



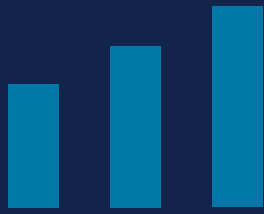
*Stronger Together*



# ALIGNING FOR SUCCESS



2015  
ANNUAL REPORT



# PERFORMANCE HIGHLIGHTS 2015

GROUP'S REVENUE

**RM 447.4 million**



AGRO BUSINESS

**RM 39.1 million**

REVENUE



ENERGY

**RM 305.6 million**

REVENUE



INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

**RM 36.6 million**

REVENUE



CONSTRUCTION & ENGINEERING

**RM 15.2 million**

REVENUE



FOOD BUSINESS

**RM 45.0 million**

REVENUE



PROPERTY

**RM 2.5 million**

REVENUE



POWER/OIL & GAS

**RM 3.2 million**

REVENUE



OTHERS

**RM 0.2 million**

REVENUE

# CONTENTS

02 NOTICE OF 51<sup>ST</sup>  
ANNUAL GENERAL  
MEETING

06 STATEMENT  
ACCOMPANYING  
NOTICE OF 51<sup>ST</sup>  
ANNUAL GENERAL  
MEETING

07 5-YEAR GROUP  
FINANCIAL  
HIGHLIGHTS

08 CORPORATE  
INFORMATION

10 CORPORATE  
STRUCTURE

12 GROUP DIRECTORY

14 BOARD OF  
DIRECTORS

16 PROFILE OF  
THE BOARD OF  
DIRECTORS

26 BOARD  
COMMITTEES

27 MANAGEMENT

30 MESSAGE FROM THE  
CHAIRMAN

34 MESSAGE FROM  
THE PRESIDENT/  
GROUP MANAGING  
DIRECTOR

38 CALENDAR OF  
EVENTS 2015

41 KUB IN THE NEWS

43 CORPORATE  
GOVERNANCE  
STATEMENT

53 STATEMENT OF  
DIRECTORS'  
RESPONSIBILITY

54 ADDITIONAL  
COMPLIANCE  
INFORMATION

55 STATEMENT ON RISK  
MANAGEMENT AND  
INTERNAL CONTROL

59 RISK  
MANAGEMENT

62 BOARD AUDIT  
COMMITTEE REPORT

71 FINANCIAL  
STATEMENTS

177 LIST OF PROPERTIES

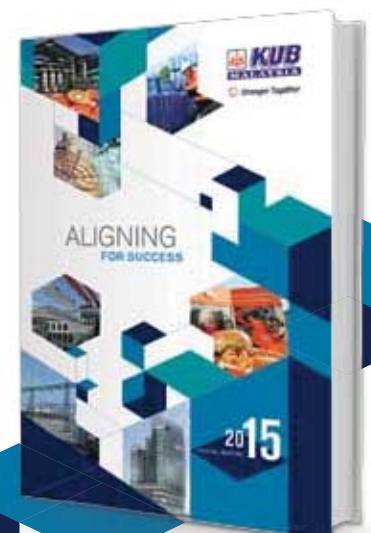
183 ANALYSIS OF  
SHAREHOLDINGS

PROXY FORM

## ALIGNING FOR SUCCESS

In line with the Group's corporate vision and mission, KUB is committed to further strengthening its strategic focus on sustainability and capturing future growth opportunities throughout its businesses.

The cover is showcasing borderless geometrical motives, epitomising synergy of KUB's core businesses evolving and moving towards exponential growth. This symbolises KUB in retaining its corporate agility to remain relevant at all times. In addition, the cover message signifies KUB's abilities in aligning business values, rising above challenges and moving ahead towards greater heights of success.



# NOTICE OF 51<sup>ST</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-First ('51<sup>st</sup>') Annual General Meeting ('AGM') of KUB Malaysia Berhad ('KUB' or 'the Company') will be held at Tun Dr. Ismail Hall, Putra World Trade Centre, Level 2, 41, Jalan Tun Ismail, 50480 Kuala Lumpur on Tuesday, 24 May 2016 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 2015 together with the Reports of the Directors and Auditors thereon.  | <b>Please refer to Note 2</b>                                 |
| 2. To re-elect the following Directors who retire in accordance with Article 101 of the Company's Articles of Association, and being eligible have offered themselves for re-election:               |   |
| (i) Dato' Ahmad Ibnihajar  | <b>Ordinary Resolution 1</b>                                  |
| (ii) Datuk Abdul Rahim Mohd Zin  | <b>Ordinary Resolution 2</b>                                  |
| (iii) Encik Mohammad Farish Nizar Othman   | <b>Ordinary Resolution 3</b>                                  |
| 3. To re-elect the following Directors who retire by rotation in accordance with Article 95(i) of the Company's Articles of Association, and being eligible have offered themselves for re-election: |   |
| (i) Dato' Jamelah A.Bakar  | <b>Ordinary Resolution 4</b>                                  |
| (ii) Dato' Sohaimi Shahadan  | <b>Ordinary Resolution 5</b>                                  |
| 4. To approve a first and final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2015.  | <b>Ordinary Resolution 6</b><br><b>Please refer to Note 3</b> |
| 5. To approve the payment of Directors' fees for the financial year ended 31 December 2015.  | <b>Ordinary Resolution 7</b>                                  |
| 6. To re-appoint Messrs. Deloitte as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.  | <b>Ordinary Resolution 8</b>                                  |

### SPECIAL BUSINESS

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

- |  |                              |
|--|------------------------------|
| 7. Authority for the Directors to allot shares pursuant to Section 132D of the Companies Act, 1965.  |                              |
| <p><b>'THAT</b> 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.'</p> | <b>Ordinary Resolution 9</b> |

## NOTICE OF 51<sup>ST</sup> ANNUAL GENERAL MEETING

8. Proposed renewal of the authority for the purchase by KUB Malaysia Berhad ('KUB' or '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:

### Ordinary Resolution 10

- (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;

## NOTICE OF 51<sup>ST</sup> ANNUAL GENERAL MEETING

**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.'

9. 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 51<sup>st</sup> AGM, 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 17 May 2016. Only a depositor whose name appears on the Record of Depositors as at 17 May 2016 shall be entitled to attend the said Meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

By Order of the Board

**SHARINA SAIDON (LS 0006127)**  
**MOHD AFENDY MD YAZIM (MAICSA 7056481)**  
**NANI SURYANI AHMAD TAJUDIN (MAICSA 7045699)**

Company Secretaries  
Petaling Jaya  
29 April 2016

### NOTES:

#### 1. Appointment of Proxy

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

## NOTICE OF 51<sup>ST</sup> ANNUAL GENERAL MEETING

### 2. Audited Financial Statements for the Financial Year Ended 31 December 2015

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. Declaration of a First and Final Single-Tier Dividend

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

### 4. 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.

#### EXPLANATORY NOTES TO THE SPECIAL BUSINESS:

#### 1. Ordinary Resolution 9 – Authority for the Directors to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

This Proposed Ordinary Resolution 9 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 50<sup>th</sup> Annual General Meeting held on 16 June 2015 and which will lapse at the conclusion of the 51<sup>st</sup> Annual General Meeting.

#### 2. Ordinary Resolution 10 – Proposed Share Buy-Back

Full details of the Ordinary Resolution 10 is disclosed in the Circular to Shareholders dated 29 April 2016 which is enclosed together with the Annual Report 2015.

# STATEMENT ACCOMPANYING NOTICE OF 51<sup>ST</sup> ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election pursuant to Article 101 of the Articles of Association at the Fifty-First ('51<sup>st</sup>) Annual General Meeting of the Company are as follows:
  - (i) Dato' Ahmad Ibnihajar;
  - (ii) Datuk Abdul Rahim Mohd Zin; and
  - (iii) Encik Mohammad Farish Nizar Othman.
  
2. The Directors who are standing for re-election pursuant to Article 95(i) of the Articles of Association at the 51<sup>st</sup> Annual General Meeting of the Company are as follows:
  - (i) Dato' Jamelah A.Bakar; and
  - (ii) Dato' Sohaimi Shahadan.

Further details of the above Directors are set out in the Profile of the Board of Directors which appear from page 16 to 25 of the Annual Report 2015.

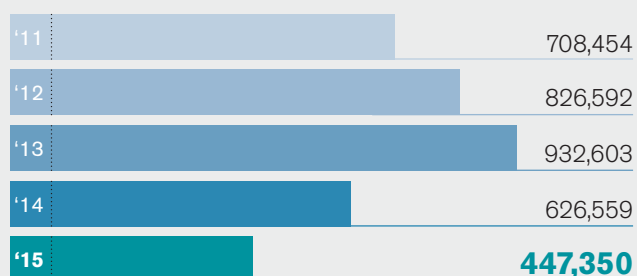
The details of the Directors' securities holdings in the Company are set out in the List of Directors' Shareholdings which appear on page 183 of the Annual Report 2015.

# 5-YEAR GROUP FINANCIAL HIGHLIGHTS

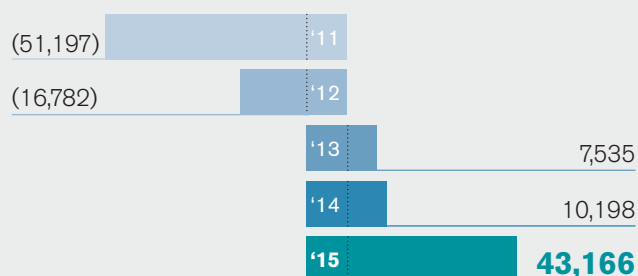
RM'000	2011	2012	2013	2014	2015
Revenue	708,454	826,592	932,603*	626,559*	<b>447,350*</b>
Profit/(Loss) before taxation	(51,197)	(16,782)	7,535*	10,198*	<b>43,166*</b>
Profit/(Loss) for the year	(58,823)	(16,555)	4,942	4,475	<b>9,075</b>
Profit/(Loss) attributable to owners of the parent	(60,401)	(16,714)	4,846	2,294	<b>7,854</b>
Shareholders' fund	282,661	265,440	273,331	269,716	<b>277,153</b>
Basic earnings/(loss) per share (sen)	(10.85)	(3.00)	0.87	0.41	<b>1.41</b>
Net assets per share (RM)	0.51	0.48	0.49	0.48	<b>0.50</b>
Dividend per share (sen)	-	-	-	-	<b>0.50</b>
Return on equity	(21%)	(6%)	2%	1%	<b>3%</b>
Gearing ratio	0.43	0.46	0.32	0.21	<b>0.20</b>

\* Note: Continuing Operations

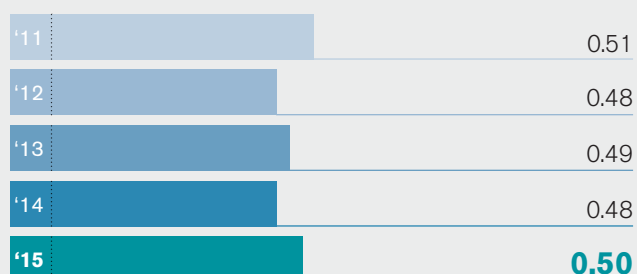
## REVENUE (RM'000)



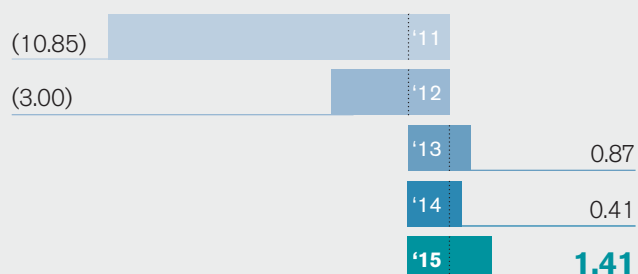
## PROFIT/(LOSS) BEFORE TAXATION (RM'000)



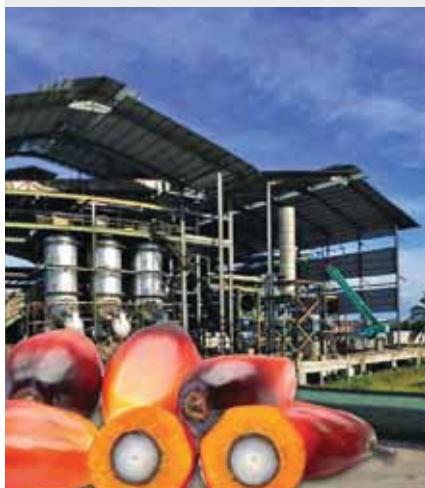
## NET ASSETS PER SHARE (RM)



## BASIC EARNINGS/(LOSS) PER SHARE (SEN)



# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### **DATO' AHMAD IBNIHAJAR**

Chairman/Independent Non-Executive Director

### **DATUK ABDUL RAHIM MOHD ZIN**

President/Group Managing Director

### **DATUK HJ FAISYAL DATUK YUSOF HAMDAIN DIEGO**

Non-Independent Non-Executive Director

### **DATUK 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

### **TUNKU ALIZAN RAJA MUHAMMAD ALIAS**

Non-Independent Non-Executive Director

### **TENGGU ZAHAIMI TUAN HASHIM**

Non-Independent Non-Executive Director

### **MOHAMMAD FARISH NIZAR OTHMAN**

Independent Non-Executive Director

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

Chairman/Non-Independent Non-Executive Director  
(Resigned w.e.f. 15 June 2015)

### **DATO' GUMURI HUSSAIN**

Senior Independent Non-Executive Director  
(Resigned w.e.f. 15 June 2015)

## CORPORATE INFORMATION



### COMPANY SECRETARIES

**Sharina Saidon**  
(LS 0006127)

**Mohd Afendy Md Yazim**  
(MAICSA 7056481)

**Nani Suryani Ahmad Tajudin**  
(MAICSA 7045699)

### REGISTERED OFFICE

**KUB Malaysia Berhad (6022-D)**  
Level 8-11, Unit 1  
Capital 3, Oasis Square  
Ara Damansara  
Jalan PJU 1A/7A  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7680 9600  
(General Line)  
Fax : 03-7680 9793  
(Secretarial Division)  
03-7680 9610  
(General)  
Website : [www.kub.com](http://www.kub.com)

### 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

### STOCK EXCHANGE LISTING

**Bursa Malaysia Securities Berhad (635998-W)**  
Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur  
Market : Main Market  
Stock Name : KUB  
Stock Code : 6874  
Sector : Trading/Services

### SHARE REGISTRAR

**Symphony Share Registrars Sdn Bhd (378993-D)**  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7849 0777  
Fax : 03-7841 8151/52

### PRINCIPAL BANKERS

**Malayan Banking Berhad**  
**Affin Bank Berhad**

# CORPORATE STRUCTURE

## OPERATING SUBSIDIARIES/ASSOCIATES COMPANY



### AGRO BUSINESS

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



### ENERGY

Summit Petroleum (Malaysia) Sdn Bhd	100%
-------------------------------------	------



### INFORMATION AND COMMUNICATIONS TECHNOLOGY

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



### CONSTRUCTION & ENGINEERING

KUB Precast Sdn Bhd	100%
---------------------	------

## CORPORATE STRUCTURE



### FOOD BUSINESS

A&W (Malaysia) Sdn Bhd #	<b>100%</b>
--------------------------	-------------



### PROPERTY

Peraharta Sdn Bhd	<b>100%</b>
-------------------	-------------

KUB Tower Sdn Bhd ^	<b>100%</b>
---------------------	-------------



### POWER/OIL & GAS

KUB Power Sdn Bhd ^	<b>100%</b>
---------------------	-------------

KUB Oil & Gas Sdn Bhd	<b>100%</b>
-----------------------	-------------



### OTHERS

KUB-Berjaya Enviro Sdn Bhd *	<b>40%</b>
------------------------------	------------

#### 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

## ENERGY SECTOR



### SUMMIT PETROLEUM (MALAYSIA) SDN BHD

#### BUSINESS ADDRESS

Lot 55710  
Lorong Kenanga 8  
Westport, Pulau Indah  
42009 Port Klang  
Selangor Darul Ehsan  
Tel : 603-3101 1799  
Fax : 603-3101 1791

#### 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 9610 (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 9610 (General)

## 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 : 603-5511 1777  
Fax : 603-5510 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 9610 (General)

## FOOD BUSINESS SECTOR



### A&W (MALAYSIA) SDN BHD

#### BUSINESS ADDRESS

No. 66, Jalan Sungai Burung  
AA 32/AA, Bukit Rimau  
Section 32  
40460 Shah Alam  
Selangor Darul Ehsan  
Tel : 03-5131 6600  
Fax : 03-5131 3777/ 3737

#### 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 9610 (General)

## CONSTRUCTION & ENGINEERING SECTOR



### KUB PRECAST SDN BHD

#### BUSINESS ADDRESS

Lot 6704  
Kawasan Perindustrian Tuanku Jaafar  
71450 Seremban  
Negeri Sembilan Darul Khusus  
Tel : 06-678 1037  
Fax : 06-678 6285

## GROUP DIRECTORY

### 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 9610 (General)

### PROPERTY SECTOR



#### PERAHARTA SDN BHD

##### BUSINESS ADDRESS

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 9610 (General)

#### KUB TOWER SDN BHD

##### BUSINESS ADDRESS

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  
Fax : 03-7680 9610

### 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 9610 (General)

### POWER SECTOR



#### KUB POWER SDN BHD

##### BUSINESS ADDRESS

No. 210, 1<sup>st</sup> 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

##### 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 9610 (General)

#### KUB OIL & GAS SDN BHD

##### BUSINESS ADDRESS

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

Fax : 03-7680 9610

### 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 9610 (General)



TENGGU ZAHAIMI  
TUAN HASHIM

DATUK HJ FAISYAL  
DATUK YUSOF  
HAMDAIN DIEGO

DATO' AB RAHIM  
ABU BAKAR

DATO' JAMELAH  
A.BAKAR

DATUK ABDUL RAHIM  
MOHD ZIN

# BOARD OF DIRECTORS

DATO' SOHAIMI  
SHAHADAN

MOHAMMAD FARISH  
NIZAR OTHMAN

TUNKU ALIZAN RAJA  
MUHAMMAD ALIAS

DATUK MOHD  
HAFARIZAM HARUN

DATO' AHMAD  
IBNIHAJAR



# PROFILE OF THE BOARD OF DIRECTORS



## DATO' AHMAD IBNIHAJAR

Chairman/Independent Non-Executive Director

**Dato' Ahmad Ibnihaajar**, aged 66, a Malaysian, was appointed as the Chairman, Independent Non-Executive Director of KUB Malaysia Berhad ('KUB') effective 27 November 2015. He is also a Member of the Board Investment Committee of KUB.

He holds a Bachelor of Economics (Business Administration) from University of Malaya in 1975 and is a fellow of the Chartered Institute of Logistics and Transport since 2007.

In 1976 to 1979, Dato' Ahmad was entrusted as Forex Dealer and Portfolio Manager of Malayan Banking Berhad, London. He was then appointed as Branch Manager of Malayan Banking Berhad, Genting Highlands and Balik Pulau effective 1980 to 1984.

He was a Managing Director of United Traders Securities Sdn Bhd from 1984 to 1991 and Taiping Securities Sdn Bhd in 1996 to 1999, both companies engrossed stockbroking as principal activity. In 1991, he was appointed as a Director of an investment holdings company, Heirs Corporation Sdn Bhd. He was also an Executive Director of WM Svene-Nor JV Sdn Bhd from 1991 to 1993.

He was a Director of Bumiputera Technology Venture Capital Sdn Bhd and Managing Director of Bumiputera Technology Venture Capital Management Sdn Bhd from 1996 to 2008. Both of the Companies are venture capital funds initiated by the Prime Minister's Office.

Dato' Ahmad also served as the Managing Director of Penang Port Sdn Bhd, a company engaged in port operations in 1999 to 2013.

Currently, he is the Chairman of Penang Sentral Sdn Bhd, a subsidiary of Malaysian Resources Corporation Berhad and also sits on the board of several private limited companies principally involved in property development and investment holdings. Apart from KUB, Dato' Ahmad is also the Chairman of D'Nonce Technology Berhad, a public company listed on Main Market of Bursa Malaysia Securities Berhad. From 2001 to 2005, he was the Chairman of Commerce Assurance Berhad. He also held few Directorships of public listed companies namely Malaysian Resources Corporation Berhad from 2000 to 2013 and PWF Consolidated Berhad (formerly known as PW Consolidated Berhad) from 1997 to 2004.

As Dato' Ahmad was only appointed in November 2015, he attended two (2) out of two (2) Board Meetings of KUB held during the period from his date of appointment until end of the financial year ended 31 December 2015.

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 of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### DATUK ABDUL RAHIM MOHD ZIN

President/Group Managing Director

**Datuk Abdul Rahim Mohd Zin**, aged 52, a Malaysian, is the President/Group Managing Director of KUB. He was appointed as Group Managing Director of KUB on 17 August 2015 and redesignated as President/Group Managing Director on 1 December 2015. He also sits on the Board of several subsidiary companies of KUB.

He holds a Bachelor of Accountancy (Honours) from National University of Malaysia and a Master Degree in Accountancy from the University of Glasgow, Scotland.

He is a Chartered Accountant and a member of the Malaysian Institute of Accountants. He has more than twenty-five (25) years of experience in various fields particularly in banking and finance, oil and gas, shipping and food and beverage. He held several positions since graduation, first as a lecturer in accounting and as a finance executive at Shell Malaysia Trading Sdn Bhd.

He started his banking career in 1990 with Bumiputra Merchant Bankers Berhad, with his last held position as the General Manager, Corporate Finance. He then pursued his career with Amanah Merchant Bank Berhad with last held position as the Senior General Manager.

He was the General Manager, Group Finance of Southern Bank Berhad from 1996 to 1998. From 2001 to 2003, he was the Chief Executive Officer of Southern Finance Berhad.

Datuk Abdul Rahim was appointed as the President and Group Managing Director of Bank Pembangunan Malaysia Berhad Group in 2003. Prior to joining KUB, Datuk Abdul Rahim Mohd Zin was the Group Chief Executive Officer of Radimax Group Sdn Bhd (formerly known as Realmild (M) Sdn Bhd).

He was the Founder and Chairman of Lyndarahim Ventures Sdn Bhd, the owner of San Francisco Coffee Co. (a specialty gourmet coffee brand chain from 2007 to March 2016). He has held several directorships in shipbuilding, shipping and oil and gas related activities namely, Labuan Shipyard and Engineering Sdn Bhd, Global Maritime Ventures Berhad, Global Carriers Berhad and Malaysian Bulk Carriers Berhad.

As Datuk Abdul Rahim was only appointed in August 2015, he attended five (5) out of five (5) Board Meetings of KUB held during the period from his date of appointment until end of the financial year ended 31 December 2015.

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 of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### DATUK HJ FAISYAL DATUK YUSOF HAMDAIN DIEGO

Non-Independent Non-Executive Director

**Datuk Hj Faisyal Datuk Yusof Hamdain Diego**, aged 53, a Malaysian, was appointed to the Board of KUB on 18 August 2005. He was redesignated as Non-Independent Non-Executive Director of KUB on 18 August 2014. He is a member of the Board Audit and Board Risk Management Committees of KUB. He also sits on the Board of several subsidiary companies of KUB.

Datuk Hj Faisyal is currently the Chairman of Suria Capital Holdings Berhad. He is also the Chairman of SCHB Engineering Services Sdn Bhd, a subsidiary of Suria Capital Holdings Berhad. On 14 April 2015, he was appointed by Bursa Malaysia Berhad ('Bursa Malaysia') as Governor and member of Yayasan Bursa Malaysia.

Datuk Hj Faisyal was a Board Member of Bursa Malaysia from May 2004 until June 2010. During his tenure with Bursa Malaysia, he was the Chairman of Market Participation, Listing and Compensation Committee and a Member of Risk Management, Investment and 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 position as the Treasurer of Dewan Perniagaan Melayu Malaysia (Sabah) from 1997 until 2007. He was the Chairman of Yayasan Bumiputera 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 Toronto School of Business, Ontario, Canada.

He attended fourteen (14) out of the total seventeen (17) Board Meetings of KUB held during the financial year ended 31 December 2015.

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 of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### DATUK MOHD HAFARIZAM HARUN

Independent Non-Executive 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 for both the Board Audit and Board Risk Management Committees. He is also a member of the Board Nomination and Remuneration Committee of KUB.

He currently 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.

Datuk Mohd Hafarizam is a lawyer by profession. He holds an LLM from University of Warwick, United Kingdom and LLB (Honours) from International Islamic University of Malaysia. He was admitted as an Advocate & Solicitor of the High Court of Malaya in 1997, and began his practice as a Legal Assistant at Messrs. Rashid & Lee in 1999 and moved to Senior Associate at Messrs. Shahrizat Rashid & Lee in 2004. He started his own practice as the Managing Partner of Messrs. Hafarizam Wan & Aisha Mubarak in 2006 to date.

