment losses			
At 1 January			
Accumulated depreciation	8,142	1,626	9,768
Accumulated impairment losses	211	-	211
	8,353	1,626	9,979
Transfer to property, plant and equipment (Note 13)	-	(485)	(485)
Depreciation for the year	313	931	1,244
Disposals	-	(328)	(328)
At 31 December			
Accumulated depreciation	8,455	1,744	10,199
Accumulated impairment losses	211	-	211
	8,666	1,744	10,410
Net carrying amount	7,899	29,718	37,617
Fair value	18,000	46,996	64,996
		Leasehold building RM'000	

Company

At 31 December 2014

Cost

At 1 January	30,240
Transfer to non-current assets held for sale (Note 11)	(30,240)
At 31 December	-

Accumulated depreciation

At 1 January	1,211
Depreciation for the year	506
Transfer to non-current assets held for sale (Note 11)	(1,717)
At 31 December	-

Net carrying amount

-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. INVESTMENT PROPERTIES (CONT'D)

	Leasehold building RM'000
Company (Cont'd)	
At 31 December 2013	
Cost	
At 1 January	42,349
Transfer to property, plant and equipment (Note 13)	(12,109)
At 31 December	<u>30,240</u>
Accumulated depreciation	
At 1 January	849
Depreciation for the year	847
Transfer to property, plant and equipment (Note 13)	(485)
At 31 December	<u>1,211</u>
Net carrying amount	<u>29,029</u>
Fair value	<u>45,106</u>

Valuation of investment properties

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fair value measurement using significant observable inputs (Level 3)				
Investment properties carried at cost	<u>27,920</u>	64,996	-	45,106

Fair value of the investment properties was determined by using market comparable method based on observed transactions involving identical or similar property.

Properties pledged as security

Leasehold buildings of the Group and Company with net carrying amount of RM55,122,000 and RM36,246,000 (2013: RM56,926,000 and RM40,653,000) respectively are pledged as security for borrowings as disclosed in Note 29.

Transfer to assets held for sale

During the financial year 2014, the Group transferred part of an office building that was held as investment property to non-current assets held for sale in view of the Group's decision to sell the properties.

Transfer to property, plant and equipment

In 2013, the Group transferred part of an office building that was held as investment property to owner-occupied property. The Group had commenced using the office building for its business purposes during 2013.

NOTES TO THE FINANCIAL STATEMENTS

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17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	328,158	289,148
Less: Accumulated impairment losses	(85,350)	(85,350)
	242,808	203,798
Advances to subsidiaries (c)	289,062	294,091
Less: Accumulated impairment losses	(283,001)	(293,654)
	6,061	437
Financial guarantees (d)	16,005	16,005
	264,874	220,240

A list of the subsidiaries is shown in Note 39.

(a) Transactions during the year

(i) Share sale agreement

On 28 March 2014, the Company has entered into a Share Sale Agreement with JEKS Engineering Sdn. Bhd. ("JEKS") for the acquisition of 4,149,000 ordinary shares of RM1.00 each representing 30% of the equity interest held by JEKS in KUB Precast Sdn. Bhd. (formerly known as Precast Products Sdn. Bhd.) for a total purchase consideration of RM7,650,000. The purchase consideration has been fully paid and the transfer of shares has been completed on 15 June 2014.

On 27 May 2014, the Company entered into a Share Sale Agreement with Mohd Fadzli bin Ghazali for the acquisition of 1,200,000 ordinary shares of RM1.00 each representing 30% of the equity interest held by Mohd Fadzli bin Ghazali in Empirical Systems (M) Sdn. Bhd. ("Empirical") for a total purchase consideration of RM1.00. The acquisition has made Empirical, a wholly-owned subsidiary of the Company.

(ii) Increase in investment in subsidiaries

On 18 March 2014, the issued and paid up capital of the Company's wholly owned subsidiary, KUB Builders Sdn. Bhd. ("KUBB") was increased from 10,000,000 ordinary shares at RM1.00 per share to 30,000,000 ordinary shares at RM1.00 per share by way of capitalisation of the amount owing to the Company of RM20 million.

The authorised share capital of KUBB was also increased from 25,000,000 ordinary shares at RM1.00 per share to 50,000,000 ordinary shares at RM1.00 per share by the creation of 25,000,000 new ordinary shares of RM1.00 per share.

On 24 December 2014, the Company entered into the Sale and Share Agreement with KUB Builders Sdn. Bhd., a wholly owned subsidiary of the Company, to acquire 9,681,000 ordinary shares of RM1.00 each representing 70% equity interest in KUB Precast Sdn. Bhd. (formerly known as Precast Products Sdn Bhd), for a total consideration of RM11,359,085.

With the acquisition, the Company holds 100% direct equity interest in KUB Precast Sdn. Bhd. as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Transactions during the year (Cont'd)

(iii) Debt Novation agreement

On 9 December 2014, the issued and paid up capital of KUB Power Sdn. Bhd. ("KUBP"), a wholly owned subsidiary of KUB Ekuiti Sdn. Bhd. (a wholly owned subsidiary of the Company), was increased from 3,000,000 ordinary shares at RM1.00 per share to 5,500,000 ordinary shares at RM1.00 per share by way of capitalisation of the amount owing to the holding company of RM2.5 million by virtue of debt novation agreement between KUB Ekuiti Sdn Bhd and KUB Malaysia Berhad on the intercompany loans dated 2 December 2014.

The authorised share capital of KUBP was also increased from 5,000,000 ordinary shares at RM1.00 per share to 5,500,000 ordinary shares at RM1.00 per share by the creation of 500,000 new ordinary shares of RM1.00 per share.

(b) Transactions during the previous year

(i) Joint venture agreement

On 7 February 2013, a Joint Venture Agreement ("JVA") was signed by KUB Agro Holdings Sdn. Bhd. ("KUBA"), KUB Sepadu Sdn. Bhd. ("KUBS") and Sutracom Sdn. Bhd. ("Sutracom") for the purposes of engaging in the development and construction of a palm oil mill in Mukah, Sarawak and upon completion thereof, to commence the production of fresh fruit bunch, crude palm oil and crude palm kernel and such other related activities as may be mutually agreed between the parties.

Pursuant thereto, KUB Maju Mill Sdn. Bhd. ("KUB Maju"), is used as a joint venture company. The authorised share capital of KUB Maju was increased from RM2,000,000 to RM20,000,000 divided into 20,000,000 ordinary shares of RM1.00 each. The issued and paid up capital of KUB Maju was increased from 1,312,282 ordinary shares of RM1.00 each to 6,312,282 which was done by way of subscription of 5,000,000 new shares in the Company via cash at a subscription price of RM1.00 by KUBA, Sutracom and KUBS.

Prior to the JVA, KUB Maju is a wholly-owned subsidiary of the Group through its interest in KUB Ekuiti Sdn. Bhd. Upon the completion of the JVA and the additional issuance of shares, KUB Maju remains as a subsidiary of the Group where the Group retains 66.01% controlling interest in KUB Maju through its interests in KUBA and KUBS.

(ii) Share sale agreement

On 15 November 2013, the Company's wholly owned subsidiary, Restoran Kualiti Sdn. Bhd. ("RKSB"), entered into a Share Sale Agreement with Chef Republic Sdn. Bhd. ("CRSB") to dispose its 88.3% equity interest in its subsidiary, A&W Restaurants (Thailand) Company Limited comprising 343,000 ordinary shares and 275,000 preferred shares of Baht 100 each held by RKSB to CRSB for a cash consideration of RM3,000,000.

In 2014, the transaction was aborted due to the failure of CRSB to meet the terms and conditions. Accordingly, the Group has decided to retain A&W Restaurants (Thailand) Company Limited as part of Group's current and future businesses.

(iii) Capital reduction

On 22 July 2013, Bina Alam Bersatu Sdn. Bhd. ("Bina Alam"), a 55% owned subsidiary of the Group, obtained approval for members' voluntary winding-up. In November 2013, the Company reduced its issued and paid-up share capital as part of the liquidation process. The effect of the capital reduction exercise were as follows:

The issued and paid-up share capital of Bina Alam was reduced from RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each to RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 by the cancellation of 9,000,000 units of ordinary shares on a pro rata basis based on the existing shareholders' shareholding in Bina Alam prior to the above mentioned exercise.

The liquidation is expected to complete in 2015 and currently Bina Alam has been classified as discontinued operations as disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(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.