Datuk Mohd Hafarizam was appointed as an Investigating Tribunal Panel Member of the Advocates & Solicitors Disciplinary Board in 2005.

He attended all seventeen (17) Board Meetings of KUB held during the financial year ended 31 December 2015.

Datuk Mohd Hafarizam Harun is the brother-in-law to Encik Mohammad Farish Nizar Othman, an Independent Non-Executive Director of KUB. Save as disclosed, he does not have any family relationship with any other Directors and/or major shareholders of KUB. He has had no convictions of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### DATO' AB RAHIM ABU BAKAR

Independent Non-Executive Director

**Dato' Ab Rahim Abu Bakar**, aged 64, a Malaysian, is an Independent Non-Executive Director of KUB. He was appointed to the Board of KUB on 5 August 2013. He is the Chairman of the Board Investment Committee and a Member of the Board Audit, Board Nomination and Remuneration, Board Risk Management and Board Employee Shares Option 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, with his last position as the General Manager of Marketing and Project Division. He has also served several companies in power and oil and gas industries namely Schneider and Arab Malaysian SGB. He is also active in serving various business and Non-Governmental Associations. He was appointed as the President of Persatuan Usahawan Tenaga Malaysia. He has served as President of Bumiputera Manufacturers and Services for five (5) years and served as one of the Vice Presidents of National Malay Chamber of Commerce for four (4) years and President of Pahang State National Malay of Chamber for three (3) years. In sport, he has served as Deputy President of Pahang Malays Football Association for one (1) term.

He is currently the Chief Executive Officer of Nouva ASP (M) Sdn Bhd, a subsidiary of BARTEC Group International. Dato' Ab Rahim is also the Chairman of EDM I Meters Sdn Bhd and VITZROTND (M) Sdn Bhd. Dato' Ab Rahim has twenty-five (25) years experience in power engineering, construction and oil and gas industries.

He holds a Degree in Bachelor of Electrical Engineering from NED University of Engineering and Technology.

He attended sixteen (16) out of the total seventeen (17) Board Meetings of KUB held during the financial year ended 31 December 2015.

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 of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### DATO' JAMELAH A. BAKAR

Independent Non-Executive Director

**Dato' Jamelah A. Bakar**, aged 63, a Malaysian, is an Independent Non-Executive Director of KUB. She was appointed to the Board of KUB on 5 August 2013. She is the Chairwoman of the Board Employee Shares Option Scheme Committee, a Member of the Board Nomination and Remuneration 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 ('PUNB'). She is currently the Vice Chairwoman of Women and Asean Economic Community Business Foundation. Dato' Jamelah is also actively involved in politics where she has been re-elected as the EXCO Member of United Malays National Organisation ('UMNO')'s Women Wing for the period 2008 to 2018. Her various involvements in Non-Governmental Organisations include the positions of the Chief of Women's Bureau of Persatuan Mencegah Dadah Kebangsaan. She has also been appointed as a member of Women's Advisory Council and Consultative Malaysia effective 24 August 2015 by the Prime Minister Yang Amat Berhormat Dato' Sri Mohd Najib Tun Abdul Razak.

She attended fifteen (15) out of the total seventeen (17) Board Meetings of KUB held during the financial year ended 31 December 2015.

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 of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### DATO' SOHAIMI SHAHADAN

Independent Non-Executive Director

**Dato' Sohaimi Shahadan**, aged 47, 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 Employee Shares Option Scheme Committee of KUB.

Dato' Sohaimi is also passionate in the political arena. In 2008 to 2013, he served as EXCO of UMNO Youth and was then elected as Member of UMNO Supreme Council for the period from 2013 to 2018. He is currently the Chairman of BHS Industries Berhad, EKA Noodles Berhad and PDZ Holdings Bhd. He also sits on the Boards of Damansara Realty Berhad, several subsidiary companies of KUB and other private companies.

He was entrusted by the Ministry of Rural and Regional Development to lead the investment entity of Majlis Amanah Rakyat ('MARA'), Pelaburan MARA Berhad from 2013 to June 2015. In the year 2012 to 2014, he was the Chairman of Perbadanan Kemajuan Kraftangan Malaysia. He was also selected as the Board Member of MardiTech Corporation from 2009 until 2014, Director of National Film Development Corporation Malaysia ('FINAS') in 2011 and as the Chairman of Kolej Poly-Tech MARA from 2010 to 2013.

As an accomplished entrepreneur, Dato' Sohaimi was appointed effective 2008 to 2010 as a Director of Institute of Bumiputera Entrepreneurs. He is also the Vice President IV of Malay Businessmen and Industrialist Association of Malaysia and the Secretary for Young Malay Chamber of Commerce Malaysia, Selangor from 2001-2004. He was also the Chairman of Young Malay Chamber of Commerce Malaysia, Selangor from 2004 till 2007. Apart from that, in 2008 Dato' Sohaimi served as Special Officer to the Minister of Entrepreneurs and Co-operative Malaysia for one (1) year.

Dato' Sohaimi holds Master Degrees in Corporate Communication from Universiti Putra Malaysia and in Business Administration from West Coast Institute of Technology and Management, Perth, Australia. He holds a Bachelor Degree in Business Administration from National University of Malaysia. Currently, Dato' Sohaimi is pursuing Doctor of Philosophy at Universiti Teknologi Mara.

He attended sixteen (16) out of seventeen (17) Board Meetings of KUB held during the financial year ended 31 December 2015.

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 of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### TUNKU ALIZAN RAJA MUHAMMAD ALIAS

Non-Independent Non-Executive Director

**Tunku Alizan Raja Muhammad Alias**, aged 49, a Malaysian, is a Non-Independent Non-Executive Director of KUB. He was appointed to the Board of KUB on 16 June 2015. He is the Chairman of the Board Nomination and Remuneration Committee and a Member of the Board Investment Committee of KUB. He also sits on the Board of several subsidiary companies of KUB.

Tunku Alizan holds an LLM from University of Bristol and LLB (Honours) from University of Malaya. In 1991, he was admitted as an Advocate & Solicitor of the High Court of Malaya and in 1999 together with Dato' Zulkifly Rafique and several other partners formed Messrs. Zul Rafique & Partners. He has been exposed to a wide range of legal experiences in his twenty-five (25) years of post-qualification, specialising in the areas of Corporate and Construction Law.

Tunku Alizan holds directorships in various private companies, and currently sits on board of nine (9) companies. He also sits on the Board of Scomi Engineering Berhad, a public company listed on Main Market of Bursa Malaysia Securities Berhad.

As Tunku Alizan was only appointed in June 2015, he attended seven (7) out of seven (7) Board Meetings of KUB held during the period from his date of appointment until end of the financial year ended 31 December 2015.

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 of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### TENGGU ZAHAIMI TUAN HASHIM

Non-Independent Non-Executive Director

**Tengku Zahaimi Tuan Hashim**, aged 47, a Malaysian, is a Non-Independent Non-Executive Director of KUB. He was appointed to the Board of KUB on 16 June 2015. He is a Member of the Board Nomination and Remuneration and Board Investment Committees of KUB. He also sits on the Board of several subsidiary companies of KUB.

Tengku Zahaimi has vast experiences in strategic planning consulting services at national and international level. Throughout his twenty-five (25) years of professional services, he has consulted numerous government and international organisations including the Islamic Development Bank in Jeddah, Government of Morocco as well as Bahrain. In 2004, he was appointed as lead advisor to the Governor of Al-Madinah Al-Munawarah in Saudi Arabia for the Strategic Study Transformation Readiness initiative.

Tengku Zahaimi started his career in the Information and Communications Technology ('ICT') and consulting industry, being attached to local and multinational organisations during his early years. He then joined Multimedia Development Corporation and was soon appointed as the Regional Manager for Middle East and North Africa region based in Jeddah, Saudi Arabia. On completion of his overseas assignment in 2006, he was appointed as Special Officer to the former Minister of Science, Technology and Innovation ('MOSTI') office. During his tenure at MOSTI, he was credited with the formation of the Malaysian Animation and Creative Content Centre ('MAC3') as well as facilitating the ICT developments and policy in the country. His last appointment was as Special Officer to the Special Advisor in the Prime Minister's Department.

Tengku Zahaimi holds a Bachelor of Science in Business Administration from University of Tulsa, Oklahoma, USA, Associate Degree in Computer Information System, MARA Science College, Kuantan, and Professional Certificate in Financial Technical Analysis with Distinction from Open University. He is an accredited full member of the Society of Technical Analyst, United Kingdom.

He currently sits on the Board of Nur Power Sdn Bhd, Nur Generation Sdn Bhd and Nur Distribution Sdn Bhd, which is an Independent Power Utility. He is also a Board Member of National Aerospace and Defence Industries Sdn Bhd.

As Tengku Zahaimi was only appointed in June 2015, he attended seven (7) out of seven (7) Board Meetings of KUB held during the period from his date of appointment until end of the financial year ended 31 December 2015.

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 of any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS



### MOHAMMAD FARISH NIZAR OTHMAN

Independent Non-Executive Director

**Mohammad Farish Nizar Othman**, aged 44, a Malaysian, is an Independent Non-Executive Director of KUB. He was appointed to the Board of KUB on 27 November 2015. He is a Member of the Board Audit and Board Risk Management Committees of KUB.

He holds a Bachelor of Accountancy (Honours) from International Islamic University of Malaysia in 1995 and a member of the Malaysian Institute of Accountants.

Mohammad Farish Nizar Othman is currently the Director of Advisory and Value Added Services of Malaysian Technology Development Corporation ('MTDC'), a wholly-owned subsidiary of Khazanah Nasional Berhad, covering Financial Advisory, Business Development, Technical Advisory and Marketing and Branding Advisory Services.

Mohammad Farish Nizar Othman is a Chartered Accountant, who began his career from 1995 to 2003 with Messrs. PricewaterhouseCoopers Kuala Lumpur and subsequently with Messrs. KPMG Kuala Lumpur, both in the Assurance and Business Advisory practice, covering multiple assignments on various industries.

He then joined MTDC as the Senior Vice President Finance and Corporate Services, and in 2010 he joined Scomi Engineering Berhad, a public company listed on Main Market of Bursa Malaysia Securities Berhad, as General Manager of Business Development and Tender Coordination. He then returned to MTDC in May 2014 as the Director of Advisory and Value Added Services.

As Mohammad Farish Nizar was only appointed in November 2015, he attended one (1) out of one (1) Board Meeting of KUB held during the period after his date of appointment until end of the financial year ended 31 December 2015.

Mohammad Farish Nizar Othman is the brother-in-law to Datuk Mohd Hafarizam Harun, an Independent Non-Executive Director of KUB. Save as disclosed, he does not have any family relationship with any other 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

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

### BOARD AUDIT COMMITTEE

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

### BOARD NOMINATION & REMUNERATION COMMITTEE (MERGER OF BOARD NOMINATION & REMUNERATION COMMITTEES EFFECTIVE 1 JUNE 2015)

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

### BOARD RISK MANAGEMENT COMMITTEE

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

### BOARD INVESTMENT COMMITTEE

1. Dato' Ab Rahim Abu Bakar ( <i>Chairman</i> )	29/06/2015
2. Dato' Ahmad Ibniহার	27/11/2015
3. Dato' Jamelah A.Bakar	21/10/2014
4. Tunku Alizan Raja Muhammad Alias	29/06/2015
5. Tengku Zahaimi Tuan Hashim	29/06/2015

### BOARD EMPLOYEE SHARES OPTION SCHEME COMMITTEE

1. Dato' Jamelah A.Bakar ( <i>Chairperson</i> )	27/11/2015
2. Dato' Sohaimi Shahadan	21/10/2014
3. Dato' Ab Rahim Abu Bakar	21/10/2014

# MANAGEMENT



1. Datuk Abdul Rahim Mohd Zin
2. Aziah Mustapa
3. Hanie Izawatie Ahmad Kamil
4. Khamsiah Ya'akob
5. Sharina Saidon
6. Norzila Mohd Yusof
7. Nani Suryani Ahmad Tajudin

8. Norashekin Yusof
9. Samad Mohd Shariff
10. Mohd Shahrin Mohammad
11. Mior Azhar Mior Mohamed Junid
12. Mohamat Yusof Abu Bakar
13. Rozaidin Jaafar
14. Azman Abdullah

15. Ahmad Fisal Shafie
16. Mohamad Mazri Zainal Abidin
17. Mohammad Mazlan Mokhtar
18. Azizan Ariffin
19. Ahmed Fairuz Abdul Aziz
20. Dato' Othman Jaki
21. Mohd Afendy Md Yazim

## MANAGEMENT

**1. Datuk Abdul Rahim Mohd Zin**

*President/  
Group Managing Director*

**2. Ahmed Fairuz Abdul Aziz**

*Vice President  
Group Finance Division*

**3. Azman Abdullah**

*Vice President  
Group Operations &  
Strategic Development Division*

**4. Dato' Othman Jaki**

*Vice President/  
Chief Executive Officer  
Construction & Engineering Sector*

**5. Mohd Shahrin Mohammad**

*Vice President/  
Chief Executive Officer  
Information and Communications  
Technology Sector*

**6. Mohamad Mazri Zainal Abidin**

*Vice President/  
Chief Executive Officer  
Power Sector*

**7. Samad Mohd Shariff**

*Vice President/  
Chief Executive Officer  
Food Business Sector*

**8. Mohammad Mazlan Mokhtar**

*Vice President/  
Chief Executive Officer  
Agro Business Sector*

**9. Ahmad Faisal Shafie**

*Vice President/  
Chief Executive Officer  
Energy Sector*

01



02



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## MANAGEMENT



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**10. Sharina Saidon**

*Head*

Group Secretarial Division

**11. Azizan Ariffin**

*Head*

Group Internal Audit Division

**12. Aziah Mustapa**

*Assistant Vice President*

Group Finance Department

**13. Mohamat Yusof Abu Bakar**

*Assistant Vice President*

Corporate Advisory Department

**14. Hanie Izawatie Ahmad Kamil**

*Assistant Vice President*

Group Legal Division

**15. Khamsiah Ya'akob**

*Unit Head*

Group Human Capital Division

**16. Norashekin Yusof**

*Unit Head*

Corporate Communications  
Department

**17. Rozaidin Jaafar**

*Senior Manager*

Group Risk Management  
Division

**18. Mior Azhar Mior  
Mohamed Junid**

*Senior Manager*

Property Sector

**19. Norzila Mohd Yusof**

*Manager*

Corporate Services Department

**20. Mohd Afendy Md Yazim**

*Joint Company Secretary*

**21. Nani Suryani Ahmad Tajudin**

*External Joint Company Secretary*



**Dato' Ahmad Ibnihajar**  
Chairman

# MESSAGE

## FROM THE

**DEAR SHAREHOLDERS,**

As the new Chairman of KUB Malaysia Berhad ('KUB' or the Group') and on behalf of the Board, it gives me a great pleasure to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2015 ('FYE2015').

In 2015, we were faced with an uncertain and volatile economic climate not only in Malaysia but on a global scale and it had posed to be quite a challenging year for KUB.

Despite the economic storm, KUB strived and succeeded in delivering a profitable year with revenue of RM447.4 million and profit after tax of RM9.1 million. During the fiscal year under review, we developed a plan for the Group with a mission to take us to the next level of growth. Conducting various analyses of our business segments and operating subsidiaries, we developed initiatives to streamline our business operations and to create new avenues of growth moving forward. This resulted in the divestment of certain non-core assets and non-performing subsidiaries, which will create a positive impact for KUB in the long run.

“

**THE BOARD BELIEVES IN SHARING THE GROUP'S SUCCESS BY REWARDING OUR SHAREHOLDERS WHILE AT THE SAME TIME MAINTAINING SUFFICIENT FUNDS TO INVEST IN THE GROUP'S LONG-TERM GROWTH.**

”

## CHAIRMAN

### REWARDING OUR SHAREHOLDERS

The Board believes in sharing the Group's success by rewarding our shareholders while at the same time maintaining sufficient funds to invest in the Group's long-term growth.

The Board has recommended a first and final single tier dividend in respect of the financial year ended 31 December 2015 of 0.5 sen on 556,464,490 ordinary shares for approval by shareholders at this Annual General Meeting. If approved, the total dividend payable will amount to approximately RM2,782,323 which translates to a pay-out ratio of 35%.

### ENHANCING CORPORATE GOVERNANCE

The Board believes that corporate governance is of great relevance to both the management of its operations and its people. In complementing our evolving business strategies, we established principles with the aim to continuously evaluate and improve the framework of corporate governance across the Group.

KUB has a long-standing commitment in promoting sound corporate governance across our organization, with stringent practices of transparency and accountability. Clear lines of the Board and management roles and responsibilities are set out and enforced to ensure the maintenance of corporate sustainability and a progressive environment.

## MESSAGE FROM THE CHAIRMAN



### COMMITMENT TO CORPORATE RESPONSIBILITY

The Board sees corporate responsibility ('CR') as an important element that underpins the Group's social standing enabling us to achieve our long term goals in a responsible and sustainable manner. We believe that we should be aware and made responsible of the environment and society that we operate in.

Our mission includes two core points - to be a strategic partner in nation building and to fulfil our social responsibilities to the community. Based on these guiding principles, KUB have over the years carried out many charitable activities for the less privileged with the aim to ease their burdens, whilst fulfilling our aim to be a responsible corporate entity.

In FYE2015, KUB via KUB Agro Holdings Sdn Bhd made tithe payment amounted to RM300,692 to the Majlis Agama Islam Johor apart from other donations and sponsorships to deserving communities in the state.

Throughout our CR programme last year, over 100 single mothers and those from poor families in Selangor received school and food supplies in addition to donation to orphanages under the Ramadhan and Hari Raya programme.

In the financial year ending 31 December 2016 ('FYE2016'), we intend to spread our CR programme to a wider area and more in touch with our stakeholders especially the future generation. We are committed to share our energy, experience, skills and commitment to the area that we are operating in.

### A WINNING TEAM

Our employees are vital to our growth and expansion. Our performance relies greatly on our employees' dedication and commitment. With this in mind, KUB is committed in providing our employees a conducive, safe and healthy workplace. Given the importance of human capital development, KUB will continue to dedicate resources to ensure a highly skilled and effective workforce particularly for our core businesses.

KUB is also alert to latest Human Resource practices implemented by other large organisations. To this end, we continually review our own practices in various areas such as reward and compensation, employee development, talent management in order to retain key talent worker, job satisfaction to be at par with the best human resource initiative and in line with market practices.

## MESSAGE FROM THE CHAIRMAN

We believe in human capital development not just for the company but also for the nation generally because these employees will continue to serve the country even after they are no longer working with us.

While we want to retain and develop our existing talent, we also want to be able to attract new talents to be part of the Group. This 'new blood' injection will encourage new ideas as well as knowledge that will set the roadmap for advancement of a fully aligned team who are committed in our transformation journey.

### KELAB KUB

Through our employees club, Kelab Kakitangan KUB, various activities were carried out in FYE2015 with the aim to strengthen the bond and sense of belonging between the employees by developing a family-like atmosphere within the Group despite KUB being diversified entities with many subsidiaries.

Among the programmes conducted in FYE2015 include an annual bowling match, fruit festival, jungle trekking, fishing competition and team building activities.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to welcome our new President/Group Managing Director, Datuk Abdul Rahim Mohd Zin who joined us in August 2015; and our new Independent Non-Executive Director Mohammad Farish Nizar Othman. I believe with the diverse expertise of our Board, together we can achieve the goal in taking KUB to the next level.

We would like to thank our shareholders, customers, vendors, suppliers, consultants, associates, bankers and business partners for their continued support. Allow me to also extend our sincere gratitude to the management team and employees for their continued hard work and commitment to KUB.

Finally, I would like to thank my fellow board members for your support since my appointment to the Group. I look forward to a fruitful year ahead.

Thank you.





**Datuk Abdul Rahim Mohd Zin**  
President/Group Managing Director

# MESSAGE

## FROM THE PRESIDENT/GROUP

**DEAR SHAREHOLDERS,**

The financial year ended 31 December 2015 ('FYE2015') was a challenging year, not only for KUB Malaysia Berhad ('KUB' or 'the Group') but also for most businesses in general.

The global economy was faced with a steep decline in oil price, and an economic slowdown in China. As a result of these two major factors, compounded by the uncertainty of the U.S. Federal Reserve's decision on the interest rate (which was subsequently increased by twenty-five (25) basis points), our Ringgit weakened quite significantly.

Despite the seemingly unfavourable economic climate, we delivered satisfactory financial results and successfully executed part of our strategic plans for the Group.

### **PERFORMANCE REVIEW**

For FYE2015, the Group's revenue declined to RM447.4 million compared to RM626.6 million in the previous financial year ('FYE2014'). However, the Group managed to achieve a growth in profit after tax to RM9.1 million compared to RM4.5 million in FYE2014. This increase in earnings was mainly due to certain exceptional items (disposal of the Group's non-core assets and goodwill payment relating to an early release of a lease) during the financial year and more importantly, as a result of the Group's strategic disposal of two of its non-performing subsidiaries – KUB Builders Sdn Bhd and A&W Restaurants (Thailand) Co., Ltd.



“

**THE GROUP MANAGED TO ACHIEVE A GROWTH IN PROFIT AFTER TAX TO RM9.1 MILLION COMPARED TO RM4.5 MILLION IN FYE2014.**

”

## MANAGING DIRECTOR

KUB's **Energy** sector reported a decline in revenue to RM305.6 million, from RM484.8 million in FYE2014. The dip in the top line was due to the lower average contract price of liquefied petroleum gas ('LPG') and a decline in sales volume during the financial year. However, we managed to record higher profits as a result of the upward revision in the Automatic Pricing Mechanism ('APM') structure which improved the overall profit margin and to a lesser extent, due to realised foreign exchange gains and the write back of cylinder deposits.

The Group's **Agro Business** sector reported revenue of RM39.1 million and pre-tax profit of RM12.1 million. Despite an increase in production to approximately 100,000 metric tonnes from our four (4) oil palm estates, we reported lower earnings compared to FYE2014 due to the decline in crude palm oil ('CPO') price. During the financial year under review, we have taken the opportunity to improve the infrastructure and access

at our plantations for ease and better logistics efficiency. We are also proud that we have successfully completed the construction of our state-of-the-art palm oil mill in Mukah, Sarawak, with a capacity of forty-five (45) metric tonnes of fresh fruit bunches ('FFB') per hour, translating to 240,000 tonnes per year. This mill has since commenced operations in March 2016.

Our **Information and Communications Technology ('ICT')** sector delivered revenue of RM36.6 million and pre-tax profit of RM7.2 million, representing an increase of 22% and 114% respectively as compared to FYE2014. The significant increase in pre-tax profit was due to an increase in sales as well as a reversal in provisions made in previous financial years which are no longer required. In October 2015, we secured a RM42.1 million contract from the Ministry of Transport ('MOT') for the completion of the Automatic Fare Collection ('AFC') system for fifty-three (53) Keretapi Tanah Melayu Berhad ('KTMB') Commuter stations.

## MESSAGE FROM THE PRESIDENT/GROUP MANAGING DIRECTOR



We have also successfully secured a RM16.1 million Universal Service Provision ('USP') Phase Two (2) contract released by the Malaysian Communication and Multimedia Commission ('MCMC') which involves the construction of twenty-one (21) telecommunications towers during the financial year.

Our **Food Business** sector delivered revenue of RM45.0 million and pre-tax profit of RM2.1 million for FYE2015. This was higher compared to the previous financial year as a result of improved sales volume following the successful opening of six (6) new outlets during the financial year.

### THE GAME PLAN

During the year, we decided to conduct a detailed internal review of our business operations to identify the Group's strengths and weaknesses. From our analyses, we managed to determine our core earnings contributors and our weak performers. We then decided to develop a strategic roadmap, with our immediate short-term goals, as well as our long-term objectives as a group.

As a result of our analyses, and as mentioned earlier, we decided to dispose two of our non-performing subsidiaries. We will continue to focus on our core areas – **Agro Business, Energy** and **ICT** sectors.

### MOVING FORWARD

We are optimistic about our performance in the immediate and foreseeable future and we believe that our strategic plans will benefit our shareholders and the Group in the long term.

We anticipate that our new mill in Mukah will start to contribute to the Group's earnings in the financial year ending 31 December 2016 ('FYE2016'). At the same time, we are continuously assessing opportunities to increase our landbank and production capacity. The improvement in the CPO price recently will have a positive impact on the earnings for our **Agro Business** sector.

In the **Energy** sector, we aim to increase our market in the Central and Northern regions through a rationalisation of our dealer network. We plan to work with industry players on potential strategic collaborations that will allow us to increase our production volume for sufficient supply to meet future demand.

Our **ICT** sector should also see improved financial performance in FYE2016 particularly from the contracts awarded by the MOT and MCMC. Equipped with a Network Service Provide ('NSP') and Network Facilities Provider ('NFP') licences, we believe that we are poised to secure further telecommunication tower projects from the aggressive network communication deployment for new sites and upgrading services demand across Malaysia.

## MESSAGE FROM THE PRESIDENT/GROUP MANAGING DIRECTOR

As for our **Food Business** sector, we will continue to assess our business, revamp our existing stores as well as to expand our footprint and market share in this industry.

The Group is also in the process of unlocking value in some of its assets. KUB's prime piece of land strategically located in the heart of Petaling Jaya has been earmarked for a potential commercial development.

### APPRECIATION

On behalf of the Board of Directors, I would like to express our appreciation to the management and staff for their commitment and hard work in contributing to our active and aggressive business strategy. I believe that with our combined efforts and expertise, we will be able to achieve our goals in turning KUB into a high performing company within the foreseeable future.

To our valued Shareholders, business partners, advisers and clients, your support and trust in KUB is much appreciated.

I would like to take this opportunity to personally thank my fellow Board members for their valuable guidance and support since my appointment as the President/Group Managing Director in August 2015. My team and I will continue to strive and commit ourselves to execute and implement the strategic plans for KUB.

“

**WE ARE OPTIMISTIC ABOUT OUR PERFORMANCE IN THE IMMEDIATE AND FORESEEABLE FUTURE AND WE BELIEVE THAT OUR STRATEGIC PLANS WILL BENEFIT OUR SHAREHOLDERS AND THE GROUP IN THE LONG TERM.**

”

I would also like to extend a warm welcome to our new Chairman, Dato' Ahmad Ibnihajar and our new Independent Non-Executive Director, Encik Mohammad Farish Nizar Othman.

There are still a few good miles left to travel before we meet our objectives, so I look forward to walk this corporate journey with everyone here at KUB as we embrace new challenges ahead.

Thank you.



# CALENDAR OF EVENTS 2015

## 14 JUNE 2015

### PARTNERSHIP SIGNING CEREMONY BETWEEN A&W (MALAYSIA) SDN BHD AND SUNTORY BEVERAGE & FOOD MALAYSIA SDN BHD



(From left) KUB's Director Dato' Jamelah A.Bakar, A&W Malaysia's Vice President/CEO Samad Mohd Shariff, Suntory's Head of Sales Yee Boon Keat and Suntory's Development Manager Ooi Kok Kheng at the signing ceremony which was held at A&W's PJ Palms Inn outlet



Dato' Jamelah A.Bakar and Samad Mohd Shariff alongside Rooty the Great Root Bear introducing new menu for Ramadhan month at the event

## 16 JUNE 2015

### KUB MALAYSIA BERHAD'S 50<sup>TH</sup> ANNUAL GENERAL MEETING



The shareholders of KUB



## CALENDAR OF EVENTS 2015

### 30 JUNE 2015

#### CORPORATE RESPONSIBILITY PROGRAMME



KUB's Director Dato' Ab Rahim Abu Bakar and Dato' Jamelah A.Bakar alongside Corporate Communications' Unit Head Norashekin Yusof presenting gifts to the children of Pusat Jagaan Telaga Kasih Nur Muhammad



The children of Pusat Jagaan Telaga Kasih Nur Muhammad together with KUB's Directors and employees

### 7 JULY 2015

#### BUSINESS TITHES CONTRIBUTION TO MAJLIS AGAMA ISLAM JOHOR



KUB's Director Dato' Ab Rahim Abu Bakar and KUB Agro Holding's Vice President/CEO Mohammad Mazlan Mokhtar presenting a mock cheque to YAB Dato' Seri Mohamed Khaled Nordin, Johor Chief Minister

### 12 AUGUST 2015

#### HARI RAYA OPEN HOUSE



YB Dato' Seri Ahmad Husni Mohamad Hanadzlah, Second Finance Minister, Datuk Dr Maznah Hamid and Datuk Rizuan Abdul Hamid were among the guests who attended KUB's Hari Raya Open House



(From left) Kamarul Bahrin Tengku Zainal Abidin, Datuk Mohd Hafarizam Harun, Dato' Ab Rahim Abu Bakar, Dato' Shamsuddin Hayroni, Datuk Abdul Rahim Mohd Zin, Mohd Lazami Pit and Darhim Dali Hashim at the event held at Putra World Trade Centre (PWTC)

## CALENDAR OF EVENTS 2015

### 12 AUGUST 2015

#### HARI RAYA OPEN HOUSE



KUB's Board of Directors mingling with the guests at the Open House



(From left) Norashekin Yusof, Dato' Jamelah A.Bakar and Dato' Sohaimi Shahadan together with Rooty the Great Root Bear handing duit raya to the children at the ceremony

### 8 – 12 DECEMBER 2015

#### CORPORATE EXHIBITION AT THE UMNO GENERAL ASSEMBLY 2015



KUB's Senior Management Team and members of the Board: (from left) Sharina Saidon, Hanie Izawatie Ahmad Kamil, Azizan Ariffin, Samad Mohd Shariff, Dato' Ab Rahim Abu Bakar, Dato' Ahmad Ibnihajar, Datuk Abdul Rahim Mohd Zin, Norashekin Yusof, Mohamat Yusof Abu Bakar and Aziah Mustapa



YAB Dato' Seri Dr Ahmad Zahid Hamidi, Deputy Prime Minister visiting KUB's booth at the corporate exhibition during the General Assembly at Putra World Trade Centre (PWTC)

### 8 DECEMBER 2015

#### CORPORATE DONATION TO UTUSAN MELAYU (MALAYSIA) BERHAD

KUB's Chairman Dato' Ahmad Ibnihajar and the President/Group Managing Director Datuk Abdul Rahim Mohd Zin presenting mock cheque to Utusan Malaysia's Editor Dato' Hassan Mohd Nor at the cheque presentation ceremony



# KUB IN THE NEWS

## KUB lupus pegangan A&W Thailand dan KUB Builders

Oleh HAIKAL RAMAN

**KUALA LUMPUR** - KUB Malaysia Bhd. (KUB) menjangkakan pertumbuhan positif bermula tahun hadapan dengan dipacu oleh beberapa pelaksanaan pelan strategik termasuk penjualan dan subsidiari serta pengukuhan tiga bidang utama syarikat.

Pengarah Pengurusan Kumpulannya, Datuk Abdul Rahim Mohd. Zin berkata, penjualan aset A&W Restaurants (Thailand) Co. Ltd. (A&W Thailand) dan cabang pembiannya, KUB Builders Sdn. Bhd. (KUB Builders) pada jumlah RM47.7 juta itu

dilihat mampu mengurangkan liabiliti syarikat.

"Kami menjual saham majoriti dalam A&W Thailand iaitu sebanyak 88.29 peratus kepada seorang ahli perniagaan wanita di Thailand, Kulsarvee Chelernnateesong dengan nilai transaksi sebanyak RM17 juta dan urusan tersebut dijangka selesai menjelang 31 Disember ini.

"Manakala, syarikat turut melepaskan keseluruhan pegangan dalam KUB Builder kepada Dy-



AB. RAHIM

nacorp Asset Management (M) Sdn. Bhd. (Dynacorp) pada harga nominal RM2 selain hutang dalam syarikat pembinaan tersebut akan dijelaskan Dynacorp selepas pengambilalihan yang telah dimuktamadkan kelmarin," katanya.

Beliau berkata demikian pada sidang akhbar mengenai pelupusan pegangan kedua-dua subsidiari KUB tersebut di sini semalam.

Menurut Abdul Rahim, penjualan A&W Thailand dan KUB

Builders menunjukkan pengurangan liabiliti masing-masing sebanyak RM45.34 juta serta RM49.88 juta.

Sisulan penjualan syarikat restoran makanan segera yang mempunyai 22 cawangan di Thailand itu, KUB kini mengendalikan 26 cawangan restoran A&W di Malaysia.

Mengentuh mengenai unjuran pertumbuhan perniagaan tahun hadapan, beliau memaklumkan ia akan dipacu menerusi pengukuhan dalam bidang perladangan, teknologi maklumat dan komunikasi serta minyak dan gas.

Antara langkah tersebut ach-

lah dengan pengambilalihan syarikat baharu serta menyertai pelbagai tender yang bernilai RMI bilion pada tahun ini.

"Selingga kini, KUB memiliki 7,000 hektar tanah perladangan dan syarikat berhasrat untuk memperluaskannya dengan mengambil alih aktiviti perladangan yang matang memandangkan ia mampu memberi keuntungan teras kepada segmen ini.

"KUB juga akan melakukan aset tanah perladangan termasuk per-

9 December 2015, Kosmo

## KUB sees better earnings, lower debt in FY16

The group is disposing of its non-core assets to reduce liabilities

By SOHAI AZMAN

**KUALA LUMPUR** - Analysts believe KUB Malaysia Bhd expects an improvement in earnings for the next financial year ending Dec 31, 2015 (FY16) on par with RM30.00 million realised in the disposal of two non-core assets on Monday.

The proceeds from the disposal will go towards reducing its borrowings, which stood at RM61.89 million as at Sept 30. This is equivalent to a gearing ratio of 22%, while cash balance was at RM161.75 million at the end of the year ago.

The group reported a 75.8% drop in net profit to RM1.23 million in the nine months ended Sept 30, 2015 from RM9.71 million a year ago.

KUB president and group managing director Datuk Abdul Rahim Mohd Zin said the group is streamlining its operations by disposing of non-core assets that do not fit into its strategic portfolio, while increasing productivity to optimise its other strategic assets to yield better returns in FY16.

"My goal is to ensure the group's financial sustainability by streamlining non-core and non-performing assets that do not fit into KUB's portfolio. This in turn, will lighten our balance sheet by gradually reducing liabilities from our book," Abdul Rahim said.

On Monday, KUB announced the disposal of two subsidiaries - A&W Restaurants (Thailand) Co Ltd and KUB Builders Sdn Bhd - for a total of RM47.7 million.

He through the capital market as well, he added.

Meanwhile, Abdul Rahim said KUB expects the Pending City Council to issue the development order for the redevelopment of its former A&W restaurant in Penang by as early as the third quarter of next year.

The group plans to develop the land into a mixed-development with a gross development value of about RM200 million, he added.

"I am hopeful that we can get approval to increase the plot ratio from 1.4 to 1.6," he said.

On the joint venture (JV) with Malaysian Sdn Bhd (MSB) (Malacca), 1.2, fundaments to build a RM1.25 billion, water-city will proceed in full, Abdul Rahim said it remains status quo, pending further finalisation and discussion with MSB.

"The project is led by MSB. But for now, I would like to affirm our commitment with respect to the JV.

"In fact, if the project does not make sense, there will still not be immediately. That said, it is still too early for me, as the new JV had, to make any hard decision and comments on this matter. We are still assessing many other things," he added.

Abdul Rahim also said KUB is tendering for projects worth RM1 billion, in constant value.

Abdul Rahim said KUB is also looking to double its platinum jewellery within two years by acquiring bonded assets to Malaysia, particularly in Sarawak, Cawanya, KUB owns 7,200 acres of land in Sarawak and Sabah, with a total net book value of RM12.2 million.

"Given the current scenario, we see that valuation for some assets is attractive. We are mindful of acquiring new assets through, as we are conscious of pricing, and the value that it will create for the group. Any acquisition must be financially accretive to our earnings," he said, adding that KUB will be allowing some RM200 million to RM300 million to fund acquisition. KUB has a total of 1.12 billion (RM1.12 billion) in 2015, giving it a market capitalisation of RM118.28 million.

based on historical numbers. The valuation were determined if it is attractively valued or not, after based on historical numbers, it

some of it suggest strong fundamentals and attractive valuations. For more details, please contact us for more details. Our company's financials are available



DATUK AHMAD IBRAHIM

## KUB lantik Pengerusi baharu



AHMAD IBRAHIM



MOHAMMAD FARISH MAZA OTHMAN



DATUK AHMAD IBRAHIM

29 November 2015, Utusan Malaysia

9 December 2015, The Edge Financial Daily

## KUB sasar keuntungan positif

KUB Malaysia Bhd (KUB) optimis mencatatkan keuntungan lebih positif tahun depan menerusi pengambilalihan syarikat baru dan menyertai tender bernilai RMI bilion tahun ini.

Pada masa sama, langkah penjualan dua syarikat A&W Restaurant (Thailand) Co Ltd (A&W) dan KUB Builders Sdn Bhd (KUB Builders) dengan nilai RM3.7 bilion membantu mengurangkan liabiliti syarikat.

Presiden dan Pengarah Urusan Kumpulan KUB,



ABDUL Rahim (kanan) bersama Pengerusi KUB Malaysia, Datuk Ahmad Ibrahim.

Datuk Abdul Rahim Mohd Zin berkata, tender disertai KUB meliputi sektor jana kuasa, teknologi maklumat

(ICT), pembinaan serta minyak dan gas membantu. 9 December 2015, Harian Metro

## KUB tender projek hampir RM1 bilion

**KUALA LUMPUR 8 Dis.** - KUB Malaysia Bhd. (KUB) dalam proses mengemukakan tender projek-projek baharu yang menghampiri nilai kumulatif RMI bilion, sebagai satu daripada konsep strategi masa hadapan perniagaan syarikat.

Presiden dan Pengarah Urusan Kumpulannya, Datuk Abdul Rahim Mohd. Zin berkata, tender-tender projek bagi sektor kejuruteraan dan pembinaan adalah kira-kira RM300 juta, teknologi



niagaan syarikat," katanya dalam sidang akhbar di sini hari ini. Yang turut hadir, Pengerusi KUB, Datuk Ahmad Ibrahim. Ahli-ahli Lembaga Pengarah KUB, Datuk Jamelah A. Bakar

Pada tahun hadapan, menurut Abdul Rahim, merupakan tahun untuk meningkatkan aset dan perkhidmatan syarikat dan beberapa aktiviti pengambilalihan dijangka berlaku termasuk dalam sektor perladangan serta minyak dan gas.

"Kami perlu lebih fokus terhadap bidang-bidang perniagaan kewangan yang positif, ujarnya. Menaeni perniagaan ma-

9 December 2015, Utusan Malaysia

# KUB IN THE NEWS



## ABDUL RAHIM DILANTIK PENGARAH URUSAN KUMPULAN

18 August 2015, Berita Harian

## KUB appoints Abdul Rahim as group MD

**KUALA LUMPUR:** KUB Malaysia Bhd (KUB) has appointed Datuk Abdul Rahim Mohd Zin as group managing director effective yesterday. Prior to joining KUB, Abdul Rahim was the group chief executive officer of Radimax Group Sdn Bhd, which was formerly known as Realmild (M) Sdn Bhd. "Abdul Rahim brings more than 25 years of experience and proven leadership in various fields, particularly in banking and finance, oil and gas, shipping and food & beverage,"

18 August 2015, Business Times

## KUB mahu ambil alih ladang di Indonesia

**KUALA LUMPUR 8 DEK.** KUB Malaysia Bhd, 200 peratus dimiliki oleh Restoran KUALITI Sdn Bhd (RKSB) dan its unit, A&W (M) Sdn Bhd, have entered into a share purchase agreement with Koolpaee Chalmernateewong, a Thai citizen, to transfer 80.29% share of A&W Restaurants (Thailand) Co Ltd (AWT) for RM3.69mil.



9 December 2015, Utusan Malaysia

## KUB sells A&W operations in Thailand

**KUALA LUMPUR:** KUB Malaysia Bhd said its wholly-owned subsidiary Restoran KUALITI Sdn Bhd (RKSB) and its unit, A&W (M) Sdn Bhd, have entered into a share purchase agreement with Koolpaee Chalmernateewong, a Thai citizen, to transfer 80.29% share of A&W Restaurants (Thailand) Co Ltd (AWT) for RM3.69mil.

In a filing with Bursa Malaysia, KUB said on completion of the transfer, involving 618,000 units of shares, AWT would cease to be its subsidiary.

The purchaser will assume the liabilities encompassing trade creditors of RM0.23mil and other creditors of RM0.23mil at the completion of the transfer.

"The transfer will enable KUB to realise its investment that is not considered as strategic and synergistic to its other operations, and at the same time, to focus on the company's core business," it said.

Meanwhile in a separate filing, KUB announced that its wholly-owned subsidiary, KUB Builders Sdn Bhd (KUBB), has entered into a share sale agreement with Dynasty Asset Management (M) Sdn Bhd to dispose of 30 million shares representing a 100 per cent stake in KUBB for RM2.

On completion of the disposal, KUBB will cease to be a subsidiary of KUB.

"The disposal will enable KUB to realise its investment that is

8 December 2015, The Star



**SERAMAI!** 50 anak yatim dari Pusat Telaga Kasih, Nur Muhammad diraikan dalam Majlis Berbuka Puasa anjuran KUB Malaysia Berhad (KUB) di Kota Damansara, kelmarin.

Majlis itu turut dihadiri oleh Ahli Lembaga Pengarah KUB, Datuk Abdul Rahim Abu Bakar dan Datuk Jameliah A. Bakar serta pihak pengurusan dan kakitangan syarikat itu.

Dalam majlis itu, KUB turut menyampaikan

sumbangan berjumlah RM5,000 selain menyerahkan barangan keperluan rumah, sekolah, baju dan duit raya kepada kanak-kanak tersebut.

**JAMELIAH A. BAKAR** dan Abdul Rahim Abu Bakar menyerahkan sumbangan cek dan sumbangan lain kepada 50 anak yatim di Pusat Jagaan Telaga Kasih, Nur Muhammad di Kota Damansara, semalam.

2 July 2015, Utusan Malaysia



## KUB sumbang zakat RM300,000 di Johor

**KUALA LUMPUR:** KUB Malaysia Bhd, (KUB) menyerahkan sumbangan zakat berjumlah RM300,000 kepada Agensi Zakat Johor (AZJ) di Johor Bahru semalam.

Zakat tersebut diserahkan sebagai sumbangan kepada Agensi Zakat Johor (AZJ) di Johor Bahru semalam.

Abdul Rahim Mohd Zin, Ahli Lembaga Pengarah KUB, Datuk Abu Bakar dan Datuk Jameliah A. Bakar turut hadir dalam majlis tersebut.

"La serupakan gembira bertanda kerjasama yang lebih erat antara KUB dan AZJ untuk menyokong pembangunan ekonomi dan sosial di Johor Bahru,"

9 July 2015, Kosmo

# 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 2015.

## 1. STRUCTURE OF THE BOARD

The Board is responsible for ensuring that Shareholders' value and interests are protected and enhanced. The Board has since the 50th Annual General Meeting continuously reviewed and adopted various guidelines and processes to enhance the standards of the corporate governance practised within the Group. These include but not limited to review the Board Charter and Terms of Reference of its Sub-Committees and the Management Guidelines ('the Policies'). The Company is currently enhancing the Policies based on the recommendations of the consultant pursuant to the Board Evaluation Assessment Exercise ('BEA').

### 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 continuously reviewed by the Board in the financial year ended 31 December 2015 to suit the current business operations. With the redesign of the Group organisational structure, the operational policies and procedures will be further streamlined to accommodate the Group's business activities.

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

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

### 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 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.

All scheduled meetings held during the year were preceded by a formal notice issued by the Company Secretaries in consultation with the Chairman and/or President/Group Managing Director. Additional meetings are convened when specific directions or decisions are required expeditiously or urgently from the Board. Seventeen (17) Board Meetings were held during the financial year ended 31 December 2015. All Directors fulfilled the requirements of the Articles of Association and Listing Requirements in respect of the Board Meeting attendance.

## CORPORATE GOVERNANCE STATEMENT

### 1. STRUCTURE OF THE BOARD (CONT'D)

#### 1.2 Board Duties and Responsibilities (Cont'd)

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

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

Sub-Committees	Main Roles
Board 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 62 to 70 of the Annual Report.
Board Nomination and Remuneration Committee	Assists the Board in overseeing the selection and assessment of Directors and Senior Management and assists the Board in determining their remuneration packages.
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 59 to 61 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 Shares Option Scheme Committee	Assists the administration of the Company's Employee Shares Scheme.
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 19 August 2015.

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

#### 1.3 Formalised Ethical Standards through Code of Ethics

The Board adopts 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.

Following the recommendation of the BEA Exercise, the Company is in the process of formulating the Directors' Code of Conduct to be embedded in the Directors' Handbook.

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

## CORPORATE GOVERNANCE STATEMENT

### 1. STRUCTURE OF THE BOARD (CONT'D)

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

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

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

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

The Code of Ethics and Whistleblowing 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 as outlined in the KUBMaG.

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

The Board has approved the adoption of Sustainability Reporting in accordance with Bursa Malaysia Listing Requirements and Guidelines. The Board Risk Management Committee shall oversee the Sustainability Reporting function. The Management Working Committee headed by the President/Group Managing Director and comprising Head of Companies/Head of Divisions/Departments/Units shall be established to identify and propose sustainability risks and opportunities strategies of their respective portfolios/business activities towards formulation of the Group's Sustainability Report.

#### 1.5 Access to Information and Advice

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. They also have access to the advice and services of the Company Secretaries and independent professionals as and when required. All issues raised, deliberations and decisions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. Decisions made, policies approved and follow-up actions at Board meetings will be communicated to Management after the Board Meeting.

#### 1.6 Company Secretaries

The Company Secretaries are persons qualified to act as company secretaries pursuant to Section 139 of the Companies Act 1965. The Company Secretaries are responsible to the Board in ensuring all governance matters and Board proceedings are followed and applicable laws and regulations are complied with.

## CORPORATE GOVERNANCE STATEMENT

### 1. STRUCTURE OF THE BOARD (CONT'D)

#### 1.7 Board Charter

The Board had adopted its Board Charter, of which a copy is published on the Company's website. The Company is currently enhancing the Board Charter based on the recommendations of the consultant pursuant to the BEA.

### 2. STRENGTHEN COMPOSITION

#### 2.1 Merger of Board Nomination and Remuneration Committee

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

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

The Board Nomination and Remuneration Committee has met five (5) times during the financial year ended 31 December 2015 (effective from the date of the merger exercise) for deliberation of the following key activities :

- (i) Appointment of the Chairman and Director;
- (ii) Appointment of the Group Managing Director and revision of the organisational structure;
- (iii) Revision of the composition of the Board Committees and Board Subsidiaries;
- (iv) Appointment of the External Joint Company Secretary;
- (v) Appointment of the Senior Management and redesign organisational structure; and
- (vi) Assessment and appointment of Head of Subsidiaries.

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

Directors	Attendance
<b>Tunku Alizan Raja Muhammad Alias</b> (Chairman/Non-Independent Non-Executive Director)	5/5
<b>Datuk Mohd Hafarizam Harun</b> (Independent Non-Executive Director)	5/5
<b>Dato' Ab Rahim Abu Bakar</b> (Independent Non-Executive Director)	5/5
<b>Dato' Jamelah A.Bakar</b> (Independent Non-Executive Director)	5/5

## CORPORATE GOVERNANCE STATEMENT

### 2. STRENGTHEN COMPOSITION (CONT'D)

#### 2.1 Merger of Board Nomination and Remuneration Committee (Cont'd)

Directors	Attendance
<b>Tengku Zahaimi Tuan Hashim</b> (Non-Independent Non-Executive Director)	1/1

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

#### 2.2 Recruitment Process and Annual Assessment of Directors

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

The 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.

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

#### 2.3 Remuneration Policies

The Board Nomination and Remuneration Committee is entrusted with the role of determining and recommending remuneration packages for the Executive and Non-Executive Directors and Senior Management of the Group.

The Board has approved the revision of the Terms of Reference of the Board Nomination and Remuneration Committee on 30 March 2016.

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 2015 is as follows:

***Company Level Directorate	Defined Contribution				Benefits in Kind (RM)	Total (RM)
	Fees (RM)	Salary (RM)	Plans (RM)	Allowances (RM)		
Executive Director	-	313,871	50,221	-	32,580	396,672
Non-Executive Directors	431,333	-	-	494,667	124,559	1,050,559

\*\*\* Note: Includes resigned Directors

## CORPORATE GOVERNANCE STATEMENT

### 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 2015 is as follows:

***Range of remuneration KUBM Company Level	Number of Directors		Total
	Executive	Non-Executive	
Below RM50,000	-	2	2
RM50,001 – RM100,000	-	4	4
RM100,001 – RM150,000	-	3	3
RM150,001 – RM200,000	-	2	2
RM350,001 – RM400,000	1	-	1

\*\*\* Note: Includes resigned Directors

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

### 3. REINFORCE INDEPENDENCE

#### 3.1 Assessment of Independence Annually

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

#### 3.2 Tenure of Independent Directors & Re-designation as 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 Director who has served either for a cumulative or consecutive nine (9) year period will be re-designated as 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 re-designated as Non-Independent Non-Executive Director. Thereafter, the Board agreed that any Director having served the nine (9) years period, is to relinquish his/her Directorship.