(d) Financial guarantees

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

(e) Material non-controlling interests

Details of non-wholly owned subsidiaries that have material non-controlling interests:

Name of subsidiary	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
KUB Sepadu Sdn Bhd	2,065	553	16,952	15,008

(Proportion of ownership held by non-controlling interests 2014 : 40%, 2013 : 40%)

Summarised financial information in respect of each of the Group's subsidiaries that has a material non-controlling interests is set out below. The summarised financial information below represents amount before intragroup eliminations.

KUB Sepadu Sdn. Bhd.:

- (i) Summarised statements of financial position

	2014 RM'000	2013 RM'000
Current assets	5,360	5,719
Non-current assets	51,164	48,612
Total assets	56,524	54,331
Current liabilities	5,803	6,195
Non-current liabilities	6,566	8,848
Total liabilities	12,369	15,043
Equity	44,155	39,288

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

KUB Sepadu Sdn. Bhd. (Cont'd):

(ii) Summarised statements of comprehensive income

	2014 RM'000	2013 RM'000
Revenue	19,584	13,786
Profit for the year	5,167	1,387

(iii) Summarised statements of cash flows.

	2014 RM'000	2013 RM'000
Net cash inflows from operating activities	7,148	5,673
Net cash outflows from investing activities	(5,126)	(8,190)
Net cash outflows from financing activities	(3,192)	(1,742)
Net cash outflows	(1,170)	(4,259)

18. INVESTMENT IN ASSOCIATES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	29,652	29,652	27,822	27,822
Share of post-acquisition reserves	14,117	18,165	-	-
	43,769	47,817	27,822	27,822
Less: Accumulated impairment losses	(20,653)	(20,653)	(18,822)	(18,822)
	23,116	27,164	9,000	9,000

A list of the associates is shown in Note 40.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

KUB-Berjaya Enviro Sdn. Bhd.:

(i) Summarised statements of financial position

	2014 RM'000	2013 RM'000
Current assets	35,676	49,706
Non-current assets	97,778	120,738
Total assets	133,454	170,444
Current liabilities	31,599	52,337
Non-current liabilities	41,307	50,198
Total liabilities	72,906	102,535

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

18. INVESTMENT IN ASSOCIATES (CONT'D)

(ii) Summarised statements of comprehensive income

	2014 RM'000	2013 RM'000
Revenue	37,649	49,354
Profit for the year	16,880	16,109
Dividend received from the associate during the year	10,800	3,585

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates.

	2014 RM'000	2013 RM'000
Net assets at 1 January	67,909	60,763
Profit for the year	16,880	16,109
Less: Dividend for the year	(27,000)	(8,963)
Net assets at 31 December	57,789	67,909
Interest in associate	40%	40%
Carrying value of Group's interest in associates	23,116	27,164

(iv) There are no financial information available for the associates that are not individually material as at 31 December 2014. These associates are dormant companies and the Group and Company have fully impaired the carrying amount for these associates in the financial statements.

19. OTHER INVESTMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Available-for-sale financial investments				
Non-current				
At cost:				
Unquoted shares in Malaysia	3,717	3,717	3,240	3,240
Less: Accumulated impairment losses	(3,577)	(3,577)	(3,100)	(3,100)
	140	140	140	140
At market value:				
Quoted shares in Malaysia	4,311	6,984	4,311	6,984
Total other investments	4,451	7,124	4,451	7,124

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 2014

20. INTANGIBLE ASSETS

	Goodwill RM'000	Initial fees RM'000	Development costs RM'000	Total RM'000
Group				
At 31 December 2014				
Cost				
At 1 January 2014	103,653	4,076	330	108,059
Exchange difference	-	47	-	47
At 31 December 2014	103,653	4,123	330	108,106
Accumulated amortisation and impairment losses				
At 1 January 2014				
Accumulated amortisation	-	1,990	96	2,086
Accumulated impairment losses	103,653	1,438	234	105,325
	103,653	3,428	330	107,411
Amortisation for the year recognised in other expenses				
	-	109	-	109
Exchange difference				
	-	41	-	41
At 31 December 2014				
Accumulated amortisation	-	2,140	96	2,236
Accumulated impairment losses	103,653	1,438	234	105,325
	103,653	3,578	330	107,561
Net carrying amount	-	545	-	545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Goodwill RM'000	Initial fees RM'000	Development costs RM'000	Total RM'000
Group (Cont'd)				
At 31 December 2013 (Re-presented)				
Cost				
At 1 January 2013	103,653	4,305	330	108,288
Written off	-	(226)	-	(226)
Exchange difference	-	(3)	-	(3)
At 31 December 2013	103,653	4,076	330	108,059
Accumulated amortisation and impairment losses				
At 1 January 2013				
Accumulated amortisation	-	2,122	96	2,218
Accumulated impairment losses	103,653	1,438	234	105,325
	103,653	3,560	330	107,543
Amortisation for the year recognised in other expenses				
	-	96	-	96
Written off	-	(226)	-	(226)
Exchange difference	-	(2)	-	(2)
At 31 December 2013				
Accumulated amortisation	-	1,990	96	2,086
Accumulated impairment losses	103,653	1,438	234	105,325
	103,653	3,428	330	107,411
Net carrying amount	-	648	-	648

(a) Initial fees

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

(b) Development costs

The development costs relate to a product, known as PROBIT, which was being internally developed by a subsidiary since the financial year ended 2009. The Company has fully impaired the development cost in prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. AMOUNT DUE FROM SUBSIDIARIES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Non-current				
Due from subsidiaries (a)	-	-	5,010	25,793
Less: Allowance for impairment losses	-	-	(2,604)	(2,006)
At 31 December	-	-	2,406	23,787
Current				
Trade				
Due from customers on contract (Note 22)	28,607	62,422	-	-
Trade receivables (b)	57,348	80,265	-	-
Less: Allowance for impairment losses	(18,350)	(18,324)	-	-
	38,998	61,941	-	-
	67,605	124,363	-	-
Non-trade				
Other receivables (c)	15,339	15,299	3,133	221
Less: Allowance for impairment losses	(3,273)	(3,685)	-	-
	12,066	11,614	3,133	221
Government subsidy receivable	10,918	52,066	-	-
Deposits and prepayments	11,478	12,110	790	865
	34,462	75,790	3,923	1,086
	102,067	200,153	3,923	1,086
Total trade and other receivables (current and non-current)	102,067	200,153	6,329	24,873
Add: Cash and bank balances (Note 25)	125,061	128,323	4,922	12,575
Less: Deposits and prepayments	(11,478)	(12,110)	(790)	(865)
Total loans and receivables	215,650	316,366	10,461	36,583

(a) Amount due from subsidiaries

The amount due from subsidiaries is unsecured, bears interest at the market Base Lending Rate ("BLR") of 6.85% (2013: 6.6%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. AMOUNT DUE FROM SUBSIDIARIES, TRADE RECEIVABLES AND OTHER RECEIVABLES (CONT'D)

(a) Amount due from subsidiaries (Cont'd)

Movement in allowance accounts:

	Company	
	2014 RM'000	2013 RM'000
At 1 January	2,006	87
Charge for the year (Note 7)	598	1,919
At 31 December	2,604	2,006

(b) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2013: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2014 RM'000	2013 RM'000 (Re-presented)
Neither past due nor impaired	20,782	34,940
1 to 30 days past due not impaired	4,436	2,915
31 to 60 days past due not impaired	18	164
61 to 90 days past due not impaired	258	850
91 to 120 days past due not impaired	131	3,933
More than 121 days past due not impaired	13,373	19,139
Past due but not impaired	18,216	27,001
	38,998	61,941
Impaired	18,350	18,324
	57,348	80,265

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 RM15,442,000 (2013: RM15,404,000) which are recoverable based on the creditworthiness of these debtors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. AMOUNT DUE FROM SUBSIDIARIES, TRADE RECEIVABLES AND OTHER RECEIVABLES (CONT'D)

(b) Trade receivables (Cont'd)

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	
	2014 RM'000	2013 RM'000
Group		
Trade receivables - nominal amounts	18,350	18,324
Less: Allowance for impairment	(18,350)	(18,324)
	-	-

Movement in allowance accounts:

	Group	
	2014 RM'000	2013 RM'000
At 1 January	18,324	19,592
Charge for the year (Note 7)	232	2,143
Written off during year	-	(1,811)
Written back during the year (Note 7)	(206)	(1,600)
At 31 December	18,350	18,324