#### 3.3 Relationship of the Board with Management

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

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

## CORPORATE GOVERNANCE STATEMENT

### 3. REINFORCE INDEPENDENCE (CONT'D)

#### 3.4 Composition of the Board

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

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

### 4. FOSTER COMMITMENT

#### 4.1 Commitment of the Board Members

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

Directors	Attendance
<b>Dato' Ahmad Ibnihajar</b> (Chairman/Independent Non-Executive Director) (Appointed w.e.f. 27 November 2015)	2/2
<b>Datuk Abdul Rahim Mohd Zin</b> (President/Group Managing Director) (Appointed w.e.f. 17 August 2015)	5/5
<b>Datuk Hj Faisyal Datuk Yusof Hamdain Diego</b> (Non-Independent Non-Executive Director)	14/17
<b>Datuk Mohd Hafarizam Harun</b> (Independent Non-Executive Director)	17/17
<b>Dato' Ab Rahim Abu Bakar</b> (Independent Non-Executive Director)	16/17
<b>Dato' Jamelah A.Bakar</b> (Independent Non-Executive Director)	15/17
<b>Dato' Sohaimi Shahadan</b> (Independent Non-Executive Director)	16/17
<b>Tunku Alizan Raja Muhammad Alias</b> (Non-Independent Non-Executive Director) (Appointed w.e.f. 16 June 2015)	7/7
<b>Tengku Zahaimi Tuan Hashim</b> (Non-Independent Non-Executive Director) (Appointed w.e.f. 16 June 2015)	7/7

## CORPORATE GOVERNANCE STATEMENT

### 4. FOSTER COMMITMENT (CONT'D)

#### 4.1 Commitment of the Board Members (Cont'd)

Directors	Attendance
<b>Mohammad Farish Nizar Othman</b> (Independent Non-Executive Director) <i>(Appointed w.e.f. 27 November 2015)</i>	1/1
<b>Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad</b> (Non-Independent Non-Executive Director) <i>(Resigned w.e.f. 15 June 2015)</i>	10/10
<b>Dato' Gumuri Hussain</b> (Senior Independent Non-Executive Director) <i>(Resigned w.e.f. 15 June 2015)</i>	10/10

#### 4.2 Continuing Education Programmes

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. The Directors will continue to attend other training courses to equip themselves effectively and discharge their duties as Directors on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements.

Based on the BEA findings, the training structure for the Board will be continuously reviewed to be relevant with the changing business needs. In the financial year ended 2015, the Group Secretarial Division has conducted an in-house programme for Directors and Management.

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

Scope	Programme
Corporate Governance	<ul style="list-style-type: none"> <li>Governance, Director Duties &amp; Regulatory Updates Seminar 2015</li> <li>Towards Board Excellence</li> <li>In-house Directors' Training Programme : Overview of Proposed Companies Bill 2015</li> <li>Bursa Malaysia Corporate Governance Breakfast Series with Directors: Bringing the Best out in Boardrooms</li> <li>Mandatory Accreditation Programme</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Institute of Enterprise Risk Practitioners : Qualified Risk Director Programme: Yellow Belt &amp; White Belt</li> <li>Enterprise Risk Management: Driving Organisational Sustainability, Agility and Resilience</li> <li>Enterprise Risk Management: The Next Generation</li> <li>Qualified Risk Director Programme: Evolving Expectations for Board</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>Malaysian Goods and Services Tax: An Overview for Directors and Alternative Energy Outlook for Malaysia and the Region</li> </ul>

## CORPORATE GOVERNANCE STATEMENT

### 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 5.1 Compliance with Applicable Financial Reporting Standards

The Board is responsible for ensuring that financial statements prepared for each financial year give a true and fair view of the Group's state of affairs. The Directors took due care and reasonable steps to ensure that the requirements of accounting standards were fully met. Quarterly financial statements were reviewed by the 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 62 to 70 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 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 55 to 58 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 KUBMaG is continuously reviewed by the Board in the financial year ended 31 December 2015 to suit the current business operations.

#### 7.2 Leverage on Information Technology

The Group maintains its corporate website which is accessible at [www.kub.com](http://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.

## CORPORATE GOVERNANCE STATEMENT

### 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

#### 8.1 Shareholders' Participation at General Meetings

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

Quarterly reports on the Group's results and announcements can be accessed from Bursa Malaysia's website. Shareholders are notified of the meeting and provided with a copy of the 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.

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

### COMPLIANCE STATEMENT

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 2015.

This Statement is made in accordance with the resolution of the Board of Directors dated 30 March 2016.

# 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 2015.

**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 2015 amounted to RM6,830.00.

**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 2015 and the unaudited results previously announced.

**f. Revaluation Policy on Landed Properties**

The revaluation policy on landed properties is as set out in the financial statements.

**g. Profit Guarantee**

There was no profit guarantee given by the Company and its subsidiaries during the financial year ended 31 December 2015.

**h. Share Buy-Back**

The proposed share buy-back which was announced on 21 May 2015 was approved by the shareholders of the Company at the 50<sup>th</sup> Annual General Meeting ('AGM') on 16 June 2015. However, no share buy-back has taken place during the financial year ended 31 December 2015.

**i. American Depositary Receipt ('ADR') or Global Depositary 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 50<sup>th</sup> AGM of the Company on 16 June 2015, 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 ('MCCG 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 MCCG 2012.

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* ('SRMICG').

## 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 processes and report key risks and recommend appropriate risk management strategies, policies, risk tolerance and mitigation plans for the Board's approval. For full details of the Group's Risk Management Framework, please refer to page 60 to 61 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 Board Investment Committee, and Board Nomination and Remuneration Committee have been delegated with specific responsibilities pursuant to their terms of reference, these Committees have the authority to examine all matters within their scope of responsibilities and report back to the Board with their recommendations for review or approval by the Board, where appropriate. For more details on the various Board Committees, please refer to page 26 of the Annual Report 2015.

#### Independence of Board Audit Committee

The Board Audit Committee ('BAC') consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director who have unrestricted access to both the internal and external auditors. The independence of 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 of the internal audit activities. The minutes of the BAC meetings are tabled to the Board on a periodic basis. The details of the activities undertaken by the BAC are highlighted in the Board Audit Committee Report in page 62 to 70 of the Annual Report 2015.

#### Organisational Structure

The Board has established a defined organisational structure with clear lines of responsibility and accountability in the Group that is directly aligned to the strategic and operational demands of the business. Each operational unit is headed by personnel who is fully accountable to ensure that the business activities are implemented with full compliance with the Group's objectives and policies. The structure is reviewed regularly to monitor its effectiveness and to provide support to the changing business requirements. During the financial year, the organisational structure has been revised and approved by the Board on 30<sup>th</sup> March 2015, 28<sup>th</sup> May 2015 and 27<sup>th</sup> November 2015 respectively.

#### Policies and Procedures

The internal policies and procedures are established and defined in KUB Management Guidelines ('KUBMaG') to provide guidelines for proper management and operations of the Group's operating units. These policies and procedures are documented and subjected to regular reviews, updates and enhancement to reflect the operational requirements, ensure relevance and effectiveness of the Group's business operations. KUBMaG and other common Group's Standard Operating Procedures are available on the Group's intranet for easy access by the 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 are defined in the KUBMaG. The KUBMaG provides a framework that clearly defines and specifies the authority levels for personnel to carry out their assigned responsibilities. The KUBMaG is to create awareness among all employees with regards to the internal control components and the basic control policy of the Group.

#### Human Resources

A comprehensive human resource policy and 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. 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 to nurture and enhance a culture that emphasises on high performance.

#### Insurance on Assets

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

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

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

#### Business Plan and Budget Review

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

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

#### 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 the Group Internal Audit ('GIA') Division. Through its internal audit, GIA assesses compliance with policies and procedures as well as relevant laws and regulations. In addition, they examine and evaluate the effectiveness and efficiency of the Group's internal control system using the risk-based audit approach.

GIA provides 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 Annual Internal Audit Plan. The reports and status of corrective actions taken by the Management on audit recommendations are submitted on a regular basis to the BAC for its deliberation and approval.

#### Whistleblowing Policy

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

### CONCLUSION

After due and careful inquiry on the information and assurance provided, the Board is satisfied with the process of identifying, evaluating and managing significant risks that may affect the achievement of the Group's business objectives. Where exceptions were noted, there were no material control failure or weakness that had resulted in material loss that had not been disclosed in the Group's financial statements. For areas requiring attention, measures had been and are being taken to ensure that an 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 President /Group Managing Director and the Vice President, Group Finance 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 systems 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 30 March 2016.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

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

# RISK MANAGEMENT

## INTRODUCTION

Statement on Risk Management is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of 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' or 'the Group').

## 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 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 the 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 assume 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 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 2015 are as follows:

Directors	Attendance
<b>Datuk Mohd Hafarizam Harun</b> (Independent Non-Executive Director) (appointed as Chairman w.e.f. 27 November 2015)	0/0
<b>Datuk Hj Faisyal Datuk Yusof Hamdain Diego</b> (Non-Independent Non-Executive Director) (resigned as Chairman and redesignated as member w.e.f. 27 November 2015)	4/4
<b>Dato' Ab Rahim Abu Bakar</b> (Independent Non-Executive Director)	4/4
<b>Mohammad Farish Nizar Othman</b> (Independent Non-Executive Director) (appointed w.e.f. 27 November 2015)	0/0
<b>Dato' Jamelah A. Bakar</b> (Independent Non-Executive Director) (resigned w.e.f. 27 November 2015)	4/4
<b>Dato' Sohaimi Shahadan</b> (Independent Non-Executive Director) (resigned w.e.f. 27 November 2015)	3/4

Overall, BRMC is responsible to assist the Board in ensuring the effective functioning of the ERMF 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

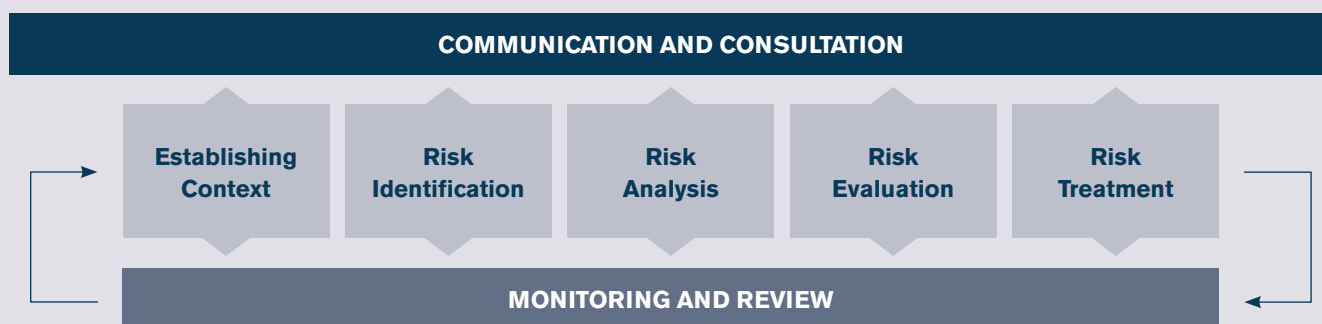
## RISK MANAGEMENT GOVERNANCE FRAMEWORK (CONT'D)

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 be continuously responsive with the Group's business objectives as follows:

- (a) Embed principles of risk management into the Group's strategic business plans;
- (b) Implement systematic risk assessment and review of the Group's Risk Profiles;
- (c) Improve risk reporting structures to highlight key risks among stakeholders;
- (d) Enhance risk intelligence through database subscription to Credit Rating Agency;
- (e) Update of risk mitigation strategies whilst explore potential opportunities of such risk; and
- (f) Continuous Business Continuity Management programme for the Group.

## RISK MANAGEMENT PROCESS

The Group's ERMF provides a systematic approach in identifying, evaluating, assessing, treating, monitoring and reviewing the risks. Those processes for managing risk have been entrenched in the Group's business activities to assist the Management in informed decision making. The reporting of risks through 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:



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's 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's 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, the Board confirms that the Group's 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's 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 2015.

## COMPOSITION

The BAC currently consists of the following members:

**Datuk Mohd Hafarizam Harun**

Chairman, Independent Non-Executive Director

**Datuk Hj Faisyal Datuk Yusof Hamdain Diego**

*(resigned w.e.f. 29 June 2015 and reappointed w.e.f. 27 November 2015)*

Non-Independent Non-Executive Director

**Dato' Ab Rahim Abu Bakar**

*(resigned w.e.f. 1 June 2015 and reappointed w.e.f. 29 June 2015)*

Independent Non-Executive Director

**Mohammad Farish Nizar Othman**

*(appointed w.e.f. 27 November 2015)*

Independent Non-Executive Director

**Dato' Gumuri Hussain**

*(resigned w.e.f. 15 June 2015)*

Senior Independent Non-Executive Director

**Dato' Sohaimi Shahadan**

*(resigned w.e.f. 27 November 2015)*

Independent Non-Executive Director

**Tunku Alizan Raja Muhammad Alias**

*(appointed w.e.f. 29 June 2015 and resigned w.e.f. 27 November 2015)*

Non-Independent Non-Executive Director

**Tengku Zahaimi Tuan Hashim**

*(appointed w.e.f. 29 June 2015 and resigned w.e.f. 27 November 2015)*

Non-Independent Non-Executive Director

The BAC is governed by its Terms of Reference as set out on page 65 to 70 of the Annual Report. Conforming to the requirements of the Malaysian Code on Corporate Governance 2012 ('the Code'), the three (3) members of the BAC are Independent Non-Executive Directors and one (1) member is a Non-Independent Non-Executive Director. One of the Independent Non-Executive Director is a member of the Malaysian Institute of Accountants ('MIA'), thereby complying with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ('Listing Requirements') of Bursa Malaysia Securities Berhad ('Bursa Malaysia').

## BOARD AUDIT COMMITTEE REPORT

### MEETINGS

During the financial year ended 31 December 2015, the BAC held a total of five (5) meetings, with the following record of attendance:

### DIRECTORS ATTENDANCE

Directors	Attendance
<b>Datuk Mohd Hafarizam Harun</b>	5/5
<b>Datuk Hj Faisyal Datuk Yusof Hamdain Diego</b> <i>(resigned w.e.f. 29 June 2015 and reappointed w.e.f. 27 November 2015)</i>	3/3
<b>Dato' Ab Rahim Abu Bakar</b> <i>(resigned w.e.f. 1 June 2015 and reappointed w.e.f. 29 June 2015)</i>	5/5
<b>Mohammad Farish Nizar Othman</b> <i>(appointed w.e.f. 27 November 2015)</i>	-
<b>Dato' Gumuri Hussain</b> <i>(resigned w.e.f. 15 June 2015)</i>	3/3
<b>Dato' Sohaimi Shahadan</b> <i>(resigned w.e.f. 27 November 2015)</i>	4/5
<b>Tunku Alizan Raja Muhammad Alias</b> <i>(appointed w.e.f. 29 June 2015 and resigned w.e.f. 27 November 2015)</i>	2/2
<b>Tengku Zahaimi Tuan Hashim</b> <i>(appointed w.e.f. 29 June 2015 and resigned w.e.f. 27 November 2015)</i>	2/2

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

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

The following activities were carried out by the BAC during the financial year ended 31 December 2015:

#### 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;

## BOARD AUDIT COMMITTEE REPORT

### DIRECTORS ATTENDANCE (CONT'D)

#### 1. Financial Results and Corporate Governance (Cont'd)

- 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 (2) 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') 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 as compared to the Internal Audit Plan and reviewed the reasonableness of compensation of members of the function; and
- Reviewed and approved the GIA budget and Annual Internal Audit Plan to ensure adequacy in its resources, competencies and coverage.

### SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

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

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

During the financial year under review, a total of twenty-four (24) audits were carried out on holistic approach in accordance with the Annual Internal Audit Plan including special audit reviews requested by the Management with subsequent endorsement by the BAC. The audit engagements encompassed scheduled, ad-hoc and follow-up audits covering the Information and Communications Technology ('ICT') Sector, Food Related Sector (inclusive of outlet audits), Energy Sector, Agro Business Sector and Property, Engineering & Construction ('PEC') Sector.

The 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 continuously monitors the implementation of audit recommendations through periodic follow-up reviews, which are reported and presented to the BAC regularly.

## BOARD AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONT'D)

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

The total costs incurred by GIA for the internal audit function of the Group in 2015 amounted to RM753,456.

### 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, based on recommendation from the Board Nomination and Remuneration Committee. No alternate director is appointed as a member of the Committee. 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 Board should ensure effective orientation is given to the new Committee Members;
- The composition of the Committee must not be less than three (3) Members;
- Where the Members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members and in accordance with the general requirements of the 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)-(iii) of the Listing Requirements where he/she:
  - (i) Must be a member of the Malaysian Institute of Accountants ('MIA'); or
  - (ii) If he/she is not a member of MIA, he/she must have at least three (3) years working experience; and

## BOARD AUDIT COMMITTEE REPORT

### TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (CONT'D)

#### 2. Composition of The Committee (Cont'd)

- He/she must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
  - He/she must be a member of one (1) of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
- (iii) Fulfils such other requirements as prescribed or approved by the Bursa Malaysia i.e. the following qualifications are also acceptable:
- (a) either one of the following qualifications and at least three (3) years post-qualification experience in accounting or finance:
    - (i) a degree/masters/doctorate in accounting or finance or
    - (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants.
  - (b) at least seven (7) years experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- Members should seek continuing professional education to keep abreast of developments in the area of financial reporting, regulatory compliance, technology, internal controls, business risk and the implication of significant changes that may affect the Company.
  - All Members shall hold office only for so long as they serve as Directors of the Company. The change of the Members of the Committee shall be decided by the Board from time to time.

#### 3. Secretary of The Committee

The Company Secretary and/or his or her representative 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;
- Full and unrestricted access to the Company's records, properties and personnel; and
- The resources which are required to perform its duties.

## BOARD AUDIT COMMITTEE REPORT

### TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (CONT'D)

#### 5. Responsibilities and Duties of The Committee

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

##### i. Board of Committee

- 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 abovementioned function shall also be performed by the Committee in co-ordination with the Board of Directors of the subsidiaries;
- To review the quarterly results and year-end financial statements, before the assessment and approval by the Board, focusing particularly on:
  - (i) Changes in or implementation of major accounting policy changes;
  - (ii) Significant and unusual events; and
  - (iii) Compliance with accounting standards and other legal requirements.
- To review arrangements established by Management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to KUB Malaysia Berhad Group's operations; and
- To consider other areas as defined by the Board.

##### ii. 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/her reasons for resigning;
- Review the internal audit reports, which highlighted 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.

## BOARD AUDIT COMMITTEE REPORT

### TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (CONT'D)

#### 5. Responsibilities and Duties of The Committee (Cont'd)

##### iii. 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 President/Group Managing Director, the Vice President of Group Finance, the Vice President of Group Operations & Strategic Development, the internal auditors and external auditors in order to keep informed of matters affecting the Group.

##### iv. 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.

##### v. 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 Employee Shares Option Scheme Committee and in accordance with the by-laws of the relevant shares scheme.

#### 6. Committee Meetings

The Committee Meetings shall take into consideration the following:

- The Committee shall convene meetings as and when required, provided that the Committee shall meet at least four (4) times a year;
- The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Members absent from Malaysia;
- No business shall be transacted at any meeting of the Committee unless a quorum is present. A quorum must be in accordance with Paragraph 15.18 of the Listing Requirements, where the majority of the Members present must be Independent Directors;

## BOARD AUDIT COMMITTEE REPORT

### TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (CONT'D)

#### 6. Committee Meetings (Cont'd)

The Committee Meetings shall take into consideration the following: (cont'd)

- Any decision arising at the meeting shall be decided by a majority of votes, each Member having one (1) vote and a determination by a majority of Member shall for all purposes be deemed a determination of the Members. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote;
- 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 Chairman of the Committee is accountable for the agenda of Committee Meetings. The agenda shall be sent to all Members of the Committee and any other persons who may be required to attend the meeting at least a week in advance of each meeting to allow the committee members to give full consideration to the issues and, where necessary, obtain supplementary facts before 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 President/Group Managing Director, the Vice President of Group Finance, the Vice President of Group Operations & Strategic Development, Head of Group Internal Audit and representatives of internal and external auditors, other Board Members and Vice President/CEO 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 twice (2) 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;

## BOARD AUDIT COMMITTEE REPORT

### TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (CONT'D)

#### 7. Chairman of The Committee (Cont'd)

- Manage the processes and working of the Committee and ensure that the Committee discharges its responsibilities; and
- Develop and maintain active on-going dialogue with Management and both internal and external auditors.

#### 8. Review of The Audit Committee

The Board of Directors must review the term of office and performance of the Committee and each of its Members at least once every three (3) years to determine whether the Committee and members have carried out their duties in accordance with their Terms of Reference.

A formal evaluation of the performance of all the Committee Members should be undertaken by the Board Nomination and Remuneration Committee. Members' skills and experience should be annually assessed and trainings given where gaps are identified.

#### 9. 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.

#### 10. 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.

#### 11. Revision of The Terms of Reference

- Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval;
- Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended; and
- The Terms of Reference should at least be updated when there are changes to the Code, Listing Requirements or other regulatory requirements.



# FINANCIAL STATEMENTS

72 DIRECTORS' REPORT

---

76 INDEPENDENT AUDITORS' REPORT

---

78 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

---

80 STATEMENTS OF FINANCIAL POSITION

---

82 STATEMENTS OF CHANGES IN EQUITY

---

85 STATEMENTS OF CASH FLOWS

---

88 NOTES TO THE FINANCIAL STATEMENTS

---

175 SUPPLEMENTARY INFORMATION

---

176 STATEMENT BY DIRECTORS

---

176 DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

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# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

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

The subsidiaries are principally engaged in the business of property, engineering and construction, agricultural businesses, information, communications and technology, energy, food, power/oil and gas and others as stated in Note 41 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year except for the disposal of a construction company and a food and beverage company operating in a foreign country. The disposal of the two subsidiaries is disclosed in Note 18(a) to the financial statements.

## RESULTS OF OPERATIONS

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

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Continuing operations</b>		
Profit/(Loss) before taxation	43,166	(26,204)
Taxation	(7,450)	-
Profit/(Loss) for the year from continuing operations	35,716	(26,204)
<b>Discontinued operations</b>		
Loss for the year from discontinued operations, net of tax	(26,641)	-
<b>Profit/(Loss) for the year</b>	<b>9,075</b>	<b>(26,204)</b>
Profit/(Loss) attributable to:		
Owners of the parent	7,854	(26,204)
Non-controlling interest	1,221	-
	9,075	(26,204)

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

## DIRECTORS' REPORT

### DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors have recommended a first and final single tier dividend in respect of the financial year ended 31 December 2015 of 0.5 sen on 556,464,490 ordinary shares for approval by the shareholders at the forthcoming Annual General Meeting. If approved, the dividend, amounting to dividend payable of approximately RM2,782,323 (0.5 sen per ordinary share), will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ISSUE OF SHARES AND DEBENTURES

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

### SHARE OPTIONS

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

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

### OTHER STATUTORY INFORMATION

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

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

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

- (a) which would render the amount of bad debts written off or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances: (cont'd)

- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

### DIRECTORS

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

Dato' Ahmad Ibnihajar ( <i>Chairman</i> )	(appointed on 27 November 2015)
Datuk Abdul Rahim Mohd Zin ( <i>President/Group Managing Director</i> )	(appointed on 17 August 2015)
Datuk Hj Faisyal Datuk Yusof Hamdain Diego	
Datuk Mohd Hafarizam Harun	
Dato' Ab. Rahim Abu Bakar	
Dato' Jamelah A. Bakar	
Dato' Sohaimi Shahadan	
Tunku Alizan Raja Muhammad Alias	(appointed on 16 June 2015)
Tengku Zahaimi Tuan Hashim	(appointed on 16 June 2015)
Mohammad Farish Nizar Othman	(appointed on 27 November 2015)
Y.B. Senator Datuk Seri Hj Abd. Halim Hj Abd. Samad	(resigned on 15 June 2015)
Dato' Gumuri Hussain	(resigned on 15 June 2015)

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.40 each			As of 31.12.2015
	As of 1.1.2015/ date of appointment	Acquired	Sold	
<b>Share of the Company</b>				
<b>KUB Malaysia Berhad</b>				
<b>Direct Interest</b>				
Datuk Abdul Rahim Mohd Zin	1,050	-	-	1,050
<b>Indirect Interest</b>				
Tunku Alizan Raja Muhammad Alias	164,844,520	-	-	164,844,520

Tunku Alizan Raja Muhammad Alias is deemed to have interest by virtue of his directorship in Gaya Edisi Sdn. Bhd. ("Gaya Edisi") pursuant to Section 6A of the Companies Act 1965. Gaya Edisi is the substantial shareholder of the Company, holds 29.62% shares in the Company.

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' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 10 of the financial statements or the fixed salary of a full-time employee of the ultimate holding company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 34(e) to the Financial Statements.

### SIGNIFICANT EVENTS

The details of the significant events during the year are disclosed in Note 40 to the Financial Statements.

### AUDITORS

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

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

**DATO' AHMAD IBNIHAJAR**

**DATUK ABDUL RAHIM MOHD ZIN**

Petaling Jaya

30 March 2016

# 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 of the Group and of the Company as of 31 December 2015 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 78 to 175.

### *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 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 the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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 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 that 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 the Company as of 31 December 2015 and their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) we have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, as mentioned in Note 41 to the financial statements, being financial statements that have been included in the financial statements of the Group;

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)  
(CONT'D)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that: (cont'd)

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

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 on page 175 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 MATTER

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

**DELOITTE**  
**AF 0080**  
**Chartered Accountants**

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

30 March 2016

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 (Re-presented)	2015 RM'000	2014 RM'000
<b>Continuing operations</b>					
Revenue	5	447,350	626,559	7,102	16,332
Cost of sales	6	(380,661)	(571,589)	-	-
<b>Gross profit</b>		66,689	54,970	7,102	16,332
Other income		53,960	11,314	36,468	15,429
Distribution expenses		(1,110)	(104)	-	-
Administrative expenses		(54,842)	(50,114)	(11,808)	(9,697)
Other expenses		(28,945)	(7,931)	(56,849)	(2,804)
<b>Profit/(loss) from operating activities</b>		35,752	8,135	(25,087)	19,260
Finance costs	7	(2,138)	(4,689)	(1,117)	(2,510)
Share of results of associates		9,552	6,752	-	-
<b>Profit/(loss) before taxation</b>	8	43,166	10,198	(26,204)	16,750
Taxation	11	(7,450)	(6,995)	-	-
<b>Profit/(loss) for the year from continuing operations</b>		35,716	3,203	(26,204)	16,750
<b>Discontinued operations</b>					
(Loss)/Profit for the year from discontinued operations, net of tax	12	(26,641)	1,272	-	-
<b>Profit/(loss) for the year</b>		9,075	4,475	(26,204)	16,750
<b>Other comprehensive income/ (loss)</b>					
Net gain/(loss) on available-for-sale financial assets					
- Gain/(loss) on fair value changes, net of tax		15	(2,673)	15	(2,673)
Foreign currency translation		(432)	34	-	-
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax</b>		(417)	(2,639)	15	(2,673)
<b>Total comprehensive income/(loss) for the year</b>		8,658	1,836	(26,189)	14,077

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015  
(CONT'D)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
		(Re-presented)			
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent					
- from continuing operations		34,495	1,022	(26,204)	16,750
- from discontinued operations		(26,641)	1,272	-	-
		7,854	2,294	(26,204)	16,750
Non-controlling interests		1,221	2,181	-	-
		9,075	4,475	(26,204)	16,750
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the parent					
- from continuing operations		34,078	(1,617)	(26,189)	14,077
- from discontinued operations		(26,641)	1,272	-	-
Non-controlling interest		1,221	2,181	-	-
		8,658	1,836	(26,189)	14,077
<b>Basic and diluted earnings/(loss) per ordinary share attributable to owners of the parent (sen)</b>					
	13				
- from continuing operations		6.20	0.18		
- from discontinued operations		(4.79)	0.23		
		1.41	0.41		

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

# STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	181,834	152,544	25,687	22,982
Land held for property development	15	4,612	4,610	-	-
Plantation development expenditure	16	50,902	48,218	-	-
Investment properties	17	11,369	8,183	3,592	-
Investments in subsidiaries	18	-	-	221,195	264,874
Investments in associates	19	28,294	23,116	9,000	9,000
Other investments	20	4,466	4,451	4,466	4,451
Intangible assets	21	818	545	-	-
Due from subsidiaries	22	-	-	13,250	2,406
Deferred tax assets	24	3,202	9,469	-	-
		285,497	251,136	277,190	303,713
<b>Current assets</b>					
Inventories	25	12,614	15,367	-	-
Trade and other receivables	22	61,515	102,067	1,968	3,923
Tax recoverable		509	699	-	1,875
Cash and bank balances	26	105,150	125,061	10,960	4,922
		179,788	243,194	12,928	10,720
Non-current assets held for sale	12	-	24,864	-	24,864
Assets of disposal group classified as held for sale	12	-	975	-	-
<b>Total assets</b>		465,285	520,169	290,118	339,297

## STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2015

(CONT'D)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	27	222,586	222,586	222,586	222,586
Reserves	28	51,918	44,087	8,586	8,571
Retained earnings	29	2,649	3,043	45,107	71,311
		277,153	269,716	276,279	302,468
<b>Non-controlling interest</b>		11,460	10,379	-	-
<b>Total equity</b>		288,613	280,095	276,279	302,468
<b>Non-current liabilities</b>					
Borrowings	30	48,116	39,933	2,858	16,632
Deferred tax liabilities	24	12,382	13,695	-	-
		60,498	53,628	2,858	16,632
<b>Current liabilities</b>					
Trade and other payables	31	104,106	164,333	9,216	18,457
Borrowings	30	8,794	19,147	1,765	1,740
Derivative financial liabilities	32	21	7	-	-
Provision for tax		3,253	2,945	-	-
		116,174	186,432	10,981	20,197
Liabilities of disposal group classified as held for sale	12	-	14	-	-
<b>Total liabilities</b>		176,672	240,074	13,839	36,829
<b>Total equity and liabilities</b>		465,285	520,169	290,118	339,297

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2015 Group	Equity attributable to owners of the parent		Non-distributable						Non-controlling interests 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		Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Translation reserve RM'000	Merger reserve RM'000
<b>Opening balance as of 1 January 2015</b>	280,095	269,716	222,586	5,965	3,043	38,122	34,016	312	2,294	(10,079)	432	11,147	10,379
Profit for the year	9,075	7,854	-	-	7,854	-	-	-	-	-	-	-	1,221
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax	(417)	(417)	-	-	-	(417)	-	-	15	-	(432)	-	-
<b>Total comprehensive income/(loss)</b>	8,658	7,437	-	-	7,854	(417)	-	-	15	-	(432)	-	1,221
<b>Transactions with owners</b>													
Disposal of subsidiaries (Note 18(a)(i))	-	-	-	-	(8,248)	8,248	-	-	-	8,248	-	-	-
Dividend paid to non-controlling interest at subsidiary	(140)	-	-	-	-	-	-	-	-	-	-	-	(140)
Total transactions with owners	(140)	-	-	-	(8,248)	8,248	-	-	-	8,248	-	-	(140)
<b>Closing balance as of 31 December 2015</b>	288,613	277,153	222,586	5,965	2,649	45,953	34,016	312	2,309	(1,831)	-	11,147	11,460

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015  
(CONT'D)

	Equity attributable to owners of the parent		Attributable to owners of the parent					Non-distributable			Non-controlling interests RM'000		
	Equity total RM'000	Equity attributable to owners of the parent total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000		Translation reserve RM'000	Merger reserve RM'000
<b>Opening balance as of 1 January 2014</b>	286,578	273,331	222,586	5,965	959	43,821	34,016	312	4,967	(7,019)	398	11,147	13,247
Profit for the 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	-	-
<b>Total comprehensive income/(loss)</b>	1,836	(345)	-	-	2,294	(2,639)	-	(2,673)	-	-	34	-	2,181
<b>Transactions with owners</b>													
Acquisition of non-controlling interest	(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)
<b>Closing balance as of 31 December 2014</b>	280,095	269,716	222,586	5,965	3,043	38,122	34,016	312	2,294	(10,079)	432	11,147	10,379

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Non-distributable			Distributable		Non-distributable			Fair value Adjustment Reserve RM'000
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital redemption reserve RM'000			
<b>2015 Company</b>									
Opening balance as of 1 January 2015	302,468	222,586	5,965	71,311	2,606	312		2,294	
Loss for the year	(26,204)	-	-	(26,204)	-	-		-	
Other comprehensive profit to be reclassified to profit or loss in subsequent periods, net of tax	15	-	-	-	15	-		15	
Total comprehensive (loss)/income	(26,189)	-	-	(26,204)	15	-		15	
Closing balance as of 31 December 2015	276,279	222,586	5,965	45,107	2,621	312		2,309	
<b>2014 Company</b>									
Opening balance as of 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 as of 31 December 2014	302,468	222,586	5,965	71,311	2,606	312		2,294	

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	(Re-presented)			
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>				
Profit before taxation				
- continuing operations	43,166	10,198	(26,204)	16,750
- discontinued operations	(26,641)	2,972	-	-
Adjustments for:				
Amortisation of intangible assets	118	109	-	-
Amortisation of plantation development expenditure	2,591	2,439	-	-
Depreciation of property, plant and equipment	12,795	14,290	1,103	1,074
Depreciation of investment properties	478	911	72	506
Impairment loss on property, plant and equipment	45	-	-	1
Finance costs	2,486	5,049	1,117	2,510
- continuing operations	2,138	4,689	1,117	2,510
- discontinued operations	348	360	-	-
Loss on fair value changes of derivative instruments	21	7	-	-
Impairment loss on inventories	1,007	-	-	-
Property, plant and equipment written off	101	754	-	87
Provision for foreseeable loss	9,672	-	-	-
Allowance for impairment on:				
- trade receivables				
- continuing operations	6,205	232	-	-
- discontinued operations	3,043	-	-	-
- amount due from subsidiaries	-	-	10,022	598
- investment in subsidiaries	-	-	4,624	71
Unrealised loss on foreign exchange	452	1	-	-
Amortisation of financial guarantees	-	-	(101)	(1,003)
Reversal of provision for litigation	(642)	-	(266)	-
Dividend income	(228)	(282)	(7,102)	(16,332)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(11)	(248)	-	(4)
- non-current assets held for sale	(8,895)	(2,569)	(8,895)	(1,449)
- subsidiaries	(19,481)	-	40,876	-
Interest income	(2,465)	(2,630)	(1,881)	(1,653)
Reversal of allowance for impairment on receivables	(112)	(263)	-	-
Reversal of allowance for impairment on advances to subsidiaries	-	-	(15,630)	(10,724)
Provision for liquidated ascertained damages	1,332	1,320	-	-

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015  
(CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000 (Re-presented)	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (CONT'D)</b>				
Provision for litigation	-	842	-	466
Reversal of provision for liquidated ascertained damages	(1,283)	(4,260)	-	-
Reversal of provision for foreseeable loss	-	(128)	-	-
Share of results of associates	(9,552)	(6,752)	-	-
<b>Operating Profit/(Loss) Before Changes in Working Capital</b>	14,202	21,992	(2,265)	(9,102)
Changes in working capital:				
Inventories	1,746	2,874	-	-
Trade and other payables	(58,052)	(68,518)	(8,859)	(8,857)
Trade and other receivables	70,815	120,278	(14,787)	6,989
Cash Generated From/(Used In) Operations	28,711	76,626	(25,911)	(10,970)
Tax paid	(7,289)	(8,665)	-	-
<b>Net Cash Generated From/(Used In) Operating Activities</b>	21,422	67,961	(25,911)	(10,970)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment (Note 14)	(45,966)	(30,076)	(175)	(1,045)
Addition to intangible asset (Note 21)	(470)	-	-	-
Addition to plantation development expenditure (Note 16)	(5,275)	(4,978)	-	-
Advances to subsidiaries	-	-	(11,735)	(14,233)
Acquisition of non-controlling interests	-	(7,650)	-	(7,650)
Dividends received	228	282	7,102	16,332
Interest received	2,465	2,630	1,881	1,653
Proceeds from disposal of property, plant and equipment	272	432	-	13
Proceeds from disposal of non-current assets classified as held for sale	29,050	7,625	29,050	5,500
Repayment from subsidiaries	-	-	20,692	16,001
Subsequent expenditure of land held for property development (Note 15)	(2)	(1)	-	-
Disposal of subsidiaries				
- Proceeds from disposal, net of cash and cash equivalents disposed off (Note 35)	(16,979)	-	-	-
<b>Net Cash (Used In)/Generated From Investing Activities</b>	<b>(36,677)</b>	<b>(31,736)</b>	<b>46,815</b>	<b>16,571</b>

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015  
(CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	(Re-presented)			
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>				
Deposits pledged with licensed banks	12,355	(224)	-	-
Interest paid	(2,486)	(5,049)	(1,117)	(2,510)
Net (repayment)/drawdown of short-term borrowings	607	(28,709)	-	-
Net (repayment)/drawdown of finance lease	(3,665)	(3,158)	(99)	(94)
Net drawdown/(repayment) of term loans	6,585	(1,731)	(13,650)	(10,650)
Net Cash Generated From/Used In Financing Activities	13,396	(38,871)	(14,866)	(13,254)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,859)	(2,646)	6,038	(7,653)
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	-	22	-	-
<b>CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE (NOTE 12)</b>	-	(975)	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	76,584	80,183	4,922	12,575
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 26)</b>	74,725	76,584	10,960	4,922

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

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

The subsidiaries are principally engaged in the business of property, engineering and construction, agricultural businesses, information, communications and technology, energy, food, power/oil and gas and others as stated in Note 41 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year except for the disposal of a construction company and a food and beverage company operating in a foreign country. The disposal of the two subsidiaries is disclosed in Note 18(a) to the financial statements.

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 March 2016.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation of the Financial Statements

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

#### Malaysian Financial Reporting Standards

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

Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and 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 shall adopt the MFRS Framework latest by 1 January 2017. On 8 September 2015, MASB confirmed that the effective date of MFRS will be deferred to annual periods beginning on or after 1 January 2018 and the effective date for Transitioning Entities to apply the MFRS Framework will be deferred to the same date.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in its financial statements for the financial year ending 31 December 2018, being the first set of financial statements prepared in accordance with the new MFRS Framework.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.2 Changes in Accounting Policies

##### Adoption of new and revised Financial Reporting Standards

On 1 January 2015, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2015.

Amendments to FRS 119	Defined Benefit Plan: Employee Contributions
Amendments to FRSs	Annual Improvements to FRSs 2010-2012 Cycle
Amendments to FRSs	Annual Improvements to FRSs 2011-2013 Cycle

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

#### 2.3 Standards issued but not yet effective

##### FRSs and Amendments to FRSs 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 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 is not expected to have a material impact on the financial statements of the Group and of the Company.

Amendments to FRSs	Annual Improvement to FRSs 2012-2014 Cycle <sup>1</sup>
Amendments to FRS 11	Accounting for Acquisition of Interest in Joint Operations <sup>1</sup>
Amendments to FRS 101	Disclosure Initiatives <sup>1</sup>
Amendments to FRS 127	Equity Method in Separate Financial Statements <sup>1</sup>
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to FRS 116 and FRS 141	Agriculture: Bearer Plants <sup>1</sup>
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
FRS 14	Regulatory Deferral Accounts <sup>1</sup>
FRS 15	Revenue from Contracts with Customers <sup>2</sup>
FRS 9	Financial Instruments (IFRS 9 as issued by IASB in November 2009) <sup>2</sup>
FRS 9	Financial Instruments (IFRS 9 as issued by IASB in October 2010) <sup>2</sup>
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS 9 as issued by IASB in November 2009 and October 2010) and Transition Disclosure <sup>2</sup>
FRS 9	Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139) <sup>2</sup>
FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014) <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### FRSs and Amendments to FRSs issued but not yet effective (cont'd)

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

##### FRS 9 Financial Instruments

FRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. FRS 9 (IFRS 9 issued by IASB in October 2010) includes requirements for the classification and measurement of financial liabilities and for de-recognition, and in February 2014, the new requirements for general hedge accounting was issued by MASB. Another revised version of FRS 9 was issued by MASB - FRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of FRS 9:

- (a) All recognised financial assets that are within the scope of FRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- (b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- (c) In relation to the impairment of financial assets, FRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

- (d) The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

#### FRS 15 Revenue from Contracts with Customers

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

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

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

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

The Directors do not anticipate that the application of FRS 15 in the future to have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 15 until the Group completes a detailed review.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention.

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

The principal accounting policies are set out below.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Basis of Consolidation

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Basis of Consolidation (cont'd)

##### 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 of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 3.12(a).

#### 3.3 Revenue

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

##### (a) Sale of goods

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

##### (b) Rendering of services

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

##### (c) Construction contracts

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

##### (d) Interest income

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

##### (e) Management fees

Management fees are recognised when services are rendered.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Revenue (cont'd)

##### (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.

#### 3.4 Employee benefits

##### (a) Short term benefits

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

##### (b) Defined contribution plans

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

#### 3.5 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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except: (cont'd)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

#### 3.6 Transactions with non-controlling interests

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Subsidiaries

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

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

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

#### 3.8 Investments in associates

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Foreign currency

##### (a) Functional and presentation currency

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

##### (b) Foreign currency transactions

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

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

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

##### (c) Foreign operations

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

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

#### 3.10 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

##### **Factory and buildings**

- Factory and buildings 2%

##### **Plant, office renovation and equipment**

- Renovations 10%-20%

- Plant, machinery and tools 5% - 20%

- Furniture and fittings 5% - 33%

- Office equipment and computers 20% - 33%

##### **Motor vehicles**

- Motor vehicles 20% - 33%

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

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

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

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

#### 3.11 Investment properties

Investment properties are investments in land and buildings which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 3.10.

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

Investment properties are derecognised when either they have been disposed 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.12 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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.13 Plantation development expenditure

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

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

#### 3.14 Impairment of non-financial assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

#### 3.15 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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.15 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.

#### 3.16 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (a) Trade and other receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

##### (b) Unquoted equity securities carried at cost

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

##### (c) Available-for-sale financial assets

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

#### 3.18 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (ii) Property development costs (cont'd)

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

#### 3.19 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.

#### 3.20 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.

#### 3.21 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.21 Financial liabilities (cont'd)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 3.22 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.

#### 3.23 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.

#### 3.24 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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.24 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 3.3(g).

#### 3.25 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.

#### 3.26 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.

#### 3.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

#### 3.29 Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents, which comprise deposits with licensed banks and other financial institutions, cash on hand and at bank, and bank overdrafts, are short-term, highly liquid investments and are readily convertible to cash with insignificant risks of changes in value.

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### 4.1 Judgements made in applying accounting policies

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

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

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

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

##### (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

## NOTES TO THE FINANCIAL STATEMENTS

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### 4.1 Judgements made in applying accounting policies (cont'd)

##### (b) Operating lease commitments – as lessor (cont'd)

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

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

#### 4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Deferred taxes (Note 24)

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

##### (b) Impairment of investments in subsidiaries (Note 18) and associates (Note 19)

The Company 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 23)

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

##### (c) Construction contracts (Note 23) (cont'd)

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

The construction contracts revenue and expenses recognised in the profit or loss are disclosed in Note 5 and Note 6, respectively.

##### (d) Impairment of receivables (Note 22)

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

### 5. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	(Re-presented)			
Contract revenue	3,231	3,533	-	-
Sale of goods	406,967	603,816	-	-
Services	36,924	18,928	-	-
Dividend income from:				
- subsidiaries	-	-	2,500	5,250
- associates	-	-	4,374	10,800
- others	228	282	228	282
	447,350	626,559	7,102	16,332

### 6. COST OF SALES

	Group	
	2015 RM'000	2014 RM'000
	(Re-presented)	
Contract costs	4,313	4,865
Cost of inventories sold	355,296	554,568
Cost of services rendered	21,052	12,156
	380,661	571,589

## NOTES TO THE FINANCIAL STATEMENTS

### 7. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	(Re-presented)			
Interest expense on:				
- Bank borrowings	1,897	4,396	574	1,983
- Obligations under finance leases	144	89	17	21
Interest expense on intercompany advances	-	-	526	506
Others	97	204	-	-
	2,138	4,689	1,117	2,510

### 8. PROFIT BEFORE TAXATION

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	(Re-presented)			
Amortisation of:				
- plantation development expenditure (Note 16)	2,591	2,439	-	-
- intangible assets (Note 21)	118	109	-	-
Auditors' remuneration:				
Statutory audits				
- to the Company's auditors and its other member firms	415	420	110	100
- to other firms of auditors	102	84	-	-
Other services				
- to the Company's auditors	7	8	6	6
- to other firms of auditors	28	22	28	22
Depreciation of:				
- property, plant and equipment (Note 14)	12,795	14,290	1,103	1,074
- investment properties (Note 17)	478	911	72	506
Employee benefits expense (Note 9)	42,333	40,644	6,842	3,553
- continuing operations	37,690	36,209	6,842	3,553
- discontinued operations	4,643	4,435	-	-
Non-executive directors' remuneration (Note 10)	1,399	1,278	926	971
Loss on fair value changes of derivative instruments (Note 32)	21	7	-	-
Provision for liquidated ascertained damages (Note 31)	1,332	1,320	-	-
Provision for litigation (Note 31)	-	842	-	466
Provision for foreseeable loss (Note 23)	9,672	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 8. PROFIT BEFORE TAXATION (CONT'D)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	(Re-presented)			
Allowance for impairment on:				
- trade receivables				
- continuing operations (Note 22)	6,205	232	-	-
- discontinued operations (Note 39)	3,043	-	-	-
- due from subsidiaries (Note 22)	-	-	10,022	598
- investment in subsidiaries	-	-	4,624	71
- property, plant and equipment (Note 44)	45	-	-	-
- inventories	1,007	-	-	-
Property, plant and equipment written off	101	754	-	87
Rental expense on:				
- land and buildings	45	1,189	-	-
- premises	8,403	7,072	68	145
- office equipment	795	419	19	38
- machineries	52	246	-	-
Unrealised loss on foreign exchange	452	1	-	-
Realised gain on foreign exchange	(2,097)	(1,890)	-	-
Forfeiture of deposits payable	-	(300)	-	-
Gain on disposal of property, plant and equipment	(11)	(248)	-	(4)
Gain on disposal of non-current assets held for sale	(8,895)	(2,569)	(8,895)	(1,449)
Inventories written off	-	47	-	-
Interest income	(2,465)	(2,630)	(1,881)	(1,653)
- continuing operations	(2,379)	(2,545)	(1,881)	(1,653)
- discontinued operations	(86)	(85)	-	-
Amortisation of financial guarantees	-	-	(101)	(1,003)
Gain/(Loss) on disposal of subsidiaries	(19,481)	-	40,876	-
Rental income	(1,324)	(1,191)	(490)	(480)
Reversal of provision for litigation (Note 31)	(642)	-	(266)	-
Reversal of provision for liquidated ascertained damages (Note 31)	(1,283)	(4,260)	-	-
Reversal of allowance for impairment on receivables (Note 22)	(112)	(263)	-	-
Reversal of allowance for investment in subsidiaries				
- advances to subsidiaries (Note 18)	-	-	(15,630)	(10,724)
Goodwill income (Note 40)	(9,000)	-	(9,000)	-
Reversal of provision for foreseeable loss (Note 23)	-	(128)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 9. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	34,318	33,397	5,382	2,274
Social security contributions	372	398	30	28
Contributions to defined contribution plans	2,855	2,987	581	564
Other benefits	4,788	3,862	849	687
	42,333	40,644	6,842	3,553

Included in employee benefits expense of the Group and the Company is the Company's executive director's remuneration amounting to RM364,000 (2014: RM963,000).

### 10. DIRECTORS' REMUNERATION

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive Director:				
Salaries and other emoluments	314	720	314	720
Bonus	-	96	-	96
Defined contribution plans	50	147	50	147
Total Executive Director's remuneration excluding benefits-in-kind (Note 9)	364	963	364	963
Estimated money value of benefits-in-kind	32	20	32	20
	396	983	396	983
Non-executive Directors:				
Fees	573	538	431	445
Allowances	826	740	495	526
Total Non-executive Directors' remuneration excluding benefits-in-kind (Note 8)	1,399	1,278	926	971
Estimated money value of benefits-in-kind	141	155	125	155
	1,540	1,433	1,051	1,126

## NOTES TO THE FINANCIAL STATEMENTS

### 10. DIRECTORS' REMUNERATION (CONT'D)

The details of remuneration for the Company's Directors during the year are as follows: (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Total Directors' remuneration excluding benefits in kind</b>	1,763	2,241	1,290	1,934
Estimated money value of benefits-in-kind	173	175	157	175
<b>Total Directors' remuneration</b>	<b>1,936</b>	<b>2,416</b>	<b>1,447</b>	<b>2,109</b>

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	
	2015	2014
Executive Directors:		
RM350,001 - RM400,000	1	-
RM950,001 - RM1,000,000	-	1
Non-executive Directors:		
Below RM50,000	2	-
RM50,001 - RM100,000	2	1
RM100,001 - RM150,000	2	4
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	3	1
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	-	1

## NOTES TO THE FINANCIAL STATEMENTS

### 11. TAXATION

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 31 December 2014 are:

	Group		Company	
	2015 RM'000	2014 RM'000 (Re-presented)	2015 RM'000	2014 RM'000
Malaysian income tax:				
- Current income tax	7,959	6,280	-	-
- (Over)/Under provision in prior years	(134)	186	-	-
Foreign income tax:				
- Overprovision in prior years	-	(144)	-	-
	7,825	6,322	-	-
Deferred tax (Note 24):				
- Origination and reversal of temporary differences	98	959	-	-
- Overprovision in prior years	(473)	(286)	-	-
	(375)	673	-	-
Income tax expense attributable to				
- continuing operations	7,450	6,995	-	-
- discontinued operations (Note 12)	-	1,700	-	-
Tax expenses for the year	7,450	8,695	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit/(loss) for the year.