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(c) Other receivables

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

Movement in allowance for impairment accounts:

	Group	
	2014 RM'000	2013 RM'000
At 1 January	3,685	8,093
Charge for the year (Note 7)	-	387
Written off during the year	(355)	(4,795)
Written back during the year (Note 7)	(57)	-
At 31 December	3,273	3,685

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

22. DUE FROM CUSTOMERS ON CONTRACT

	Group	
	2014 RM'000	2013 RM'000
Construction costs incurred to date	1,130,618	835,103
Attributable profits to date	46,807	54,564
	1,177,425	889,667
Less: Provision for foreseeable loss	(1,643)	(1,771)
Progress billings to date	(1,147,175)	(825,474)
	28,607	62,422
Analysed as:		
Due from customers on contract (Note 21)	28,607	62,422
Retention sum on contracts included within trade receivables	12,556	14,153

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

23. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	1,866	8,424	-	-
Recognised in profit or loss (Note 10)	2,373	(6,558)	-	-
At 31 December	4,239	1,866	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(9,469)	(11,592)	-	-
Deferred tax liabilities	13,708	13,458	-	-
- continued operation	13,695	13,445	-	-
- discontinued operation	13	13	-	-
	4,239	1,866	-	-

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
At 1 January 2013	14,041
Recognised in profit or loss	(583)
At 31 December 2013	13,458
Recognised in profit or loss	250
At 31 December 2014	13,708

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

23. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
At 1 January 2013	(5,125)	(426)	(66)	(5,617)
Recognised in profit or loss	(3,487)	(2,221)	(267)	(5,975)
At 31 December 2013	(8,612)	(2,647)	(333)	(11,592)
Recognised in profit or loss	241	242	1,640	2,123
At 31 December 2014	(8,371)	(2,405)	1,307	(9,469)

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Unutilised tax losses	82,310	133,092	-	-
Unabsorbed capital allowances	26,053	4,298	-	-
Other deductible temporary difference	19,263	225	-	-
	127,626	137,615	-	-

The unutilised tax losses and unabsorbed capital allowances of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

24. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000 (Re-presented)
At cost:		
Raw materials and consumables	5,379	4,357
Contract work-in-progress	4,785	7,653
Finished goods	3,465	5,033
Parts and components	1,624	1,165
	15,253	18,208
At net realisable value:		
Raw materials and consumables	114	33
	15,367	18,241

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

25. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Cash on hand and at banks	36,643	39,192	616	1,970
Deposits with licensed banks	88,418	89,131	4,306	10,605
	125,061	128,323	4,922	12,575

Included in cash at banks of the Group is an amount of RM6,149 (2013: RM6,022) 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 RM38,716,000 (2013: RM38,492,000) which has been pledged as securities for borrowings of the Group as disclosed in Note 29.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Cash on hand and at banks				
- continuing operations	125,061	128,323	4,922	12,575
Deposits pledged with licensed banks	(38,716)	(38,492)	-	-
Bank overdrafts (Note 29)	(9,761)	(9,648)	-	-
	76,584	80,183	4,922	12,575

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
WAEIR (%)	3.3	3.0	3.3	3.1
Average remaining maturities (days)	199	179	9	19



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

26. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised:				
At 1 January/31 December	2,500,000	2,500,000	1,000,000	1,000,000
Issued and fully paid:				
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.

27. RESERVES

(a) Capital reserve

	Group	
	2014 RM'000	2013 RM'000
Capital reserve	34,016	34,016

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

(b) Capital redemption reserve

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital redemption reserve	312	312	312	312

The capital redemption reserve arose from the redemption of the Redeemable Convertible Preference Shares by the Company in prior years.

(c) Fair value adjustment reserve

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fair value adjustment reserve	2,294	4,967	2,294	4,967

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

27. RESERVES (CONT'D)

(d) Translation reserve

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Translation reserve	432	398	-	-

The foreign currency translation reserve is used to record exchange differences arising from the translation of the results and financial position of foreign operations into the Group's presentation currency. It is also used to record the exchange differences in the consolidated financial statements arising from monetary items which form part of the Group's net investment in foreign operations.

(e) Merger reserve

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Merger reserve	11,147	11,147	-	-

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

(f) Premium paid on acquisition of non-controlling interest

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Premium paid on acquisition of non-controlling interest	(10,079)	(7,019)	-	-

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

During the year, the Company acquired the non-controlling interest in KUB Precast Sdn Bhd and Empirical Systems (M) Sdn Bhd with premium paid on acquisition of RM2,802,000 and RM258,000 respectively (Note 17(a)(i)).

28. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 and 31 December 2013 under the single tier system.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Long-term borrowings				
Secured				
Term loans	37,448	38,326	16,300	26,950
Hire purchase payables (a)	1,395	1,272	332	430
Finance lease liabilities (a)	1,090	3,095	-	-
	39,933	42,693	16,632	27,380
Short-term borrowings				
Secured				
Term loans	6,630	7,483	1,650	1,650
Bankers' acceptances	-	5,962	-	-
Letter of credit	-	23,147	-	-
Trust receipts	400	-	-	-
Hire purchase payables (a)	544	1,181	90	86
Finance lease liabilities (a)	1,812	2,451	-	-
Bank overdrafts	9,761	9,648	-	-
	19,147	49,872	1,740	1,736
Total borrowings				
Term loans	44,078	45,809	17,950	28,600
Bankers' acceptances	-	5,962	-	-
Letter of credit	-	23,147	-	-
Trust receipts	400	-	-	-
Hire purchase payables (a)	1,939	2,453	422	516
Finance lease liabilities (a)	2,902	5,546	-	-
Bank overdrafts (Note 25)	9,761	9,648	-	-
	59,080	92,565	18,372	29,116

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. BORROWINGS (CONT'D)

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

	Group		Company	
	2014 WAEIR %	2013 WAEIR %	2014 WAEIR %	2013 WAEIR %
Term loans	4.01 - 10.60	4.01 - 10.60	7.05	7.05
Bankers' acceptances	-	1.60	-	-
Trust receipts	9.10	3.88 - 9.10	-	-
Finance lease liabilities	1.23 - 2.45	0.55	-	-
Hire Purchase	2.32 - 3.14	2.63 - 3.75	-	-
Bank overdrafts	8.10 - 8.60	7.50 - 8.60	-	-

The secured term loans, bank overdrafts, bankers' acceptances and trust receipts of the Group and Company are secured by way of fixed and floating charges over certain assets of the Group as disclosed in Notes 13, 14, 16 and 25.

(a) Hire purchase and finance lease payables

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Future minimum hire purchase and finance lease payables				
Not later than 1 year	2,424	3,792	95	106
Later than 1 year and not later than 2 years	1,826	3,341	115	115
Later than 2 years and not later than 5 years	817	1,130	242	345
Later than 5 years	-	-	-	10
Total future minimum lease payments	5,067	8,263	452	576
Less: Future finance charges	(226)	(264)	(30)	(60)
	4,841	7,999	422	516

Analysis of present value of hire purchase and finance lease payables

Not later than 1 year	2,356	3,632	90	86
Later than 1 year and not later than 2 years	1,760	3,176	98	98
Later than 2 years and not later than 5 years	725	1,191	234	322
Later than 5 years	-	-	-	10
	4,841	7,999	422	516
Less: Due within 12 months	(2,356)	(3,632)	(90)	(86)
Due after 12 months	2,485	4,367	332	430

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Current				
Trade payables:				
Trade payables (a)	84,354	149,467	-	-
Non-trade payables:				
Refundable deposits	33,083	29,077	2,330	-
Provisions (b)	2,582	6,243	466	-
Financial guarantees (c)	-	-	101	1,104
Other payables	44,314	40,355	15,560	11,265
	79,979	75,675	18,457	12,369
	164,333	225,142	18,457	12,369
Total trade and other payables	164,333	225,142	18,457	12,369
Add: Borrowings (Note 29)	59,080	92,565	18,372	29,116
Total financial liabilities carried at amortised cost	223,413	317,707	36,829	41,485

(a) Trade payables

These amounts are non-interest bearing and normally settled between 60 to 90 days (2013: 60 to 90 days) terms.