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

The numerical reconciliations of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(loss) before tax from continuing operations	43,166	10,198	(26,204)	16,750
Profit/(loss) before tax from discontinued operations	(26,641)	2,972	-	-
Accounting profit before taxation	16,525	13,170	(26,204)	16,750

## NOTES TO THE FINANCIAL STATEMENTS

### 11. TAXATION (CONT'D)

The numerical reconciliations of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows: (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	4,131	3,293	(6,551)	4,188
Income not subject to tax	(5,684)	(4,500)	(8,148)	(13,500)
Effect of different tax rate on foreign income tax	-	18	-	-
Effect of expenses not deductible for tax purposes	10,799	10,812	16,667	9,312
Effect on share of results of associate	716	1,813	-	-
Utilisation of deferred tax asset not recognised	(1,905)	(2,497)	(1,968)	-
(Over)/Underprovision of				
Malaysian income tax expense in prior years	(134)	186	-	-
Overprovision of foreign income tax expense in prior years	-	(144)	-	-
Overprovision of deferred tax in prior years	(473)	(286)	-	-
Tax expenses for the year	7,450	8,695	-	-

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

#### Non-current assets held for sale in current year

As of 1 January 2015, the non-current assets held for sale consisted of seven (7) office floors located at Oasis Square, Ara Damansara. The carrying value of these properties was RM24.9 million.

During the financial year, the sales of five (5) of the floors have been completed at a total consideration of RM29.0 million resulting in gain on disposal of RM8.9 million.

Sales of the remaining two (2) floors were aborted and the Company has decided to rent out one (1) floor (Parcel No (301)) and occupy the other floor (Parcel No (3A01)) for own usage. Following this decision, the Company has transferred part of the non-current assets held for sale to investment property with a carrying value of RM3.7 million and the other part to property, plant and equipment with a carrying value of RM3.6 million at year end.

#### Non-current assets held for sale in prior year

- (i) During the previous financial year, the Company had transferred its investment properties to non-current assets held for sale at carrying amount of RM28.5 million in relation to the Group's decision to sell the properties which consist of eight office floors located at Oasis Square, Ara Damansara.
- (ii) As of 31 December 2014, the sale of one of the floors was completed at a consideration of RM5.5 million resulting in gain on disposal of RM1.45 million whilst the sales of the remaining floors were completed in 2015. The carrying value of the properties at the end of the previous year was RM24.9 million.

## NOTES TO THE FINANCIAL STATEMENTS

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

Non-current assets held for sale in prior year (cont'd)

- (iii) The assets of disposal group classified as held for sale as of 31 December 2014 were 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 of 31 December 2014, the subsidiary was in the process of liquidation. The liquidation was completed during the year and the assets of disposal group classified as held for sale were presented as discontinued operations.

The combined results of the discontinued operations included in the profit for the year are set out below. The comparative statement of profit or loss and other comprehensive income from discontinued operations have been represented to include those operations classified as discontinued in the current year.

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

	2015 RM'000	Group 2014 RM'000 (Represented)
Revenue	19,884	49,828
Cost of sales	(31,545)	(37,268)
<b>Gross profit</b>	(11,661)	12,560
Other income	7,132	4,559
Distribution expenses	(484)	(231)
Administrative expenses	(12,938)	(11,464)
Other expenses	(8,342)	(2,092)
Finance cost	(348)	(360)
<b>(Loss)/Profit before taxation from discontinued operations</b>	(26,641)	2,972
Taxation	-	(1,700)
<b>(Loss)/Profit from discontinued operations, net of taxation</b>	(26,641)	1,272

The major classes of assets and liabilities of non-current assets and disposal group classified as held for sale as of 31 December 2015 are as follows:

#### Non-current assets held for sale:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
As of 1 January	24,864	1,993	24,864	-
Transfer from investment properties (Note 17)	-	28,523	-	28,523
Disposal	(17,567)	(5,652)	(17,567)	(3,659)
Transfer to property, plant and equipment (Note 14)	(3,633)	-	(3,633)	-
Transfer to investment properties (Note 17)	(3,664)	-	(3,664)	-
As of 31 December	-	24,864	-	24,864

## NOTES TO THE FINANCIAL STATEMENTS

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

The major classes of assets and liabilities of non-current assets and disposal group classified as held for sale as of 31 December 2015 are as follows: (cont'd)

#### Disposal group classified as held for sale:

	Group	
	2015 RM'000	2014 RM'000
<b>Assets</b>		
Cash and bank balances	-	975
<b>Assets of disposal group classified as held for sale</b>	-	975
<b>Liabilities</b>		
Trade and other payables	-	1
Deferred tax liabilities	-	13
<b>Liabilities of disposal group classified as held for sale</b>	-	14
<b>Net assets of disposal group classified as held for sale</b>	-	961

#### Summarised cash flows of disposal group classified as held for sale

	Group	
	2015 RM'000	2014 RM'000
Net cash generated from operating activities	-	405
Net cash used in financing activities	-	(1,200)
Net decrease in cash and cash equivalents	-	(795)
Cash and cash equivalents at beginning of the year	-	1,770
Cash and cash equivalents at end of the year	-	975

## NOTES TO THE FINANCIAL STATEMENTS

### 13. 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 and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share		
- From continuing operations	34,495	1,022
- From discontinued operations	(26,641)	1,272
Weighted average number of ordinary shares for basic and diluted earnings/(loss) per share computation (in '000)	556,465	556,465
	<b>2015</b>	<b>2014</b>
	<b>Sen</b>	<b>Sen</b>
Basic and diluted earnings/(loss) per share attributable to the owners of the parent		
- From continuing operations	6.20	0.18
- From discontinued operations	(4.79)	0.23
	1.41	0.41



## NOTES TO THE FINANCIAL STATEMENTS

### 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant, office renovation and equipment RM'000		Motor vehicles RM'000	Asset under construction RM'000	Renovation in progress RM'000	Total RM'000
				Plant, office renovation and equipment RM'000	Motor vehicles RM'000				
<b>2014</b>									
<b>Cost</b>									
As of 1 January 2014	11,811	108,974	36,298	213,419	9,345	1,361	2,664	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	-	(844)	(2,635)	-	
Exchange differences	-	-	61	644	5	-	-	710	
As of 31 December 2014	11,811	109,553	36,359	213,485	8,340	20,160	29	399,737	
<b>Accumulated depreciation and impairment</b>									
As of 1 January 2014	-	35,313	8,097	169,645	7,167	-	-	220,222	
Accumulated depreciation	277	16,020	18	9,766	30	-	-	26,111	
Accumulated impairment losses	277	51,333	8,115	179,411	7,197	-	-	246,333	
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	
As of 31 December 2014	-	36,805	8,816	169,770	6,858	-	-	222,249	
Accumulated depreciation	277	15,409	18	9,210	30	-	-	24,944	
Accumulated impairment losses	277	52,214	8,834	178,980	6,888	-	-	247,193	
<b>Net carrying amount</b>	11,534	57,339	27,525	34,505	1,452	20,160	29	152,544	

## NOTES TO THE FINANCIAL STATEMENTS

### 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	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	Total RM'000
<b>2015</b>						
<b>Cost</b>						
As of 1 January 2015	12,109	11,265	5,302	755	29	29,460
Additions	-	-	89	-	86	175
Transfer from non-current assets held for sale (Note 12)	3,633	-	-	-	-	3,633
Reclassification	-	-	115	-	(115)	-
As of 31 December 2015	15,742	11,265	5,506	755	-	33,268
<b>Accumulated depreciation and impairment</b>						
As of 1 January 2015						
Accumulated depreciation	727	2,041	3,158	286	-	6,212
Accumulated impairment losses	-	266	-	-	-	266
	727	2,307	3,158	286	-	6,478
Depreciation charge for the year	314	93	578	118	-	1,103
As of 31 December 2015	1,041	2,134	3,736	404	-	7,315
Accumulated depreciation	-	266	-	-	-	266
Accumulated impairment losses	1,041	2,400	3,736	404	-	7,581
<b>Net carrying amount</b>	14,701	8,865	1,770	351	-	25,687

## NOTES TO THE FINANCIAL STATEMENTS

### 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Factory and buildings RM'000	Leasehold land and equipment RM'000	Plant, office renovation and equipment RM'000	Motor vehicles RM'000	Renovation in progress RM'000	Total RM'000
<b>2014</b>						
<b>Cost</b>						
As of 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)
As of 31 December 2014	12,109	11,265	5,302	755	29	29,460
<b>Accumulated depreciation and impairment</b>						
As of 1 January 2014	485	1,947	5,530	374	-	8,336
Accumulated depreciation	-	266	-	-	-	266
Accumulated impairment losses	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)
As of 31 December 2014	727	2,041	3,158	286	-	6,212
Accumulated depreciation	-	266	-	-	-	266
Accumulated impairment losses	727	2,307	3,158	286	-	6,478
<b>Net carrying amount</b>	11,382	8,958	2,144	469	29	22,982

## NOTES TO THE FINANCIAL STATEMENTS

### 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Assets under construction

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

#### Assets held under hire purchase

During the financial year, the Group acquired motor vehicles with an aggregate cost of RMNil (2014: RM235,000) by means of hire purchase. The cash outflow on acquisition of property, plant and equipment by the Group amounted to RMNil (2014: RM35,000).

The carrying amount of assets held under hire purchase of the Group and of the Company at the reporting date were RM1,138,000 and RM351,000 (2014: RM1,694,000 and RM422,000) respectively.

#### Assets pledged as security

At 31 December 2015, freehold land and factory and buildings of the Group and Company with net carrying amount of RM45,583,000 and RM14,701,000 (2014: RM67,971,000 and RM11,382,000) are pledged to banks as securities for borrowings as disclosed in Note 30.

### 15. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2015 RM'000	2014 RM'000
<b>At cost</b>		
As of 1 January	11,825	11,824
Additions	2	1
As of 31 December	11,827	11,825
<b>Accumulated impairment losses</b>		
As of 1 January/31 December	7,215	7,215
<b>Net carrying amount</b>	4,612	4,610

Land held for property development of the Group with net carrying amount of RM4,388,000 (2014: RM4,388,000) is pledged as security for borrowings as disclosed in Note 30.

## NOTES TO THE FINANCIAL STATEMENTS

### 16. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2015 RM'000	2014 RM'000
<b>At cost</b>		
As of 1 January	76,895	71,917
Additions	5,275	4,978
As of 31 December	82,170	76,895
<b>Accumulated amortisation</b>		
As of 1 January	28,677	26,238
Amortisation for the year recognised in cost of sales	2,591	2,439
As of 31 December	31,268	28,677
<b>Net carrying amount</b>	50,902	48,218

### 17. INVESTMENT PROPERTIES

Group	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
<b>2015</b>			
<b>Cost</b>			
As of 1 January	16,565	1,222	17,787
Transfer from non-current assets held for sale (Note 12)	3,664	-	3,664
As of 31 December	20,229	1,222	21,451
<b>Accumulated depreciation and impairment losses</b>			
As of 1 January			
Accumulated depreciation	8,776	617	9,393
Accumulated impairment losses	211	-	211
	8,987	617	9,604
Depreciation for the year	394	84	478
As of 31 December			
Accumulated depreciation	9,170	701	9,871
Accumulated impairment losses	211	-	211
	9,381	701	10,082
<b>Net carrying amount</b>	10,848	521	11,369
<b>Fair value</b>	23,500	5,644	29,144

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INVESTMENT PROPERTIES (CONT'D)

Group	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
<b>2014</b>			
<b>Cost</b>			
As of 1 January	16,565	31,462	48,027
Transfer to non-current assets held for sale (Note 12)	-	(30,240)	(30,240)
As of 31 December	16,565	1,222	17,787
<b>Accumulated depreciation and impairment losses</b>			
As of 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 non-current assets held for sale	-	(1,717)	(1,717)
As of 31 December			
Accumulated depreciation	8,776	617	9,393
Accumulated impairment losses	211	-	211
	8,987	617	9,604
<b>Net carrying amount</b>	7,578	605	8,183
<b>Fair value</b>	22,920	5,000	27,920

Company	Freehold buildings RM'000
<b>2015</b>	
<b>Cost</b>	
As of 1 January	-
Transfer from non-current assets held for sale (Note 12)	3,664
As of 31 December	3,664
<b>Accumulated depreciation</b>	
As of 1 January	-
Depreciation for the year	72
As of 31 December	72
<b>Net carrying amount</b>	3,592
<b>Fair value</b>	5,500

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INVESTMENT PROPERTIES (CONT'D)

Company	Freehold buildings RM'000
<b>2014</b>	
<b>Cost</b>	
As of 1 January	30,240
Transfer to non-current assets held for sale (Note 12)	(30,240)
As of 31 December	-
<b>Accumulated depreciation</b>	
As of 1 January	1,211
Depreciation for the year	506
Transfer to non-current assets held for sale (Note 12)	(1,717)
As of 31 December	-
<b>Net carrying amount</b>	-
<b>Fair value</b>	-

The following were recognised in profit or loss in respect of investment properties:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Rental income	2,461	2,461	-	-
Direct operating expenses	1,987	2,043	-	-

Valuation of investment properties

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fair value measurement using significant observable inputs (Level 3)</b>				
Investment properties carried at cost	36,000	27,920	5,500	-

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

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INVESTMENT PROPERTIES (CONT'D)

#### Investment Properties pledged as security

Freehold buildings of the Company with net carrying amount of RM3,592,000 (2014: RM36,246,000), are pledged as security for borrowings as disclosed in Note 30.

#### Transfer to investment properties

During the financial year 2015, the Company transferred a parcel of an office building that was held as non-current asset held for sale to investment properties in view of the Group's decision to rent out the property.

#### Transfer to assets held for sale

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

### 18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	260,014	328,158
Less: Accumulated impairment losses	(53,987)	(85,350)
	206,027	242,808
Advances to subsidiaries (c)	275,255	289,062
Less: Accumulated impairment losses	(267,371)	(283,001)
	7,884	6,061
Financial guarantees (d)	10,397	16,005
Less: Accumulated impairment losses	(3,113)	-
	7,284	16,005
	221,195	264,874

A list of the subsidiaries is shown in Note 41.

Movement in impairment account for unquoted shares:

	Company	
	2015 RM'000	2014 RM'000
As of 1 January	85,350	85,350
Charge for the year	1,511	-
Disposal of a subsidiary	(32,874)	-
As of 31 December	53,987	85,350

## NOTES TO THE FINANCIAL STATEMENTS

### 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Movement in impairment account for advances to subsidiaries:

	Company	
	2015 RM'000	2014 RM'000
As of 1 January	283,001	293,654
Charge for the year	-	71
Reversal of allowance for impairment on advances to subsidiaries	(15,630)	(10,724)
As of 31 December	267,371	283,001

#### (a) Transactions during the year

##### Share sale agreement

- (i) The Company has on 7 December 2015 entered into a Share Sale Agreement ("Agreement") with Dynacorp Asset Management (M) Sdn. Bhd. for the disposal of 30,000,000 units ordinary shares of RM1.00 each representing 100% of the issued and paid up capital of KUB Builders Sdn. Bhd. ("KUBB") at a consideration of RM2.00. Upon the completion of the disposal which was on the same date, KUBB ceased to be a subsidiary of the Company.
- (ii) The Company wholly-owned subsidiary, Restoran Kualiti Sdn. Bhd. (RKSB") and A&W (Malaysia) Sdn. Bhd. ("AWM"), a wholly-owned subsidiary of RKSB has on 4 December 2015 entered into a Share Purchase Agreement with Miss Kulpavee Chalermmeateewong for the transfer of 618,000 units of shares (inclusive of preference shares held by individual shareholders) representing 88.29% of the issued and paid up capital of A&W Restaurants (Thailand) Co. Ltd ("AWT") at a total consideration of RM3,687,500. Upon the completion of the disposal on 21 December 2015, AWT ceased to be a subsidiary of the Company.

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

##### Share sale agreement

- (i) 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 the transfer of shares was completed on 15 June 2014.
- (ii) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

##### Increase in investment in subsidiaries

- (i) 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.

- (ii) On 24 December 2014, the Company entered into a 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.

##### 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.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

#### (e) Material non-controlling interests

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

Name of subsidiary	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
KUB Sepadu Sdn Bhd	1,706	2,065	18,258	16,952

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

Summarised financial information in respect of each of the Group's subsidiary 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 statement of financial position

	2015 RM'000	2014 RM'000
Current assets	4,871	5,360
Non-current assets	53,753	51,164
<b>Total assets</b>	<b>58,624</b>	<b>56,524</b>
Current liabilities	4,338	5,803
Non-current liabilities	6,867	6,566
<b>Total liabilities</b>	<b>11,205</b>	<b>12,369</b>
<b>Equity</b>	<b>47,419</b>	<b>44,155</b>

##### (ii) Summarised statement of comprehensive income

	2015 RM'000	2014 RM'000
Revenue	20,045	19,584
Profit for the year	4,264	5,167

## NOTES TO THE FINANCIAL STATEMENTS

### 18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

#### (e) Material non-controlling interests (cont'd)

##### KUB Sepadu Sdn. Bhd.: (cont'd)

##### (iii) Summarised statement of cash flows

	2015 RM'000	2014 RM'000
Net cash inflows from operating activities	8,418	7,151
Net cash outflows from investing activities	(5,151)	(5,129)
Net cash outflows from financing activities	(3,063)	(3,192)
Net cash inflows/(outflows)	204	(1,170)

### 19. INVESTMENT IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	29,652	29,652	27,822	27,822
Share of post-acquisition reserves	19,295	14,117	-	-
	48,947	43,769	27,822	27,822
Less: Accumulated impairment losses	(20,653)	(20,653)	(18,822)	(18,822)
	28,294	23,116	9,000	9,000

A list of the associates is shown in Note 41.

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 statement of financial position

	2015 RM'000	2014 RM'000
Current assets	34,792	35,676
Non-current assets	109,154	97,778
Total assets	143,946	133,454
Current liabilities	26,278	31,599
Non-current liabilities	46,934	41,307
Total liabilities	73,212	72,906

## NOTES TO THE FINANCIAL STATEMENTS

### 19. INVESTMENT IN ASSOCIATES (CONT'D)

#### KUB-Berjaya Enviro Sdn. Bhd.: (cont'd)

(ii) Summarised statement of comprehensive income

	2015 RM'000	2014 RM'000
Revenue	74,598	37,649
Profit for the year	21,119	16,880
Dividend received from the associate during the year	4,374	10,800

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

	2015 RM'000	2014 RM'000
Net assets as of 1 January	57,789	67,909
Profit for the year	21,119	16,880
Less: Dividend for the year	(10,935)	(27,000)
Net assets as of 31 December	67,973	57,789
Other adjustments	2,761	-
	70,734	57,789
Interest in associate	40%	40%
Carrying value of Group's interest in associates	28,294	23,116

(iv) There are no financial information available for the associates that are not individually material as of 31 December 2015. These associates are dormant companies and the Group and Company have fully impaired the carrying amount for these associates in the financial statements.

### 20. OTHER INVESTMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Available-for-sale financial investments</b>				
<b>Non-current</b>				
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

## NOTES TO THE FINANCIAL STATEMENTS

### 20. OTHER INVESTMENTS (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At market value:				
Quoted shares in Malaysia	4,326	4,311	4,326	4,311
Total other investments	4,466	4,451	4,466	4,451

Available-for-sale financial investments are stated at fair value, except for unquoted shares which are continued to be carried at cost less impairment losses.

### 21. INTANGIBLE ASSETS

Group	Goodwill RM'000	Initial fees RM'000	Development costs RM'000	Total RM'000
<b>2015 Cost</b>				
As of 1 January 2015	103,653	4,123	330	108,106
Addition	-	470	-	470
Disposal of subsidiaries	(32,367)	(710)	-	(33,077)
As of 31 December 2015	71,286	3,883	330	75,499
<b>Accumulated amortisation and impairment losses</b>				
As of 1 January 2015				
Accumulated amortisation	-	2,140	96	2,236
Accumulated impairment losses	103,653	1,438	234	105,325
	103,653	3,578	330	107,561
Amortisation for the year recognised in other expenses	-	118	-	118
Disposal of subsidiaries	(32,367)	(631)	-	(32,998)
As of 31 December 2015				
Accumulated amortisation	-	2,258	96	2,354
Accumulated impairment losses	71,286	807	234	72,327
	71,286	3,065	330	74,681
<b>Net carrying amount</b>	-	818	-	818
<b>2014 Cost</b>				
As of 1 January 2014	103,653	4,076	330	108,059
Exchange difference	-	47	-	47
As of 31 December 2014	103,653	4,123	330	108,106

## NOTES TO THE FINANCIAL STATEMENTS

### 21. INTANGIBLE ASSETS (CONT'D)

Group	Goodwill RM'000	Initial fees RM'000	Development costs RM'000	Total RM'000
<b>2014 (cont'd)</b>				
<b>Accumulated amortisation and impairment losses</b>				
As of 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
As of 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
<b>Net carrying amount</b>				
	-	545	-	545

#### (a) Goodwill

During the financial year, goodwill associated with KUB Builders Sdn. Bhd. and A&W Restaurants (Thailand) Co Ltd which amounting to RM12,401,000 and RM19,966,000 respectively were eliminated as a result of disposal of the subsidiaries as stated in Note 18 (a) (i) and (ii).

#### (b) Initial fees

The restaurant's initial franchise fees are related to fees charged by the franchise holder for new outlets opened during the year. During the financial year, initial fees associated with A&W Restaurants (Thailand) Co Ltd which amounting to RM710,000 was eliminated as a result of disposal of the subsidiary as stated in Note 18 (a) (ii).

#### (c) Development costs

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

### 22. AMOUNT DUE FROM SUBSIDIARIES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>				
Due from subsidiaries (a)	-	-	25,876	5,010
Less: Allowance for impairment losses	-	-	(12,626)	(2,604)
As of 31 December	-	-	13,250	2,406

## NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current Trade</b>				
Due from customers on contract (Note 23)	-	28,607	-	-
Trade receivables (b)	41,110	57,348	-	-
Less: Allowance for impairment losses	(21,660)	(18,350)	-	-
	19,450	38,998	-	-
	19,450	67,605	-	-
<b>Non-trade</b>				
Other receivables (c)	10,295	15,339	1,486	3,133
Less: Allowance for impairment losses	(1,974)	(3,273)	-	-
	8,321	12,066	1,486	3,133
Government subsidy receivable	24,518	10,918	-	-
Deposits and prepayments	9,226	11,478	482	790
	42,065	34,462	1,968	3,923
	61,515	102,067	1,968	3,923
Total trade and other receivables (current and non-current)	61,515	102,067	15,218	6,329
Add: Cash and bank balances (Note 26)	105,150	125,061	10,960	4,922
Less: Deposits and prepayments	(9,226)	(11,478)	(482)	(790)
Total loans and receivables	157,439	215,650	25,696	10,461

#### (a) Amount due from subsidiaries

The amount due from subsidiaries is unsecured, bears interest at the market Base Lending Rate ("BLR") of 6.85% (2014: 6.85%) per annum.

Movement in allowance accounts:

	Company	
	2015 RM'000	2014 RM'000
As of 1 January	2,604	2,006
Charge for the year (Note 8)	10,022	598
As of 31 December	12,626	2,604

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (b) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2014: 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	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	8,683	20,782
1 to 30 days past due not impaired	4,844	4,436
31 to 60 days past due not impaired	662	18
61 to 90 days past due not impaired	259	258
91 to 120 days past due not impaired	489	131
More than 121 days past due not impaired	4,513	13,373
Past due but not impaired	10,767	18,216
Impaired	19,450	38,998
	21,660	18,350
	41,110	57,348

#### 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 RM9,503,000 (2014: RM15,442,000) which are recoverable based on the creditworthiness of these debtors.