(b) Provisions

Movement of provision for litigation and liquidated ascertained damages during the year is as follows:

	Provision for litigation RM'000	Provision for liquidated ascertained damages RM'000	Total RM'000
Group			
At 1 January 2013	3,304	2,718	6,022
Additional provision (Note 7)	528	4,193	4,721
Utilisation of provision	(2,269)	(2,231)	(4,500)
At 31 December 2013	1,563	4,680	6,243
Additional provision (Note 7)	842	1,320	2,162
Reversal of provision (Note 7)	-	(4,260)	(4,260)
Utilisation of provision	(1,563)	-	(1,563)
At 31 December 2014	842	1,740	2,582

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. TRADE AND OTHER PAYABLES (CONT'D)

(b) Provisions (Cont'd)

	Provision for litigation RM'000	Total RM'000
Company		
At 1 January 2014	-	-
Additional provision (Note 7)	466	466
At 31 December 2014	466	466

Provision for litigation

The provision for litigation relates to legal claims against the Company and the subsidiaries of the Group from third parties. The Group has made provision based on the management's estimate of the settlement consideration and probable outcome assessed on a case-by-case basis.

Provision for liquidated ascertained damages

The provision for liquidated ascertained damages is made based on the approved contract terms and is computed on the agreed penalty charges per delay multiplied by the number of days delayed.

(c) Financial guarantees

This amount relates to fair value of corporate guarantees as described in Note 17(d) less cumulative amortisation recognised in profit or loss since prior years.

31. DERIVATIVES

	2014		2013	
	Contract/ notional amount RM'000	Fair value of derivative liabilities RM'000	Contract/ notional amount RM'000	Fair value of derivative liabilities RM'000
Group				
Current				
Forward currency contracts	1,969	7	30,462	98

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 United States Dollar (USD) for which firm commitments existed at the reporting date, extending to January 2015.

During the financial year, the Group recognised a loss of RM7,000 (2013: loss of RM98,000) arising from fair value changes of forward currency contracts. The fair value changes are attributable to changes in foreign exchange forward rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

32. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Approved and contracted for:				
Property, plant and equipment	30,932	14,749	1,235	523
Approved but not contracted for:				
Property, plant and equipment	21,022	89,827	1,045	229
	51,954	104,576	2,280	752

(b) Operating lease commitments - as lessee

The Group has entered into commercial leases on premises used for the operations of the subsidiaries. These leases have an average tenure of between one and five years with no contingent rent provision included in the contracts.

Minimum lease payments recognised in profit or loss of the Group for the financial year ended 31 December 2014 amounted to RM7,072,000 (2013: RM4,470,000).

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Not later than 1 year	2,480	2,480	-	-
Later than 1 year and not later than 5 years	2,525	2,525	-	-
	5,005	5,005	-	-

(c) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and four years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Not later than 1 year	2,042	1,500	-	-
Later than 1 year and not later than 5 years	1,625	772	-	-
Later than 5 years	1,202	-	-	-
	4,869	2,272	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

33. RELATED PARTY DISCLOSURES

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

	Company	
	2014 RM'000	2013 RM'000
Dividend income from subsidiaries	16,050	11,085
Interest income from subsidiaries	1,394	1,477
Rental income from subsidiary	480	480
Internal audit fee charged to subsidiaries	118	345
IT services rendered by subsidiary	(165)	(183)
Advances made to subsidiaries	(22,820)	(18,504)
Repayment of advances by subsidiaries	16,001	29,065
Interest expense charged by subsidiaries	(506)	(52)

A related party of the Company refers to:

- (i) a person or a close member of that person's family who:
 - (a) has control or joint control over the Company;
 - (b) has significant influence over the Company; or
 - (c) is a member of the key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
 - (ii) a subsidiary, associate or joint venture of the Company and its subsidiaries;
 - (iii) an entity of which the Company or its subsidiaries are an associate or joint venture to;
 - (iv) an entity, together with the Company are joint ventures of the same third party;
 - (v) an entity controlled or jointly controlled by a person identified in (i); and
 - (vi) an entity of which a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (a) The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2014 and 31 December 2013 are disclosed in Notes 17, 21 and 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

33. RELATED PARTY DISCLOSURES (CONT'D)

(b) Remuneration of key management personnel other than directors:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other key management personnel				
Short-term employee benefits:				
- salaries, bonuses and wages	2,826	2,604	1,133	751
Post-employment benefits:				
- defined contribution plan	319	281	136	89
	3,145	2,885	1,269	840

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

Details of the Company's directors remuneration for the Group and of the Company are disclosed in Note 9. Other key management personnel includes persons other than the directors within the Group.

(c) Other significant related party transactions

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

	2014		2013	
	Transactions amount for year ended 31 December RM'000	Net balance outstanding as at 31 December RM'000	Transactions amount for year ended 31 December RM'000	Net balance outstanding as at 31 December RM'000
Group				
Sales of precast products				
Other related parties:				
- JEKS Engineering Sdn. Bhd.	3,743	3,060	10,016	4,709
- JEKS Engineering Pte. Ltd.	349	27	4,822	804
- Scan-Rent Sdn. Bhd.	-	-	2	-
Purchase of raw material				
Other related parties:				
- JEKS Engineering Sdn. Bhd.	-	-	-	(108)
- JEKS Trading Sdn. Bhd.	-	-	(1,980)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

33. RELATED PARTY DISCLOSURES (CONT'D)

(c) Other significant related party transactions (Cont'd)

The above related party transactions are recurrent transactions of a revenue and expense nature and are entered into in the ordinary course of business on terms not more favourable to the related party than those generally available to the public.

On 15 June 2014, KUB Malaysia Berhad has completed its acquisition of the 30% equity interest in KUB Precast Sdn. Bhd. held by JEKS Engineering Sdn. Bhd. Thus, JEKS Engineering Sdn. Bhd. and JEKS Engineering Pte. Ltd. have ceased to be the Group's related party.

The above related party transactions represent the transactions beginning 1 January 2014 to 15 June 2014.

(d) Transaction between subsidiary and a firm in which certain Director of the Company is a partner:

	2014	
	Transactions amount for year ended 31 December RM'000	Net balance outstanding as at 31 December RM'000
Provision of legal services to subsidiary, KUB Maju Mill Sdn. Bhd. by Hafarizam, Wan & Aisha Mubarak, a firm in which Datuk Mohd Hafarizam Harun is a partner	294	-

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
At 31 December 2014					
Financial asset:					
Available-for-sale investments					
- Quoted investments	19	4,311	-	-	4,311
Financial liability:					
Derivatives - Forward currency contracts					
	31	-	7	-	7
At 31 December 2013					
Financial assets:					
Available-for-sale investments					
- Quoted investments	19	6,984	-	-	6,984
Financial liability:					
Derivatives - Forward currency contracts					
	31	-	98	-	98

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

A. Fair value of financial instruments that are carried at fair value (Cont'd)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the financial years ended 2014 and 2013.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	Note	2014		2013	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000 (Re-presented)
Group					
Financial liabilities:					
Borrowings (non-current)					
- Term loans	29	37,448	30,053	38,326	35,485
- Hire purchase payables	29	1,395	1,176	1,272	1,229
- Finance lease liabilities	29	1,090	1,073	3,095	2,973
Company					
Financial liabilities:					
Borrowings (non-current)					
- Term loans	29	16,300	15,234	26,950	26,051
- Hire purchase payables	29	332	324	430	332

The fair value of the financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the Group's interest-bearing loans and borrowings are determined using Discounted Cash Flow method at a discount rate ranging from 2.32% to 10.6% (2013 : 1.56% to 7.59%). These rates reflects the issuer's borrowing rate as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

C. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	21
Due from subsidiaries (non-current)	21(a)
Trade and other payables (current)	30

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Derivatives

Forward currency contracts are valued using valuation obtained from counterparties.

Financial guarantees

Fair value is determined based on differential interest rate method.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Amount due from subsidiaries

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the reporting date.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimise exposure to bad debts.

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of loans and receivables, derivatives and financial guarantees amounting to RM518,254,000 (2013: RM609,263,000) provided by the Company to financial institutions for credit facilities granted to subsidiaries.

The Group does not have any major concentration of credit risk related to any financial instruments except for the concentration of credit risk arising from exposures to the Government of Malaysia and Government Linked Corporations amounting to RM17,311,000 and RM12,936,000 (2013: RM18,982,000 and RM31,142,000) representing 12% and 18% (2013: 15% and 25%) of the Group's total net trade receivables, respectively.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

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 →			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
At 31 December 2014				
Financial liabilities:				
Trade and other payables	161,751	-	-	161,751
Borrowings	19,171	24,844	15,065	59,080
Total undiscounted financial liabilities	180,922	24,844	15,065	220,831

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

	← Group →			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
At 31 December 2013 (Re-presented)				
Financial liabilities:				
Trade and other payables	218,899	-	-	218,899
Borrowings	50,497	21,267	21,975	93,739
Total undiscounted financial liabilities	269,396	21,267	21,975	312,638

	← Company →			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
At 31 December 2014				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	15,560	-	-	15,560
Borrowings	1,765	8,605	8,002	18,372
Total undiscounted financial liabilities	17,325	8,605	8,002	33,932

At 31 December 2013

Financial liabilities:

Trade and other payables, excluding financial guarantees*	11,265	-	-	11,265
Borrowings	1,736	7,021	20,359	29,116
Total undiscounted financial liabilities	13,001	7,021	20,359	40,381

* 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (Cont'd)

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. 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 Notes 25 and 29 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 profit net of tax would have been RM148,000 (2013: RM211,000) 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. 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 31. 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	
	2014 RM'000	2013 RM'000
Trade payables hedged using forward currency contracts	1,969	30,462
Unhedged trade payables	4,202	6,838
	6,171	37,300

Sensitivity analysis

A 5% strengthening in the USD with all other variables held constant, will decrease the Group's profit net of tax by approximately RM95,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

36. 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 2014 and 31 December 2013.

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 and other payables, while the Group's capital is represented by equity attributable to the owners of the parent less fair value adjustment reserve, merger reserve and translation reserve.

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Re-presented)	2014 RM'000	2013 RM'000
Borrowings - long-term	29	39,933	42,693	16,632	27,380
Borrowings - short-term	29	19,147	49,872	1,740	1,736
Trade payables	30	84,354	149,467	-	-
Other payables	30	44,314	40,355	15,560	11,265
Total debts		187,748	282,387	33,932	40,381
Equity attributable to the owners of the parent		269,716	273,331	302,468	288,391
Less: Fair value adjustment reserve		(2,294)	(4,967)	(2,294)	(4,967)
Merger reserve		(11,147)	(11,147)	-	-
Translation reserve		(432)	(398)	-	-
Total capital		255,843	256,819	300,174	283,424
Capital and total debts		443,591	539,206	334,106	323,805
Gearing ratio, computed based on					
Long-term debts		9%	8%	5%	8%
Short-term debts		33%	44%	5%	4%
Total debts		42%	52%	10%	12%



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. 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 estate management
- IV. Food related ("Food")
 - Quick service restaurants
- 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.

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37. SEGMENT INFORMATION (CONT'D)

(a) Business segments

31 December 2014	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	PEC RM'000	Others RM'000	Adjustments and eliminations		Total RM'000
							RM'000	Note	
Revenue									
External sales	29,957	484,786	40,657	53,463	67,242	282	-		676,387
Inter-segment sales	340	-	-	90	8,388	26,710	(35,528)	A	-
Total revenue	30,297	484,786	40,657	53,553	75,630	26,992	(35,528)		676,387
Results									
Profit/(Loss) from operations	3,109	6,437	15,583	92	(5,460)	(10,968)	-		8,793
Interest income	386	875	783	-	317	269	-		2,630
Finance cost	(116)	(86)	(567)	(16)	(2,226)	(2,038)	-	E	(5,049)
Share of profit of associates	-	-	-	-	-	6,752	-		6,752
Profit/(Loss) before tax	3,379	7,226	15,799	76	(7,369)	(5,985)	-		13,126
Taxation	(1,204)	(1,863)	(3,747)	38	(1,834)	(85)	-		(8,695)
Segment profit/(loss)	2,175	5,363	12,052	114	(9,203)	(6,070)	-		4,431
Assets									
Segment assets	43,772	86,206	123,815	18,826	145,367	107,866	(29,774)	B	496,078
Investment in associates	-	-	-	-	-	23,116	-		23,116
Total assets	43,772	86,206	123,815	18,826	145,367	130,982	(29,774)		519,194
Liabilities									
Segment liabilities	15,015	43,261	40,040	13,867	80,741	43,603	3,533	C	240,060
Other information									
Additions to non-current assets	1,342	4,169	24,608	2,030	1,857	1,048	-	D	35,054
Depreciation	519	5,630	1,457	3,103	2,897	1,595	-		15,201
Amortisation	-	-	2,439	109	-	-	-		2,548
Other non-cash (income)/expenses	(28)	(278)	54	(721)	(2,714)	(626)	-	F	(4,313)

NOTES TO THE FINANCIAL STATEMENTS

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37. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

31 December 2013	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	PEC RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Total RM'000 (Re-presented)
Revenue									
External sales	46,270	498,911	35,200	54,137	307,744	5,594	-		947,856
Inter-segment sales	868	-	-	117	1,422	18,085	(20,492)	A	-
Total revenue	47,138	498,911	35,200	54,254	309,166	23,679	(20,492)		947,856
Results									
Profit/(Loss) from operations	3,755	9,626	11,049	(949)	(11,353)	(8,998)	-		3,130
Interest income	391	565	823	-	521	205	-		2,505
Finance cost	(120)	(85)	(534)	-	(3,674)	(2,175)	-	E	(6,588)
Share of profit of associates	-	-	-	-	-	6,444	-		6,444
Profit/(Loss) before tax	4,026	10,106	11,338	(949)	(14,506)	(4,524)	-		5,491
Taxation	(552)	(3,238)	(983)	(13)	5,109	(21)	-		302
Segment profit/(loss)	3,474	6,868	10,355	(962)	(9,397)	(4,545)	-		5,793
Assets									
Segment assets	60,076	123,639	105,079	22,304	192,740	122,999	(32,605)	B	594,232
Investment in associates	-	-	-	-	-	27,164	-		27,164
Total assets	60,076	123,639	105,079	22,304	192,740	150,163	(32,605)		621,396
Liabilities									
Segment liabilities	24,215	82,330	28,291	20,688	153,375	24,312	3,725	C	336,936
Other information									
Additions to non-current assets	1,149	4,421	14,838	848	2,674	2,221	-	D	26,151
Depreciation	542	5,662	1,429	2,468	2,428	3,304	-		15,833
Amortisation	-	-	2,471	96	-	-	-		2,567
Other non-cash (income)/expenses	(314)	(94)	-	523	5,557	471	-	F	6,143

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

The reportable segments of discontinued operations that are not included in the above segmental reporting are as follows:

31 December 2014	PEC RM'000	Eliminations RM'000	Total RM'000
Revenue			
External sales	-	-	-
Inter-segment sales	-	-	-
Total revenue	-	-	-
Results			
Profit from operations	44	-	44
Interest income	-	-	-
Profit before tax	44	-	44
Taxation	-	-	-
Segment profit for the year	44	-	44
Assets			
Segment assets	975	-	975
Investment in associates	-	-	-
Total assets	975	-	975
Liabilities			
Segment liabilities	14	-	14
31 December 2013			
Revenue			
External sales	-	-	-
Inter-segment sales	-	-	-
Total revenue	-	-	-
Results			
Loss from operations	(878)	-	(878)
Interest income	27	-	27
Interest expense	-	-	-
Loss before tax	(851)	-	(851)
Taxation	-	-	-
Segment loss for the year	(851)	-	(851)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

31 December 2013 (Cont'd)	PEC RM'000	Eliminations RM'000	Total RM'000
Assets			
Segment assets	2,131	-	2,131
Investment in associates	-	-	-
Total assets	2,131	-	2,131
Liabilities			
Segment liabilities	14	-	14
Other information			
Capital expenditure	D	-	-
Depreciation	-	-	-
Amortisation	-	-	-
Non-cash expense	F	(24)	(24)

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000
Deferred tax assets	(3,533)	(3,725)
Investment in associates	(23,116)	(27,164)
Tax recoverable from intercompany dividends	(3,125)	(1,716)
	(29,774)	(32,605)

C The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000
Deferred tax liabilities	3,533	3,725

D Additions to non-current assets solely relate to additions of property, plant and equipment and plantation development expenditures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

E Included in finance cost is interest expense arising from the following segments:

	2014 RM'000	2013 RM'000 (Re-presented)
ICT	(116)	(120)
Energy	(86)	(85)
Agro	(567)	(534)
Food	(16)	-
PEC	(2,226)	(3,674)
Others	(2,038)	(2,175)
	(5,049)	(6,588)