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Group	Individually impaired	
	2015 RM'000	2014 RM'000
Trade receivables - nominal amounts	21,660	18,350
Less: Allowance for impairment	(21,660)	(18,350)
	-	-

## NOTES TO THE FINANCIAL STATEMENTS

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

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

Movement in allowance accounts:

	Group	
	2015 RM'000	2014 RM'000
As of 1 January	18,350	18,324
Charge for the year (Note 8)	6,205	232
Written off during the year	(13)	-
Written back during the year (Note 8)	(112)	(206)
Disposal of a subsidiary	(2,770)	-
As of 31 December	21,660	18,350

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	
	2015 RM'000	2014 RM'000
As of 1 January	3,273	3,685
Written off during the year	(1,299)	(355)
Written back during the year (Note 8)	-	(57)
As of 31 December	1,974	3,273

## NOTES TO THE FINANCIAL STATEMENTS

### 23. DUE FROM CUSTOMERS ON CONTRACT

	Group	
	2015 RM'000	2014 RM'000
Construction costs incurred to date	234,251	1,130,618
Attributable profits to date	22,532	46,807
	256,783	1,177,425
Provision for foreseeable loss	(11,315)	(1,643)
Progress billings to date	(247,123)	(1,147,175)
	(1,655)	28,607
Analysed as:		
Due from customers on contract (Note 22)	-	28,607
Due to customers on contract (Note 31)	(1,655)	-
Retention sum on contracts included within trade receivables	4,740	12,556

Construction contracts revenue and costs are disclosed in Notes 5 and 6 respectively.

Movement in provision for foreseeable loss account:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	1,643	1,771
Provision/(reversal) for the year (Note 8)	9,672	(128)
At 31 December	11,315	1,643

### 24. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
As of 1 January	4,239	1,866	-	-
Recognised in profit or loss (Note 11)	(375)	2,373	-	-
Disposal of subsidiaries	5,316	-	-	-
As of 31 December	9,180	4,239	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 24. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(3,202)	(9,469)	-	-
Deferred tax liabilities	12,382	13,708	-	-
- continued operation	12,382	13,695	-	-
- discontinued operation	-	13	-	-
	9,180	4,239	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
As of 1 January 2014	13,458
Recognised in profit or loss	250
As of 31 December 2014/ 1 January 2015	13,708
Recognised in profit or loss	(1,109)
Disposal of subsidiaries	(217)
At 31 December 2015	12,382

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
As of 1 January 2014	(8,612)	(2,647)	(333)	(11,592)
Recognised in profit or loss	241	242	1,640	2,123
As of 31 December 2014/1 January 2015	(8,371)	(2,405)	1,307	(9,469)
Recognised in profit or loss	421	329	(16)	734
Disposal of subsidiaries	4,887	-	646	5,533
As of 31 December 2015	(3,063)	(2,076)	1,937	(3,202)

## NOTES TO THE FINANCIAL STATEMENTS

### 24. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	75,769	82,310	19,597	27,470
Unabsorbed capital allowances	39,307	26,053	3,667	3,667
Other deductible temporary difference	4,930	19,263	-	-
	120,006	127,626	23,264	31,137

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.

### 25. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
<b>At cost:</b>		
Raw materials and consumables	9,397	5,379
Contract work-in-progress	-	4,785
Finished goods	2,578	3,465
Parts and components	459	1,624
	12,434	15,253
<b>At net realisable value:</b>		
Raw materials and consumables	180	114
	12,614	15,367

### 26. CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash on hand and at banks	30,475	36,643	41	616
Deposits with licensed banks	74,675	88,418	10,919	4,306
	105,150	125,061	10,960	4,922

## NOTES TO THE FINANCIAL STATEMENTS

### 26. CASH AND BANK BALANCES (CONT'D)

Included in cash at banks of the Group is an amount of RM6,283 (2014: RM6,149) 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 RM26,361,000 (2014: RM38,716,000) which has been pledged as securities for borrowings of the Group as disclosed in Note 30.

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash on hand and at banks	105,150	125,061	10,960	4,922
Deposits pledged with licensed banks	(26,361)	(38,716)	-	-
Bank overdrafts (Note 30)	(4,064)	(9,761)	-	-
	74,725	76,584	10,960	4,922

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

	Group		Company	
	2015	2014	2015	2014
WAEIR (%)	3.0	3.3	3.2	3.3
Average remaining maturities (days)	107	199	9	9

### 27. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
<b>Authorised:</b>				
At 1 January/31 December	2,500,000	2,500,000	1,000,000	1,000,000
<b>Issued and fully paid:</b>				
At 1 January/31 December	556,465	556,465	222,586	222,586
Par value (RM) per share	0.40	0.40		

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. RESERVES

#### (a) Capital reserve

	Group	
	2015 RM'000	2014 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fair value adjustment reserve	2,309	2,294	2,309	2,294

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

#### (d) Translation reserve

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Translation reserve	-	432	-	-

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. RESERVES (CONT'D)

#### (e) Merger reserve

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Premium paid on acquisition of non-controlling interest	(1,831)	(10,079)	-	-

Net 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.

In 2014, 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 18(b)(i)).

During the year, the Company entered into a Share Sale Agreement with Dynacorp Asset Management (M) Sdn. Bhd. for the disposal of 100% of the issued and paid up capital of KUB Builders Sdn. Bhd.. The amount of premium paid on acquisition of non-controlling interest amounting RM8,248,000 has been realised in retained earnings (Note 18 (a)(i)).

### 29. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 and 31 December 2014 under the single tier system.

### 30. BORROWINGS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Long-term borrowings</b>				
<b>Secured</b>				
Term loans	47,315	37,448	2,650	16,300
Hire purchase payables (a)	801	1,395	208	332
Finance lease liabilities (a)	-	1,090	-	-
	48,116	39,933	2,858	16,632

## NOTES TO THE FINANCIAL STATEMENTS

### 30. BORROWINGS (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Short-term borrowings</b>				
<b>Secured</b>				
Term loans	3,348	6,630	1,650	1,650
Trust receipts	1,007	400	-	-
Hire purchase payables (a)	375	544	115	90
Finance lease liabilities (a)	-	1,812	-	-
Bank overdrafts	4,064	9,761	-	-
	8,794	19,147	1,765	1,740
<b>Total borrowings</b>				
Term loans	50,663	44,078	4,300	17,950
Trust receipts	1,007	400	-	-
Hire purchase payables (a)	1,176	1,939	323	422
Finance lease liabilities (a)	-	2,902	-	-
Bank overdrafts (Note 26)	4,064	9,761	-	-
	56,910	59,080	4,623	18,372

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

	Group		Company	
	2015 WAEIR %	2014 WAEIR %	2015 WAEIR %	2014 WAEIR %
Term loans	5.00 – 7.85	4.01 – 8.35	7.05	7.05
Trust receipts	4.85 – 8.00	9.10	-	-
Finance lease liabilities	-	1.23 – 2.45	-	-
Hire Purchase	2.32 – 3.70	2.32 – 3.14	2.32	2.32
Bank overdrafts	8.60	8.10 – 8.60	-	-

The secured term loans, bank overdrafts 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 14, 15, 17 and 26.

## NOTES TO THE FINANCIAL STATEMENTS

### 30. BORROWINGS (CONT'D)

#### (a) Hire purchase payables and finance lease liabilities

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Future minimum hire purchase payables and finance lease liabilities</b>				
Not later than 1 year	415	2,424	115	95
Later than 1 year and not later than 2 years	524	1,826	115	115
Later than 2 years and not later than 5 years	379	817	115	242
Total future minimum lease payments	1,318	5,067	345	452
Less: Future finance charges	(142)	(226)	(22)	(30)
	1,176	4,841	323	422
<b>Analysis of present value of hire purchase payables and finance lease liabilities</b>				
Not later than 1 year	377	2,356	115	90
Later than 1 year and not later than 2 years	484	1,760	113	98
Later than 2 years and not later than 5 years	315	725	95	234
	1,176	4,841	323	422
Less: Due within 12 months	(375)	(2,356)	(115)	(90)
Due after 12 months	801	2,485	208	332

### 31. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>				
<b>Trade payables:</b>				
Trade payables (a)	42,010	84,354	-	-
Amount due to customer (Note 23)	1,655	-	-	-
	43,665	84,354	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31. TRADE AND OTHER PAYABLES (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-trade payables:</b>				
Refundable deposits	33,482	33,083	10	2,330
Provisions (b)	1,789	2,582	-	466
Financial guarantees (c)	-	-	-	101
Other payables	25,170	44,314	9,206	15,560
	60,441	79,979	9,216	18,457
	104,106	164,333	9,216	18,457
Total trade and other payables	102,317	161,751	9,216	17,991
Add: Borrowings (Note 30)	56,910	59,080	4,623	18,372
Total financial liabilities carried at amortised cost	159,227	220,831	13,839	36,363

#### (a) Trade payables

These amounts are non-interest bearing and normally settled between 60 to 90 days (2014: 60 to 90 days) terms.

#### (b) Provisions

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

Group	Provision for litigation RM'000	Provision for liquidated ascertained damages RM'000	Total RM'000
As of 1 January 2014	1,563	4,680	6,243
Additional provision (Note 8)	842	1,320	2,162
Reversal of provision (Note 8)	-	(4,260)	(4,260)
Utilisation of provision	(1,563)	-	(1,563)
As of 31 December 2014/1 January 2015	842	1,740	2,582
Additional provision (Note 8)	-	1,332	1,332
Reversal of provision (Note 8)	(642)	(1,283)	(1,925)
Utilisation of provision	(200)	-	(200)
As of 31 December 2015	-	1,789	1,789

## NOTES TO THE FINANCIAL STATEMENTS

### 31. TRADE AND OTHER PAYABLES (CONT'D)

#### (b) Provisions (cont'd)

Company	Provision for litigation RM'000	Total RM'000
As of 1 January 2014	-	-
Additional provision (Note 8)	466	466
As of 31 December 2014/1 January 2015	466	466
Reversal of provision (Note 8)	(266)	(266)
Utilisation of provision	(200)	(200)
As of 31 December 2015	-	-

#### 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 and the Company have 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 18(d) less cumulative amortisation recognised in profit or loss since prior years.

### 32. DERIVATIVES

Group	2015		2014	
	Contract/ notional amount RM'000	Fair value of derivative liabilities RM'000	Contract/ notional amount RM'000	Fair value of derivative liabilities RM'000
<b>Current</b>				
Forward currency contracts	10,160	21	1,969	7

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 32. DERIVATIVES (CONT'D)

Forward currency contracts are used to hedge the Group's purchases denominated in United States Dollar (USD) for which firm commitments existed at the reporting date, extending to January 2016.

During the financial year, the Group recognised a loss of RM21,048 (2014: loss of RM7,185) arising from fair value changes of derivatives as of reporting date. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

### 33. COMMITMENTS

#### (a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Approved and contracted for:</b>				
Property, plant and equipment	49,751	30,932	203	1,235
<b>Approved but not contracted for:</b>				
Property, plant and equipment	13,365	21,022	26	1,045
	63,116	51,954	229	2,280

#### (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 2015 amounted to RM8,403,000 (2014: RM7,072,000).

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Not later than 1 year	3,943	2,480	-	-
Later than 1 year and not later than 5 years	7,755	2,525	-	-
Later than 5 years	3,792	-	-	-
	15,490	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.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. COMMITMENTS (CONT'D)

#### (c) Operating lease commitments - as lessor (cont'd)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Not later than 1 year	2,895	2,042	-	-
Later than 1 year and not later than 5 years	4,493	1,625	-	-
Later than 5 years	324	1,202	-	-
	7,712	4,869	-	-

### 34. RELATED PARTY DISCLOSURES

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

	Company	
	2015 RM'000	2014 RM'000
Dividend income from subsidiaries	6,874	16,050
Interest income from subsidiaries	1,625	1,394
Rental income from a subsidiary	480	480
Internal audit fee charged to subsidiaries	33	118
IT services rendered by a subsidiary	(195)	(165)
Interest expense charged by subsidiaries	(526)	(506)

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).

## NOTES TO THE FINANCIAL STATEMENTS

### 34. RELATED PARTY DISCLOSURES (CONT'D)

- (b) The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2015 and 31 December 2014 are disclosed in Notes 18 and 22.

- (c) Remuneration of key management personnel other than Directors:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Other key management personnel</b>				
Short-term employee benefits:				
- salaries, bonuses and wages	3,139	2,826	1,180	1,133
Post-employment benefits:				
- defined contribution plan	334	319	142	136
	3,473	3,145	1,322	1,269

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

Details of the Company's Directors remuneration for the Group and of the Company are disclosed in Note 10. Other key management personnel includes persons other than the Directors within the Group.

- (d) 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:

Group	2015		2014	
	Transactions amount for year ended 31 December RM'000	Net balance outstanding as of 31 December RM'000	Transactions amount for year ended 31 December RM'000	Net balance outstanding as of 31 December RM'000
<b>Sales of precast products</b>				
Other related parties:				
- JEKS Engineering Sdn. Bhd.	-	-	3,743	3,060
- JEKS Engineering Pte. Ltd.	-	-	349	27

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 34. RELATED PARTY DISCLOSURES (CONT'D)

- (d) Other significant related party transactions (cont'd)

On 15 June 2014, KUB Malaysia Berhad 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.

- (e) Transaction between the Group and the Company with a company/firm in which certain Director is a common Director or a partner:

Group	2015		2014	
	Transactions amount for year ended 31 December RM'000	Net balance outstanding as of 31 December RM'000	Transactions amount for year ended 31 December RM'000	Net balance outstanding as of 31 December RM'000
<b>Hafarizam, Wan &amp; Aisha Mubarak*</b>				
Provision of legal services	-	-	294	-
<b>Company</b>				
<b>Putrade Property Management Sdn Bhd.**</b>				
Rental of venue and provision of food and beverages	93	-	-	-
<b>Zul Rafique &amp; Partners***</b>				
Provision of legal services	159	-	-	-

\* a firm in which Datuk Mohd Hafarizam Harun is a partner.

\*\* a company in which Datuk Mohd Hafarizam Harun is a common Director.

\*\*\* a firm in which Tunku Alizan Raja Muhammad Alias is a partner.

### 35. DISPOSAL OF SUBSIDIARIES

On 7 December 2015 the Group disposed off, KUB Builders Sdn. Bhd. and on 21 December 2015, A&W Restaurant (Thailand) Co. Ltd which were previously the subsidiary of the Group as disclosed in Note 18 (a).

#### 35.1 Consideration received

	Group	
	2015 RM'000	2014 RM'000
Consideration received in cash and cash equivalents (net of adjustment)	3,056	-

## NOTES TO THE FINANCIAL STATEMENTS

### 35. DISPOSAL OF SUBSIDIARIES (CONT'D)

#### 35.2 Analysis of assets and liabilities over which control was lost

	Group	
	2015 RM'000	2014 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	6,946	-
Deferred tax assets	5,316	-
Intangible assets	79	-
	12,341	-
<b>Current assets</b>		
Inventories	444	-
Trade and other receivables	1,329	-
Amount due from holding company	5,727	-
Cash and bank balances	20,035	-
	27,535	-
Total assets	39,876	-
<b>Current liabilities</b>		
Provision for tax	38	-
Borrowings	2,066	-
Amount due to related company	202	-
Trade and other payables	53,995	-
Total current liabilities	56,301	-
Net liabilities disposed off	(16,425)	-

#### 35.3 Gain on disposal of subsidiaries

	Group	
	2015 RM'000	2014 RM'000
Consideration received	3,056	-
Net liabilities disposed off	16,425	-
Gain on disposal	19,481	-

#### 35.4 Net cash inflow/(outflow) on disposal of subsidiaries

	Group	
	2015 RM'000	2014 RM'000
Consideration received in cash and cash equivalents	3,056	-
Less: Cash and cash equivalent balances disposed off	(20,035)	-
	(16,979)	-

## NOTES TO THE FINANCIAL STATEMENTS

### 36. 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
<b>Group</b>					
<b>As of 31 December 2015</b>					
<b>Financial asset:</b>					
Available-for-sale investments					
- Quoted investments	20	4,326	-	-	4,326
<b>Financial liability:</b>					
Derivatives - Forward currency contracts	32	-	21	-	21
<b>As of 31 December 2014</b>					
<b>Financial asset:</b>					
Available-for-sale investments					
- Quoted investments	20	4,311	-	-	4,311
<b>Financial liability:</b>					
Derivatives - Forward currency contracts	32	-	7	-	7

#### 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 2015 and 2014.

## NOTES TO THE FINANCIAL STATEMENTS

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

- (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	2015		2014	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Group</b>					
<b>Financial liabilities:</b>					
Borrowings (non-current)					
- Term loans	30	47,315	37,494	37,448	30,053
- Hire purchase payables	30	801	776	1,395	1,176
- Finance lease liabilities	30	-	-	1,090	1,073
<b>Company</b>					
<b>Financial liabilities:</b>					
Borrowings (non-current)					
- Term loans	30	2,650	2,477	16,300	15,234
- Hire purchase payables	30	208	204	332	324

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 9.10% (2014 : 2.32% to 10.6%). These rates reflects the issuer's borrowing rate as of the end of the reporting period.

- (c) **Determination of fair value**

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

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

	Note
Trade and other receivables (current)	22
Due from subsidiaries (non-current)	22(a)
Trade and other payables (current)	31

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Determination of fair value (cont'd)

##### Derivatives

Forward currency contracts are valued using valuation obtained from counterparties.

##### Financial guarantees

Fair value is determined based on differential interest rate method.

##### Quoted equity instruments

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

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors reviews and agrees 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.

#### (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 RM25,696,000 (2014: RM10,461,000) 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 RM3,008,000 and RM4,746,000 (2014: RM17,311,000 and RM12,936,000 ) representing 6% and 8% (2014: 12% and 18%) of the Group's total net trade receivables, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (b) Liquidity risk

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

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

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	← Group →			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
<b>As of 31 December 2015</b>				
<b>Financial liabilities:</b>				
Trade and other payables	102,317	-	-	102,317
Borrowings	9,868	52,707	13,451	76,026
<b>Total undiscounted financial liabilities</b>	<b>112,185</b>	<b>52,707</b>	<b>13,451</b>	<b>178,343</b>
<b>As of 31 December 2014</b>				
<b>Financial liabilities:</b>				
Trade and other payables	161,751	-	-	161,751
Borrowings	19,147	44,756	9,652	73,555
<b>Total undiscounted financial liabilities</b>	<b>180,898</b>	<b>44,756</b>	<b>9,652</b>	<b>235,306</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (b) Liquidity risk (cont'd)

	← Company →			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As of 31 December 2015</b>				
<b>Financial liabilities:</b>				
Trade and other payables	9,216	-	-	9,216
Borrowings	2,016	3,054	-	5,070
Total undiscounted financial liabilities	11,232	3,054	-	14,126
<b>As of 31 December 2014</b>				
<b>Financial liabilities:</b>				
Trade and other payables	18,457	-	-	18,457
Borrowings	2,355	17,079	-	19,434
Total undiscounted financial liabilities	20,812	17,079	-	37,891

\* 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.

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 26 and 30 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (c) Interest rate risk (cont'd)

##### 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 RM142,000 (2014: RM148,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk 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 32. The Board is of the opinion that the unhedged foreign currencies exposures are minimal and can be efficiently managed.

The amounts of trade payables denominated in foreign currencies as at the reporting date is as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables hedged using forward currency contracts	10,160	1,969
Unhedged trade payables	5,466	4,202
	<b>15,626</b>	<b>6,171</b>

##### 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 RM273,000 (2014:RM210,000.)

## NOTES TO THE FINANCIAL STATEMENTS

### 38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, return capital to shareholders, adjust the dividend payment to shareholders or obtain funding through external borrowings. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

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	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Borrowings - long-term	30	48,116	39,933	2,858	16,632
Borrowings - short-term	30	8,794	19,147	1,765	1,740
Trade payables	31	43,665	84,354	-	-
Other payables	31	25,170	44,314	9,206	15,560
<b>Total debts</b>		<b>125,745</b>	<b>187,748</b>	<b>13,829</b>	<b>33,932</b>
Equity attributable to the owners of the parent		277,153	269,716	276,279	302,468
Less: Fair value adjustment reserve		(2,309)	(2,294)	(2,309)	(2,294)
Merger reserve		(11,147)	(11,147)	-	-
Translation reserve		-	(432)	-	-
<b>Total capital</b>		<b>263,697</b>	<b>255,843</b>	<b>273,970</b>	<b>300,174</b>
<b>Capital and total debts</b>		<b>389,442</b>	<b>443,591</b>	<b>287,799</b>	<b>334,106</b>
Gearing ratio, computed based on					
Long-term debts		12%	9%	1%	5%
Short-term debts		20%	33%	4%	5%
Total debts		32%	42%	5%	10%

## NOTES TO THE FINANCIAL STATEMENTS

### 39. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has eight 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) Engineering and construction ("EC")
  - Manufacturing and trading of precasted concrete slabs and elements.
- vi) Properties
  - Management of residential and commercial properties.
- vii) Power/Oil & Gas ("O&G")
  - Engineering and civil works in the power sectors.
- viii) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 39. SEGMENT INFORMATION (CONT'D)

#### (a) Business segments

As of 31 December 2015	ICT	Energy	Agro	Food	EC	Properties	Power/ O&G	Adjustments and Others eliminations		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>										
External sales	36,583	305,590	39,071	44,990	15,196	2,461	3,231	228	-	447,350
Inter-segment sales	238	-	-	92	1,304	-	-	19,374	(21,008)	-
Total revenue	36,821	305,590	39,071	45,082	16,500	2,461	3,231	19,602	(21,008)	447,350
<b>Results</b>										
Profit/(Loss) from operations	7,171	11,463	11,791	2,149	(6,150)	(152)	(21,583)	28,684	-	33,373
Interest income	319	941	598	-	-	13	121	387	-	2,379
Finance costs	(254)	(85)	(308)	(38)	(686)	(2)	(144)	(621)	-	(2,138)
Share of results of associates	-	-	-	-	-	-	-	9,552	-	9,552
Profit/(Loss) before tax	7,236	12,319	12,081	2,111	(6,836)	(141)	(21,606)	38,002	-	43,166
Taxation	(1,590)	(3,060)	(2,538)	(13)	-	(280)	60	(29)	-	(7,450)
Segment profit/(loss)	5,646	9,259	9,543	2,098	(6,836)	(421)	(21,546)	37,973	-	35,716
<b>Assets</b>										
Segment assets	40,417	105,640	149,762	20,931	27,382	17,586	7,614	99,798	(32,139)	436,991
Investment in associates	-	-	-	-	-	-	-	28,294	-	28,294
Total assets	40,417	105,640	149,762	20,931	27,382	17,586	7,614	128,092	(32,139)	465,285
<b>Liabilities</b>										
Segment liabilities	6,775	55,945	66,877	12,552	11,669	723	13,712	5,824	2,595	176,672
<b>Other information</b>										
Additions to non-current assets	133	4,483	41,644	4,373	362	32	39	175	-	51,241
Depreciation	513	4,973	1,331	2,655	2,210	403	46	1,142	-	13,273
Amortisation	-	-	2,591	118	-	-	-	-	-	2,709
Other non-cash (income)/ expenses	(203)	(91)	275	146	4,965	-	13,251	(30,576)	-	(12,233)

## NOTES TO THE FINANCIAL STATEMENTS

### 39. SEGMENT INFORMATION (CONT'D)

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

As of 31 December 2014	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	EC RM'000	Properties RM'000	Power/ O&G RM'000	Adjustments and Others eliminations		Total RM'000
								RM'000	RM'000	
<b>(Re-presented)</b>										
<b>Revenue</b>										
External sales	29,957	484,786	40,657	40,281	24,602	2,461	3,533	282	-	626,559
Inter-segment sales	340	-	-	90	8,388	-	-	26,710	(35,528)	-
Total revenue	30,297	484,786	40,657	40,371	32,990	2,461	3,533	26,992	(35,528)	626,559
<b>Results</b>										
Profit/(Loss) from operations	3,109	6,437	15,585	1,408	(6,171)	(158)	(3,496)	(11,124)	-	5,590
Interest income	386	875	783	-	30	70	132	269	-	2,545
Finance cost	(116)	(86)	(567)	(16)	(119)	-	(1,747)	(2,038)	-	(4,689)
Share of results of associates	-	-	-	-	-	-	-	6,752	-	6,752
Profit/(Loss) before tax	3,379	7,226	15,801	1,392	(6,260)	(88)	(5,111)	(6,141)	-	10,198
Taxation	(1,203)	(1,863)	(3,747)	38	(148)	31	9	(112)	-	(6,995)
Segment profit/(loss)	2,176	5,363	12,054	1,430	(6,408)	(57)	(5,102)	(6,253)	-	3,203
<b>Assets</b>										
Segment assets	43,772	86,206	123,815	18,826	99,680	21,506	24,112	108,910	(29,774)	497,053
Investment in associates	-	-	-	-	-	-	-	23,116	-	23,116
Total assets	43,772	86,206	123,815	18,826	99,680	21,506	24,112	132,026	(29,774)	520,169
<b>Liabilities</b>										
Segment liabilities	15,015	43,261	40,040	13,867	58,337	657	19,359	46,005	3,533	240,074
<b>Other information</b>										
Additions to non-current assets	1,342	4,169	24,608	2,030	1,611	114	132	1,048	-	35,054
Depreciation	519	5,630	1,457	3,103	1,709	712	72	1,999	-	15,201
Amortisation	-	-	2,439	109	-	-	-	-	-	2,548
Other non-cash (income)/ expenses	(28)	(278)	54	(721)	(2,741)	26	1	(626)	-	(4,313)

## NOTES TO THE FINANCIAL STATEMENTS

### 39. SEGMENT INFORMATION (CONT'D)

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

<b>31 December 2015</b>	<b>EC RM'000</b>	<b>Food RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
External sales	4,866	15,018	-	-	19,884
Inter-segment sales	-	-	-	-	-
Total revenue	4,866	15,018	-	-	19,884
<b>Results</b>					
(Loss)/Profit from operations	(30,244)	4,239	(374)	-	(26,379)
Interest income	86	-	-	-	86
Finance cost	(348)	-	-	-	(348)
Loss before tax	(30,506)	4,239	(374)	-	(26,641)
Taxation	-	-	-	-	-
Segment profit for the year	(30,506)	4,239	(374)	-	(26,641)
<b>31 December 2014</b>					
<b>(Represented)</b>					
<b>Revenue</b>					
External sales	36,646	13,182	-	-	49,828
Inter-segment sales	-	-	-	-	-
Total revenue	36,646	13,182	-	-	49,828
<b>Results</b>					
(Loss)/Profit from operations	4,519	(1,316)	44	-	3,247
Interest income	85	-	-	-	85
Finance cost	(360)	-	-	-	(360)
Loss before tax	4,244	(1,316)	44	-	2,972
Taxation	(1,700)	-	-	-	(1,700)
Segment profit for the year	2,544	(1,316)	44	-	1,272

## NOTES TO THE FINANCIAL STATEMENTS

### 39. SEGMENT INFORMATION (CONT'D)

A Inter-segment revenues are eliminated on consolidation.