F Other material non-cash expenses consist of the following items as presented in Note 7 to the financial statements:

Arising from continuing operations:

	2014 RM'000	2013 RM'000
Impairment for property, plant and equipment	-	330
Property, plant and equipment written off	754	391
Gain on disposal of property, plant and equipment	(248)	(133)
Gain on disposal of assets held for sale	(2,569)	(194)
Allowance for impairment of trade and other receivables	232	2,530
Provision for litigation	842	528
Provisions for liquidated ascertained damages	1,320	4,193
Loss on fair value changes of derivative instruments	7	98
Reversal of allowance for impairment on receivables	(263)	(1,600)
Reversal of provisions for liquidated ascertained damages	(4,260)	-
Reversal of provisions for foreseeable loss	(128)	-
	(4,313)	6,143

Arising from discontinued operations:

	2014 RM'000	2013 RM'000 (Re-presented)
Impairment of receivables	-	39
Gain on disposal of assets held for sale	-	(24)
	-	15

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

37. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

Geographical information

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

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Continuing operations:				
Malaysia	663,205	932,603	249,734	269,752
Thailand	13,182	15,253	1,402	2,220
	676,387	947,856	251,136	271,972

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000
Property, plant and equipment	152,544	137,539
Land held for property development	4,610	4,609
Plantation development expenditure	48,218	45,679
Investments in associates	23,116	27,164
Investment properties	8,183	37,617
Other investments	4,451	7,124
Intangible assets	545	648
Deferred tax assets	9,469	11,592
	251,136	271,972

Information about a major customer

In 2013, revenue from one major customer amounting to RM247,965,000 represents 27% of Group revenue from a construction contract undertaken by the PEC sector.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 28 March 2014, the Company entered into a Share Sale Agreement with JEKS Engineering Sdn. Bhd. ("JEKS") for the acquisition of 4,149,000 ordinary shares of RM1.00 each representing 30% of the equity interest held by JEKS in KUB Precast Sdn Bhd (formerly known as Precast Products Sdn. Bhd.) for a total purchase consideration of RM7,650,000.

The purchase consideration has been fully paid and transfer of shares have been completed on 15 June 2014.

- (b) On 18 December 2014, the Federal Land Commissioner ("FLC")/Government of Malaysia, KUB Holdings Berhad ("KUBH") and the Company entered into two Novation Agreements to transfer all rights and obligations of KUBH under the Lease Agreement and Concession Agreement dated 9 January 1997 (both agreements were entered into between FLC and KUBH), to the Company. The Concession Agreement was in respect of the management, operation and running of NPC Hotel (later known as Hotel Singgahsana) and Institut Pengurusan Perhotelan (later known as ITTAR (IPP) PJ). The Lease Agreement was in respect of the land where both the NPC Hotel and Institute are situated.

On 19 December 2014, all rights and obligations of the Company with respect to the lease and concession were transferred to a third party, Projekmaju Sdn Bhd ("PMSB") via two novation agreements between FLC/Government of Malaysia, PMSB and the Company. The parties agreed on a goodwill payment of RM9.0 million payable by PMSB to the Company.

The said transaction was completed on 7 January 2015 and has resulted with other income being recognised by Company of RM9.0 million in financial year 2015.

39. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:-

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by non-controlling interests**	
			2014	2013	2014	2013
			%	%	%	%
Held by the Company:						
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	100	70	-	30
Restoran Kualiti Sdn. Bhd.* @	Malaysia	Investment holding	100	100	-	-
Summit Petroleum (Malaysia) Sdn. Bhd.	Malaysia	Bottling and trading of liquefied petroleum gas	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

39. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by non-controlling interests**		
			2014 %	2013 %	2014 %	2013 %	
Held by the Company (Cont'd):							
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	14	14	
Peramining Sdn. Bhd.*	Malaysia	Investment trading	100	100	-	-	
Utama Steel Works Sdn. Bhd.*	Malaysia	Dormant	51	51	49	49	
Pelita Espipi Sdn. Bhd.* @	Malaysia	Dormant	100	100	-	-	
Gerik Timber Industries Sdn. Bhd.* @	Malaysia	Dormant	100	100	-	-	
KUB Oil & Gas 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	-	-	
KUB Precast Sdn. Bhd. (formerly known as Precast Products Sdn Bhd) (previously held through KUB Builders Sdn Bhd)	Malaysia	Manufacturing and trading of precasted concrete slabs and concrete elements	100	70	-	30	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

39. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by non-controlling interests**	
			2014	2013	2014	2013
			%	%	%	%
Held through KUB Ekuiti Sdn. Bhd.:						
Bina Alam Bersatu Sdn. Bhd.* (in Liquidation)	Malaysia	Civil engineering works, building works and housing development	55	55	45	45
KUB Agro Holdings Sdn. Bhd.	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	Construction 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	21.5	21.5
Perumahan KUB Sdn. Bhd.* @	Malaysia	Dormant	100	100	-	-
KUB Tower Sdn Bhd*@ (formerly known as Pembinaan Efektif (M) Sdn. Bhd.)	Malaysia	Dormant	100	100	-	-
KUB Expertise A&I Sdn. Bhd.*	Malaysia	Dormant	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

39. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by non-controlling interests**	
			2014	2013	2014	2013
			%	%	%	%
Held through Empirical Systems (M) Sdn. Bhd.:						
Crensoft Solutions Sdn. Bhd. @	Malaysia	Telco engineering works and dealer of software products, information technology advisers and general trading	70	70	30	30
Held through KUB Agro Holdings Sdn. Bhd.:						
KUB Sepadu Sdn. Bhd.	Malaysia	Plantation and estate management	60	60	40	40
Held through KUB Agro Holdings Sdn. Bhd. and KUB Sepadu Sdn. Bhd.:						
KUB Maju Mill Sdn. Bhd.	Malaysia	Manufacturing	66	66	34	34
Held through Bina Alam Bersatu Sdn. Bhd.:						
Apsley Sdn. Bhd.# (in Liquidation)	Malaysia	Dormant	-	100	-	-
Bina Alam Management Sdn. Bhd.# (in Liquidation)	Malaysia	Dormant	-	100	-	-
Held through Apsley Sdn. Bhd.:						
Lambaian Indah Sdn. Bhd.# (in Liquidation)	Malaysia	Dormant	-	100	-	-

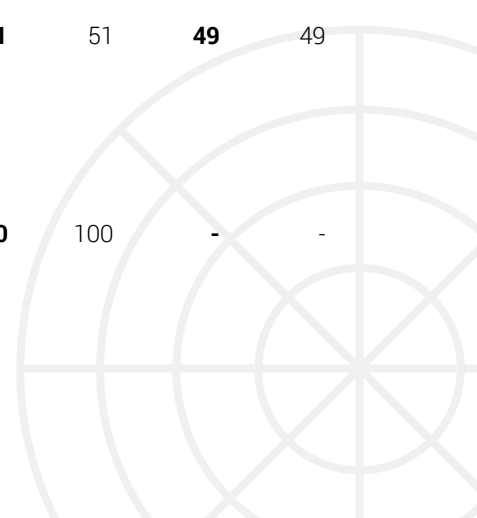
NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

39. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by non-controlling interests**	
			2014	2013	2014	2013
			%	%	%	%
Held through KUB Telekomunikasi Sdn. Bhd.:						
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	-	-
Held through ITTAR Sdn. Bhd.:						
ITTAR-IPP (PJ) Sdn. Bhd.* @	Malaysia	Hospitality education and training (Ceased business on 31 December 2013)	100	100	-	-
ITTAR-ILP (Prai) Sdn. Bhd.* @	Malaysia	Dormant	100	100	-	-
Held through KUB Realty Sdn. Bhd.:						
KUB Realty (PJ) Sdn. Bhd.* @	Malaysia	Property management	100	100	-	-
Held through KUB Development Berhad:						
Kesina Development Sdn. Bhd.*	Malaysia	Property development and project management	100	100	-	-
KUB-Astana Development Sdn. Bhd.*	Malaysia	Dormant	51	51	49	49
Held through KUB Microelectronics Sdn. Bhd.:						
KUB Microelectronics Sales and Services Sdn. Bhd.*	Malaysia	Dormant	100	100	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

39. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by non-controlling interests**	
			2014 %	2013 %	2014 %	2013 %
Held through KUB Hotel and Resort Management Sdn. Bhd.:						
KUB Singgahsana (PJ) Sdn. Bhd. @	Malaysia	Hotel management (Ceased business on 31 December 2013)	100	100	-	-
KUB Singgahsana (Langkawi) Sdn. Bhd.*	Malaysia	Dormant	100	100	-	-
Held through Restoran Kualiti Sdn. Bhd.:						
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	-	-
Held through A&W (Malaysia) Sdn. Bhd.:						
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	40	40
Pleasant Harmony Sdn. Bhd.* @	Malaysia	Dormant	60	60	40	40

** Equals to the porportion of voting rights held.

* Audited by firms other than Deloitte.

Liquidated in 2014.

@ 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

40. INVESTMENT IN ASSOCIATES

Details of associates are as follows:-

Name of associates	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest and voting power held by the Group**	
			2014 %	2013 %
Held by the Company:				
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
Held through KUB Telekomunikasi Sdn. Bhd.:				
Sphairon (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and distribution of wireless local loop system	49	49
Held through A&W (Malaysia) Sdn. Bhd.:				
Success United Corporation Sdn. Bhd.	Malaysia	Dormant	40	40
Relk Food Services Sdn. Bhd.	Malaysia	Dormant	49	49
Matrix Consolidated Sdn. Bhd.	Malaysia	Dormant	20.7	20.7
Held through KUB Ekuiti Sdn. Bhd.:				
Editry Sdn. Bhd.	Malaysia	Dormant	41	41

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41. COMPARATIVE FIGURES

As mentioned in Note 11, a subsidiary Company, A&W Restaurants (Thailand) Co. Ltd. ("AWT") was classified as under disposal group held for sale for following the commitment of the Group's management to dispose AWT in 2013. However, in 2014, the sale of AWT was aborted and the Group has decided to retain AWT as part of the Group's current and future businesses.

As a result, certain comparative figures of the Group in the statement of financial position as at 31 December 2013, statement of comprehensive income, statement of changes in equity and statements of cash flow for the year ended 31 December 2013, and the related notes to the financial statements have been re-presented to conform to the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

42. SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED UNAPPROPRIATED PROFITS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:				
Realised	(519,133)	(544,552)	70,774	52,958
Unrealised	(5,812)	(10,410)	537	1,603
	(524,945)	(554,962)	71,311	54,561
Total share of retained earnings/ (accumulated losses) from associated companies:				
Realised	25,799	20,174	-	-
Unrealised	(2,683)	(2,009)	-	-
	23,116	18,165	-	-
Consolidation adjustments	504,872	537,756	-	-
Retained earnings as per financial statements	3,043	959	71,311	54,561

The above breakdown of the retained profits and accumulated losses of the Group and of the Company as at 31 December 2014 and 31 December 2013 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2014

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/14 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB MALAYSIA BERHAD							
HS (D) 279769, PT 9 Seksyen 26 Town of Petaling Jaya, District of Petaling	Retail Lot	Commercial	4,238 sq. meters	Leasehold (99 years expiring 2110)	8,959	10	10 Jan 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. feet	Freehold	2,921	4	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. feet	Freehold	3,690	4	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. feet	Freehold	3,664	4	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. feet	Freehold	3,664	4	24 May 2010
Parcel No. C3A01 held under Master Title HS (D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. feet	Freehold	3,633	4	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. feet	Freehold	3,633	4	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. feet	Freehold	3,659	4	24 May 2010
Parcel No. C801 held under Master Title HS (D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. feet	Freehold	3,633	4	24 May 2010
Parcel No. C901 held under Master Title HS (D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,541 sq. feet	Freehold	3,633	4	24 May 2010
Parcel No. C1001 held under Master Title HS (D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	4,711 sq. feet	Freehold	2,058	4	24 May 2010
Parcel No. C1101 held under Master Title HS (D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	4,711 sq. feet	Freehold	2,058	4	24 May 2010

* The property is in the process of disposal.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2014
(CONT'D)

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/14 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB SEPADU SDN BHD							
Lot 221, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.053 hectares	Leasehold (60 years expiring 2024)	40	-	10 May 1999
Lot 252, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.4007 hectares	Leasehold (60 years expiring 2024)	43	-	10 May 1999
Lot 261, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.1787 hectares	Leasehold (60 years expiring 2030)	37	-	10 May 1999
Lot 642, Block No. 363, Oya Dalat Land District; Sarawak	Oil Palm Plantation	Agricultural	2,431.60 hectares	Leasehold (60 years expiring 2050)	4,648	-	10 May 1999
Lot 135, Block No. 48, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1,101.10 hectares	Leasehold (60 years expiring 2050)	1,390	-	10 May 1999
Lot 8, Block No. 109, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1,139.80 hectares	Leasehold (60 years expiring 2052)	1,042	-	10 May 1999
KUB AGRO HOLDINGS SDN BHD							
Unit No. 39-1, Ground Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407 Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,394 sq. feet	Leasehold (89 years expiring 2101)	1,205	2	15 Apr 2013
Unit No. 39-2, First Floor, Block 4, Held under Pajakan Negeri, 90045, Lot 3407 Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,659 sq. feet	Leasehold (89 years expiring 2101)	844	2	15 Apr 2013
Unit No. 39-3, Second Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,659 sq. feet	Leasehold (89 years expiring 2101)	690	2	15 Apr 2013
Unit No. 39-4, Third Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,639 sq. feet	Leasehold (89 years expiring 2101)	654	2	15 Apr 2013

LIST OF PROPERTIES
AS AT 31 DECEMBER 2014
(CONT'D)

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/14 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB AGRO HOLDINGS SDN BHD (CONT'D)							
Unit No. 39-5, Fourth Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,659 sq. feet	Leasehold (89 years expiring 2101)	608	2	15 Apr 2013
PTD No. 3545, Mukim of Paloh & PTD, No. 3796, Mukim of Kahang Kluang District, Johor	Oil Palm Plantation	Agricultural	453.1 hectares and 503.02 hectares respectively	Leasehold (99 years expiring 2086)	1,623	-	17 Mac 1987
PTD No. 4901, Mukim of Kahang, PTD No. 26005 & 26006, Mukim of Kluang, District of Kluang, Johor	Oil Palm Plantation	Agricultural	1,491.809 hectares, 147.54 hectares, and 60.69 hectares respectively	Leasehold (99 years expiring 2093)	4,432	-	14 Nov 1994
KUB DEVELOPMENT BERHAD							
PT 515, PT 518, PT 524 PT 520 – PT 523 PT 528 – PT 543 and PT 546 – PT 555, Bukit Mawat Mukim of Ulu Melaka, District of Langkawi, Kedah	Vacant Agricultural Land	Agricultural	46.8093 hectares	Freehold	4,388	-	1 Dec 2004
HSD 4280, PT No. 606, Mukim of Serting Ulu, District of Jempol, Negeri Sembilan	Vacant Development Land	Industrial	80,920 sq. meters	Leasehold (99 years expiring 2086)	732	-	1999
KUB TELEKOMUNIKASI SDN BHD							
No. 1 Jalan Selukat 33/27, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor	Factory Building & 3 Storey Office Annex	Industrial & Commercial	75,804 sq. feet	Freehold	8,779	14	20 Dec 2000
PERAHARTA SDN BHD							
Lot 4180N, Bangunan Sri Kinta, Jalan Sultan Idris Shah, Ipoh, Perak	4-Storey Podium Block and 9-Storey Tower Block	Commercial	56,855 sq. feet	Strata Title	7,161	31	1983 (4 Aug 2006)
Lot 193003-193005, No. 26, 28 & 30, Persiaran Orkid 1, Taman Orkid, Batu Gajah, Perak	3 Units of Double-Storey Shoplots	Commercial & Residential	5,120 sq. feet	Leasehold (99 years expiring 2090)	282	22	1992 (3 Aug 2006)

LIST OF PROPERTIES
AS AT 31 DECEMBER 2014
(CONT'D)

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/14 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
PERAHARTA SDN BHD (CONT'D)							
Lot PT 122810-122813, No. 24, 26, 28 & 30, Lalan Rokan 15, Pekan Razaki, Ipoh, Perak	4 Units of Double-Storey Shophouses	Commercial & Residential	6,337 sq. feet	Leasehold (99 years expiring 2092)	399	22	1992 (16 Sept 2002)
Lot PT 10174 and PT 10175, Industrial Estate Sri Manjung, Sitiawan, Perak	Industrial Vacant Land	Industrial	21,780 sq. feet	Leasehold	49	-	1993 (27 Apr 2011)
PT No. 51, Seksyen 16, Town and District of Kota Bharu, Kelantan	Shoplot Malay Reserve	Commercial	915 sq. meters	Leasehold (67 years expiring 2061)	1,437	24	4 Dec 2012
PT No. 9139, District of Setapak, District of Gombak, Selangor	End terrace shoplot rectangular in shape with 3-storey shop office	Commercial	1,920 sq. feet	Freehold	1,484	31	28 Dec 2012
PN 131601, Lot No. 8713N, Bandar Ipoh, District of Kinta, Ipoh, Perak	Empty lot	Commercial	2,149 sq. meters	Leasehold (99 years expiring 2092)	1,484	-	20 Jul 2012
GERAN 32824, Lot 1897, Bandar Johor Bahru, District Johor Bahru, Johor	Empty lot	Commercial	1,297 sq. meters	Freehold	772	-	25 Oct 2012
SUMMIT PETROLEUM (M) SDN BHD							
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)	1,168	25	1 Jan 1990
Lot 941, Seksyen 9W & Lot 942, Seksyen 9W, Town of Georgetown, District of Timur Laut, Pulau Pinang	Open-sided structure for storage purposes	Industrial	7,187 sq. feet & 8,739 sq. feet respectively	Freehold	2,700	14	1 July 2001
PTD 40053 Mukim of Tebrau, District of Johor Bahru, Johor	Office & Plant	Industrial	143,609 sq. feet	Freehold	953	27	1 July 1988
LOT 55710, Lorong Kenanga 8, Liquid Bulk Terminal, Pulau Indah Port Klang, Selangor	Office & Plant	Industrial	N/A	N/A	5,718	16	1 May 1999

LIST OF PROPERTIES
AS AT 31 DECEMBER 2014
(CONT'D)

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/14 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
KUB BUILDERS SDN BHD							
Level 3 Wisma Chinese Chamber, 258, Jalan Ampang, 50450 Kuala Lumpur	Office space	Office	15,507 sq. feet	Freehold	3,865	22	7 Aug 2009
Unit 6.14, 6th Floor Wisma Central, Jalan Ampang, 50450 Kuala Lumpur	Office space	Commercial	3,312 sq. feet	Freehold	480	24	7 Aug 2009
Unit 6.15, 6th Floor Wisma Central, Jalan Ampang 50450 Kuala Lumpur	Office space	Commercial	3,358 sq. feet	Freehold	515	24	7 Aug 2009
Unit 6.16, 6th Floor Wisma Central, Jalan Ampang, 50450 Kuala Lumpur	Office space	Commercial	3,358 sq. feet	Freehold	515	24	7 Aug 2009
KUB PRECAST SDN BHD							
No. HS. D 122114, No. PT 6704 Mukim of Rantau, District of Seremban, Negeri Sembilan	Land and Building	Industrial	44,632 sq. meters	Freehold	4,476	19	29 Aug 1995 (10 Jun 2007)
Lot 6704, Kawasan Perindustrian Tuanku Jaafar, Seremban, Negeri Sembilan	Factory Building	Industrial	8,231 sq. meters	Freehold	14,872	16	29 Oct 1998
Lot 664, Mukim of Ampangan, District of Seremban, Negeri Sembilan	Land for storage purposes	Multi usage	20,870 sq. meters	Freehold	1,426	18	6 Feb 1996 (10 Jun 2007)



ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2015

Authorised Share Capital : RM1,002,200,000 divided into:

- 2,500,000,000 Ordinary Shares of RM0.40 each
- 2,000,000 Redeemable Convertible Preference Shares-A of RM0.10 each
- 20,000,000 Redeemable Convertible Preference Shares-B of RM0.10 each

Issued and Paid-up Share Capital : RM222,585,876.00 of 556,464,690 Ordinary Shares of RM0.40 each

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	10,869	15.40	461,744	0.08
100 – 1,000	36,180	51.27	19,738,782	3.55
1,001 – 10,000	20,617	29.21	58,736,488	10.56
10,001 – 100,000	2,646	3.75	79,973,584	14.37
100,001 To Less Than 5%	260	0.37	107,242,622	19.27
5% And Above	2	0.00	290,311,470	52.17
Total	70,574	100.00	556,464,690	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Names	No. of Shares Held	% of Issued Capital
1.	Gaya Edisi Sdn Bhd	164,844,520	29.62
2.	Minister of Finance Incorporated	125,466,950	22.55

DIRECT AND INDIRECT INTERESTS OF DIRECTORS

No.	Names	Direct Shareholdings	Indirect Shareholdings	% of Issued Capital
1.	Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad	100,000	-	0.02
2.	Dato' Gumuri Hussain	-	-	-
3.	Datuk Hj Faisyal Datuk Yusof Hamdain Diego	-	-	-
4.	Datuk Mohd Hafarizam Harun	-	-	-
5.	Dato' Ab Rahim Abu Bakar	-	-	-
6.	Dato' Jamelah A.Bakar	-	-	-
7.	Dato' Sohaimi Shahadan	-	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2015

(CONT'D)

TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares Held	% of Issued Capital
1.	Gaya Edisi Sdn Bhd	164,844,520	29.62
2.	Minister of Finance Incorporated	125,466,950	22.55
3.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Sing	7,529,100	1.35
4.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Sing	7,180,000	1.29
5.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	5,684,400	1.02
6.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Oi Oi	4,486,600	0.81
7.	Lim Gaik Bway @ Lim Chiew Ah	4,196,200	0.75
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Weng Sing	4,000,000	0.72
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng	2,500,000	0.45
10.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank for Perbadanan Kemajuan Negeri Perak	2,000,000	0.36
11.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noor Azman @ Noor Hizam B Mohd Nurdin	1,858,300	0.33
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sia Chong Teck	1,600,000	0.29
13.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Sing	1,520,000	0.27
14.	Chan Weng Sing	1,516,700	0.27
15.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,459,400	0.26
16.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,353,500	0.24
17.	Raja Mohd Nazri Bin Raja Abd Malek	1,000,000	0.18
18.	Chong Ping Jye	940,000	0.17
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	900,000	0.16

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2015

(CONT'D)

TOP THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names	No. of Shares Held	% of Issued Capital
20.	Rajasingham A/L Ratnasingham	900,000	0.16
21.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Mak Ngia Ngia @ Mak Yoke Lum	880,000	0.16
22.	Ho Shu Keong	800,000	0.14
23.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ravindran A/L Andikotraman Velu	800,000	0.14
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Han Ngin	720,000	0.13
25.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Sing	712,700	0.13
26.	Teng Eng Seah	707,400	0.13
27.	Lai Meng Chee	700,000	0.13
28.	Mah Siew Seong	698,000	0.13
29.	Gan Chwen Teck	613,000	0.11
30.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Su Ming Yaw	600,000	0.11

PROXY FORM



(COMPANY NO. 6022-D)

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 50th Annual General Meeting of the Company to be held on Tuesday, 16 June 2015 at 10.00 a.m. or at any adjournment thereof.

**If you wish to appoint other person(s) as your proxy/proxies, kindly delete the phrase 'Chairman of the Meeting' and insert name(s) of the desired person(s).*

My/our proxy(ies) is/are to vote as indicated by an 'X' in the appropriate spaces below:

RESOLUTIONS		FOR	AGAINST
ORDINARY RESOLUTIONS			
1	Re-appointment of Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad		
2	Re-election of Dato' Gumuri Hussain		
3	Re-election of Datuk Hj Faisyal Datuk Yusof Hamdain Diego		
4	Approval of the Directors' Fees		
5	Re-appointment of Messrs. Deloitte as Auditors		
6	Authority for the Directors to Allot Shares pursuant to Section 132D of the Companies Act, 1965		
7	Proposed Renewal of Authority for the Purchase by the Company of its Own Shares (Share Buy-Back)		

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

First Proxy	%
Second Proxy	%
Total	100 %

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 2015.

Signature of Member/Common Seal/Attorney/Authorised Officer

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

NOTES:

- (i) A member of the Company entitled to attend, speak and vote at the above-mentioned Meeting may appoint a maximum of two (2) proxies, to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company.
- (ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ('omnibus account') as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation.
- (iv) The Proxy Forms must be deposited at the office of the Company's Share Registrar, **Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** by hand or fax to **603-7841 8151** not less than **forty-eight (48)** hours before the time for holding the Meeting or 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
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold here

www.kub.com

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