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

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	(2,595)	(3,533)
Investment in associates	(28,294)	(23,116)
Tax recoverable from intercompany dividends	(1,250)	(3,125)
	<b>(32,139)</b>	<b>(29,774)</b>

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

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	2,595	3,533

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

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

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
ICT	(254)	(116)
Energy	(85)	(86)
Agro	(308)	(567)
Food	(38)	(16)
EC	(686)	(119)
Properties	(2)	-
Power/O&G	(144)	(1,747)
Others	(621)	(2,038)
	<b>(2,138)</b>	<b>(4,689)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 39. SEGMENT INFORMATION (CONT'D)

F Other material non-cash expenses consist of the following items as presented in Note 8 to the financial statements:

Arising from continuing operations:

	2015 RM'000	2014 RM'000
Gain on disposal of subsidiaries	(19,481)	-
Impairment loss on inventories	1,007	-
Property, plant and equipment written off	101	754
Gain on disposal of property, plant and equipment	(203)	(248)
Allowance of impairment loss on property, plant and equipment	45	-
Gain on disposal of assets held for sale	(8,895)	(2,569)
Allowance for impairment of trade and other receivables	6,205	232
Provision for litigation	-	842
Provision for liquidated ascertained damages	1,332	1,320
Provision for foreseeable loss	9,672	-
Loss on fair value changes of derivative instruments	21	7
Reversal of allowance for impairment on receivables	-	(263)
Reversal of provision for liquidated ascertained damages	(112)	(4,260)
Reversal of provision for foreseeable loss	-	(128)
Reversal of provision for litigation	(642)	-
	(12,233)	(4,313)

Arising from discontinued operations:

	2015 RM'000	2014 RM'000
Impairment of receivables	3,043	-

#### Geographical information

The Group's geographical segments primarily operate in Malaysia.

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

	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	(Represented)			
Continuing operations:				
Malaysia	447,350	626,559	285,497	249,734
Thailand	-	-	-	1,402
	447,350	626,559	285,497	251,136

## NOTES TO THE FINANCIAL STATEMENTS

### 39. SEGMENT INFORMATION (CONT'D)

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

	2015 RM'000	2014 RM'000
Property, plant and equipment	181,834	152,544
Land held for property development	4,612	4,610
Plantation development expenditure	50,902	48,218
Investments in associates	28,294	23,116
Investment properties	11,369	8,183
Other investments	4,466	4,451
Intangible assets	818	545
Deferred tax assets	3,202	9,469
	285,497	251,136

### 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) 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 in other income being recognised by Company of RM9.0 million in financial year 2015.

- (b) The Company had on 7 December 2015 entered into a Share Sale Agreement ("Agreement") with Dynacorp Asset Management (M) Sdn. Bhd. for the disposal of 30,000,000 units ordinary shares of RM1.00 each representing 100% of the issued and paid up capital of KUB Builders Sdn. Bhd. ("KUBB") at a consideration of RM2.00. Upon the completion of the disposal which was on the same date, KUBB ceased to be a subsidiary of the Company.
- (c) The Company wholly-owned subsidiary, Restoran Kualiti Sdn. Bhd. ("RKSB") and A&W (Malaysia) Sdn. Bhd. ("AWM"), a wholly-owned subsidiary of RKSB had on 4 December 2015 entered into a Share Purchase Agreement with Miss Kulpavee Chalermmeateewong for the transfer of 618,000 units of shares (inclusive of preference shares held by individual shareholders) representing 88.29% of the issued and paid up capital of A&W Restaurant (Thailand) Co. Ltd ("AWT") at a total consideration of RM3,687,500. Upon the completion of the disposal on 21 December 2015, AWT ceased to be a subsidiary of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 41. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2015	2014	2015	2014	
		%	%	%	%	
<b>Held by the Company:</b>						
KUB Ekuiti Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding
KUB Builders Sdn. Bhd. (Disposed during the year)	Malaysia	-	100	-	-	Property investment and general contractor and trading
Empirical Systems (M) Sdn. Bhd.@	Malaysia	100	100	-	-	Information and communication technology infrastructure and consultation
Restoran Kualiti Sdn. Bhd.*	Malaysia	100	100	-	-	Investment holding
Summit Petroleum (Malaysia) Sdn. Bhd.	Malaysia	100	100	-	-	Bottling and trading of liquefied petroleum gas
KUB Prasarana Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Peraharta Sdn. Bhd.	Malaysia	100	100	-	-	Property management
Perbiba Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Pernida Berhad *	Malaysia	86	86	14	14	Dormant
Peramining Sdn. Bhd.*	Malaysia	100	100	-	-	Investment trading
Utama Steel Works Sdn. Bhd.*	Malaysia	51	51	49	49	Dormant
Pelita Espipi Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Gerik Timber Industries Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
KUB Oil & Gas Sdn. Bhd. *	Malaysia	100	100	-	-	Dormant

## NOTES TO THE FINANCIAL STATEMENTS

### 41. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2015	2014	2015	2014	
		%	%	%	%	
<b>Held by the Company: (cont'd)</b>						
Creative Communications & Events Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
Academy of Knowledge for Accounting and Leadership Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
KUB Precast Sdn. Bhd. @	Malaysia	100	100	-	-	Manufacturing and trading of precasted concrete slabs and concrete elements
<b>Held through KUB Ekuiti Sdn. Bhd.:</b>						
Bina Alam Bersatu Sdn. Bhd.	Malaysia	-	55	45	45	Dissolved during the year
KUB Agro Holdings Sdn. Bhd.	Malaysia	100	100	-	-	Plantation and estate management
KUB Telekomunikasi Sdn. Bhd.	Malaysia	100	100	-	-	Assembling and commissioning of telecommunication equipment
KUB Power Sdn. Bhd. @	Malaysia	100	100	-	-	Construction of power substations
KUB Realty Sdn. Bhd.* @	Malaysia	100	100	-	-	Property management and investment holding
KUB Development Berhad*	Malaysia	100	100	-	-	Dormant
ITTAR Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
KUB Hotel and Resort Management Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant

## NOTES TO THE FINANCIAL STATEMENTS

### 41. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2015	2014	2015	2014	
		%	%	%	%	
<b>Held through KUB Ekuiti Sdn. Bhd.: (cont'd)</b>						
KUB Teknologi Sdn.Bhd.* @	Malaysia	100	100	-	-	Dormant
Affluent Vision Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
KUB Gas Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
KUB Microelectronics Sdn. Bhd.* @	Malaysia	78.5	78.5	21.5	21.5	Dormant
Perumahan KUB Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
KUB Tower Sdn Bhd*@	Malaysia	100	100	-	-	Dormant
KUB Expertise A&I Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
<b>Held through Empirical Systems (M) Sdn. Bhd.:</b>						
Credensoft Solutions Sdn. Bhd. @	Malaysia	70	70	30	30	Telco engineering works and dealer of software products, information technology advisers and general trading.
<b>Held through KUB Agro Holdings Sdn. Bhd.:</b>						
KUB Sepadu Sdn. Bhd.	Malaysia	60	60	40	40	Plantation and estate management
<b>Held through KUB Agro Holdings Sdn. Bhd. and KUB Sepadu Sdn. Bhd.:</b>						
KUB Maju Mill Sdn. Bhd. @	Malaysia	66	66	34	34	Manufacturing

## NOTES TO THE FINANCIAL STATEMENTS

### 41. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2015	2014	2015	2014	
		%	%	%	%	
<b>Held through KUB Telekomunikasi Sdn. Bhd.:</b>						
Cybertrek (Malaysia) Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
KFT International (Malaysia) Sdn. Bhd.	Malaysia	100	100	-	-	Assembling and installation of telecommunication equipment
KUB Research Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
<b>Held through ITTAR Sdn. Bhd.:</b>						
ITTAR-IPP (PJ) Sdn. Bhd.* @	Malaysia	100	100	-	-	Hospitality education and training (Ceased business on 31 December 2014)
ITTAR-ILP (Prai) Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
<b>Held through KUB Realty Sdn. Bhd.:</b>						
KUB Realty (PJ) Sdn. Bhd.*	Malaysia	100	100	-	-	Property management
<b>Held through KUB Development Berhad:</b>						
Kesina Development Sdn. Bhd.*	Malaysia	100	100	-	-	Property development and project management
KUB-Astana Development Sdn. Bhd.*	Malaysia	51	51	49	49	Dormant

## NOTES TO THE FINANCIAL STATEMENTS

### 41. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2015 %	2014 %	2015 %	2014 %	
<b>Held through KUB Microelectronics Sdn. Bhd.:</b>						
KUB Microelectronics Sales and Services Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
<b>Held through KUB Hotel and Resort Management Sdn. Bhd.:</b>						
KUB Singgahsana (PJ) Sdn. Bhd. @	Malaysia	100	100	-	-	Hotel management (Ceased business on 31 December 2014)
KUB Singgahsana (Langkawi) Sdn. Bhd.*	Malaysia	100	100	-	-	Dormant
<b>Held through Restoran Kualiti Sdn. Bhd.:</b>						
A&W (Malaysia) Sdn. Bhd. @	Malaysia	100	100	-	-	Operating a chain of restaurants
A&W Restaurants (Thailand) Co. Ltd. (disposed during the year)	Thailand	-	100	-	-	Food and beverage catering through retail outlets
<b>Held through A&amp;W (Malaysia) Sdn. Bhd.:</b>						
A&W Properties Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
Prosperous Avenue Sdn. Bhd.* @	Malaysia	100	100	-	-	Dormant
Dysec (M) Sdn. Bhd.* @	Malaysia	60	60	40	40	Dormant

## NOTES TO THE FINANCIAL STATEMENTS

### 41. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held non-controlling**		Principal activities
		2015	2014	2015	2014	
		%	%	%	%	
<b>Held through A&amp;W (Malaysia) Sdn. Bhd.: (cont'd)</b>						
Pleasant Harmony Sdn. Bhd.* @	Malaysia	60	60	40	40	Dormant

\*\* Equals to the proportion of voting rights held

\* Audited by firms other than Deloitte

@ 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.

### 42. INVESTMENTS IN ASSOCIATES

Details of associates are as follows:-

Name of associates	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group		Principal activities
		2015	2014	
		%	%	
<b>Held by the Company:</b>				
KUB-Berjaya Enviro Sdn. Bhd.	Malaysia	40	40	Sanitary waste management
Mambang Di-Awan Sdn. Bhd.	Malaysia	37.5	37.5	Dormant
Rimba Raya Sdn. Bhd.	Malaysia	20	20	Dormant
Progas Holding Limited	Pakistan	38.2	38.2	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS

### 42. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of associates are as follows:-

Name of associates	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group		Principal activities
		2015 %	2014 %	
<b>Held through KUB Telekomunikasi Sdn. Bhd.:</b>				
Sphairon (Malaysia) Sdn. Bhd.	Malaysia	49	49	Manufacturing and distribution of wireless local loop system
<b>Held through A&amp;W (Malaysia) Sdn. Bhd.:</b>				
Relk Food Services Sdn. Bhd.	Malaysia	49	49	Dormant
Matrix Consolidated Sdn. Bhd.	Malaysia	20.7	20.7	Dormant
<b>Held through KUB Ekuiti Sdn. Bhd.:</b>				
Editry Sdn. Bhd.	Malaysia	41	41	Dormant

### 43. COMPARATIVE FIGURES

Subsidiary companies, KUB Builders Sdn. Bhd. ("KUBB") and A&W Restaurants (Thailand) Co Ltd ("AWT") were classified under discontinued operations for the year ended 31 December 2015 due to its disposal on 7 December 2015 and 21 December 2015 respectively. Another subsidiary company, Bina Alam Sdn. Bhd was also classified under discontinued operations as it has been dissolved during the year.

As a result, certain comparative figures of the Group in the statement of comprehensive income for the year ended 31 December 2014, 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

### 43. COMPARATIVE FIGURES (CONT'D)

	<b>As previously reported RM'000</b>	<b>Group Representation RM'000</b>	<b>Total RM'000</b>
<b>Continuing operations</b>			
Revenue	676,387	(49,828)	626,559
Cost of sales	(608,857)	37,268	(571,589)
<b>Gross profit</b>	67,530	(12,560)	54,970
Other income	15,739	(4,425)	11,314
Distribution expenses	(335)	231	(104)
Administrative expenses	(61,488)	11,374	(50,114)
Other expenses	(10,023)	2,092	(7,931)
<b>Profit/(loss) from operating activities</b>	11,423	(3,288)	8,135
Finance costs	(5,049)	360	(4,689)
Share of results of associates	6,752	-	6,752
<b>Profit/(loss) before taxation</b>	13,126	(2,928)	10,198
Taxation	(8,695)	1,700	(6,995)
<b>Profit/(loss) for the year from continuing operations</b>	4,431	(1,228)	3,203
<b>Discontinued operations</b>			
(Loss)/Profit for the year from discontinued operations, net of tax	44	1,228	1,272
<b>Profit/(loss) for the year</b>	4,475	-	4,475

## NOTES TO THE FINANCIAL STATEMENTS

### 44. SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED UNAPPROPRIATED PROFITS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:				
Realised	(518,910)	(519,133)	45,006	70,774
Unrealised	(15,916)	(5,812)	101	537
	(534,826)	(524,945)	45,107	71,311
Total share of retained earnings/(accumulated losses) from associated companies:				
Realised	31,335	25,799	-	-
Unrealised	(3,041)	(2,683)	-	-
	28,294	23,116	-	-
Consolidation adjustments	509,181	504,872	-	-
Retained earnings as per financial statements	2,649	3,043	45,107	71,311

The above breakdown of the retained profits and accumulated losses of the Group and of the Company as of 31 December 2015 and 31 December 2014 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

# STATEMENT BY DIRECTORS

The directors of **KUB MALAYSIA BERHAD**, state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

**DATO' AHMAD IBNIHAJAR**

**DATUK ABDUL RAHIM MOHD ZIN**

30 March 2016

# DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **AHMED FAIRUZ ABDUL AZIZ**, the officer primarily responsible for the financial management of **KUB MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed **AHMED FAIRUZ ABDUL AZIZ**  
at **SELANGOR DARUL EHSAN**  
on 30 March 2016.

**AHMED FAIRUZ ABDUL AZIZ**

Before me,

**COMMISSIONER FOR OATHS**

# LIST OF PROPERTIES

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/15 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
<b>KUB MALAYSIA BERHAD</b>							
HS (D) 279769, PT 9, Seksyen 26, Town of Petaling Jaya, District of Petaling	Retail Lot	Commercial	4,238 sq. meters	Leasehold (99 years expiring 2110)	8,866	11	10 Jan 2005
Parcel No. C301 held under Master Title HS(D) 111073, PT No. 9, Mukim of Damansara, District of Petaling	Office space	Commercial	8,612 sq. feet	Freehold	3,591	5	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	3,561	5	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	3,556	5	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	3,556	5	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	2,014	5	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	2,014	5	24 May 2010
<b>KUB SEPADU SDN BHD</b>							
Lot 221, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.053 hectares	Leasehold (60 years expiring 2024)	36	-	10 May 1999

## LIST OF PROPERTIES

(CONT'D)

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/15 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
<b>KUB SEPADU SDN BHD (CONT'D)</b>							
Lot 252, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.4007 hectares	Leasehold (60 years expiring 2024)	38	-	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)	35	-	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)	4,515	-	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)	1,350	-	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)	1,014	-	10 May 1999
<b>KUB AGRO HOLDINGS SDN BHD</b>							
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)	1,153	3	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)	807	3	15 Apr 2013

## LIST OF PROPERTIES

(CONT'D)

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/15 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
<b>KUB AGRO HOLDINGS SDN BHD (CONT'D)</b>							
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)	660	3	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)	626	3	15 Apr 2013
Unit No. 39-5, Fourth Floor, Block 4, Held under Pajakan Negeri 90045, Lot 3407, Seksyen 13, District of Petaling, Mukim Bandar Shah Alam	Office space	Commercial	1,659 sq. feet	Leasehold (89 years expiring 2101)	581	3	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)	1,601	-	17 Mar 1987
PTD No. 4901, Mukim of Kahang, PTD No. 26005 & 26006, Mukim of Kluang, District of Kluang, Johor	Oil Palm Plantation	Agricultural	1,491.809 hectares, 147.54 hectares, and 60.69 hectares respectively	Leasehold (99 years expiring 2093)	4,376	-	14 Nov 1994

## LIST OF PROPERTIES

(CONT'D)

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/15 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
<b>KUB DEVELOPMENT BERHAD</b>							
PT 515, PT 518 PT 524 PT 520 – PT 523 PT 528 – PT 543 and PT 546 – PT 555, Bukit Mawat Mukim of Ulu Melaka, District of Langkawi, Kedah	Vacant agricultural land	Agricultural	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)	721	-	1999
<b>KUB TELEKOMUNIKASI SDN BHD</b>							
No.1, Jalan Selukat 33/27, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor	Factory building & 3 storey office annex	Industrial & Commercial	75,804 sq. feet	Freehold	6,859	15	20 Dec 2000
<b>PERAHARTA SDN BHD</b>							
Lot 4180N, Bangunan Sri Kinta, Jalan Sultan Idris Shah, Ipoh, Perak	4-Storey podium block and 9-storey tower block	Commercial	56,855 sq. feet	Strata Title	6,840	32	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)	272	23	1992 (3 Aug 2006)
Lot PT 122810 – 122813, No. 24, 26, 28 & 30, Laluan Rokan 15, Pekan Razaki, Ipoh, Perak	4 units of double-storey shophouses	Commercial & Residential	6,337 sq. feet	Leasehold (99 years expiring 2092)	385	23	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	48	-	.1993 (27 Apr 2011)

## LIST OF PROPERTIES

(CONT'D)

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/15 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
<b>PERAHARTA SDN BHD (CONT'D)</b>							
PT No. 51, Seksyen 16, Town and District of Kota Bharu, Kelantan	Shoplot malay reserve	Commercial	915 sq. meters	Leasehold (67 years expiring 2061)	1,407	25	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	1,453	32	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)	1,453	-	20 Jul 2012
Geran 32824, Lot 1897, Bandar Johor Bahru, District of Johor Bahru, Johor	Empty lot	Commercial	1,297 sq. meters	Freehold	756	-	25 Oct 2012
<b>SUMMIT PETROLEUM (MALAYSIA) SDN BHD</b>							
HS (D) 44395, Plot 91, Mukim 01, Seberang Perai Tengah District, Pulau Pinang	Land, plant & office building	Industrial	3.35 acres	Leasehold (99 years expiring 2070)	1,105	26	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	15	1 Jul 2001
PTD 40053, Mukim of Tebrau, District of Johor Bahru, Johor	Office & Plant	Industrial	143,609 sq. feet	Freehold	909	28	1 Jul 1988
Lot 55710, Lorong Kenanga 8, Liquid Bulk Terminal, Pulau Indah Port Klang, Selangor	Office & Plant	Industrial	N/A	N/A	5,572	17	1 May 1999

## LIST OF PROPERTIES

(CONT'D)

Location/ Address	Description	Usage	Area	Tenure	Net Book Value as at 31/12/15 (RM'000)	Age of Building (Years)	Date of Acquisition/ (Revaluation)
<b>KUB PRECAST SDN BHD</b>							
No. HSD 122114 No. PT 6704, Mukim of Rantau, District of Seremban, Negeri Sembilan	Land and Building	Industrial	44,632 sq. meters	Freehold	4,476	20	29 Aug 1995 (10 Jun 2007)
Lot 6704, Kawasan Perindustrian Tuanku Jaafar, Seremban, Negeri Sembilan	Factory Building	Industrial	8,231 sq. meters	Freehold	14,621	17	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	19	6 Feb 1996 (10 Jun 2007)

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2016

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	10,929	15.47	462,263	0.08
100 – 1,000	36,208	51.27	19,706,164	3.54
1,001 – 10,000	20,352	28.82	57,638,658	10.36
10,001 – 100,000	2,836	4.02	88,068,365	15.83
100,001 To Less Than 5%	298	0.42	100,277,770	18.02
5% And Above	2	0.00	290,311,470	52.17
<b>Total</b>	<b>70,625</b>	<b>100.00</b>	<b>556,464,690</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

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

## DIRECT AND INDIRECT INTERESTS OF DIRECTORS

No.	Names	Direct Shareholdings	Indirect Shareholdings	% of Issued Capital
1.	Dato' Ahmad Ibnihajar	-	-	-
2.	Datuk Abdul Rahim Mohd Zin	1,050	-	0.00
3.	Datuk Hj Faisyal Datuk Yusof Hamdain Diego	-	-	-
4.	Datuk Mohd Hafarizam Harun	-	-	-
5.	Dato' Ab Rahim Abu Bakar	-	-	-
6.	Dato' Jamelah A.Bakar	-	-	-
7.	Dato' Sohaimi Shahadan	-	-	-
8.	Tunku Alizan Raja Muhammad Alias*	-	164,844,520	29.62
9.	Tengku Zahaimi Tuan Hashim	-	-	-
10.	Mohammad Farish Nizar Othman	-	-	-

Note:

\* Tunku Alizan Raja Muhammad Alias is deemed to have interest by virtue of his directorship in Gaya Edisi Sdn Bhd pursuant to Section 6A of the Companies Act 1965

## ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2016

### TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares Held	% of Issued Capital
1.	Gaya Edisi Sdn Bhd	164,844,520	29.62
2.	Minister of Finance	125,466,950	22.55
3.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Sing	4,698,600	0.84
4.	Lim Gaik Bway @ Lim Chiew Ah	4,564,200	0.82
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Weng Sing	4,000,000	0.72
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng	3,350,000	0.60
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Fairus Shafie	2,258,000	0.41
8.	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd	2,122,000	0.38
9.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak	2,000,000	0.36
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Mak Ngia Ngia @ Mak Yoke Lum	1,903,500	0.34
11.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Sing	1,680,000	0.30
12.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	1,618,900	0.29
13.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,144,000	0.21
14.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,046,600	0.19
15.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Shafie Abdullah	1,000,000	0.18
16.	Syed Mahdhar Syed Hussain	1,000,000	0.18
17.	Lee Teng Tian	979,000	0.18
18.	Chong Ping Jye	970,000	0.17
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	800,000	0.14
20.	Ho Shu Keong	800,000	0.14
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kho Chong Yau	800,000	0.14

## ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2016

### TOP THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names	No. of Shares Held	% of Issued Capital
22.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ravindran A/L Andikotraman Velu	800,000	0.14
23.	Teng Eng Seah	707,400	0.13
24.	Lui Kim Kiok	700,000	0.13
25.	Mah Siew Seong	698,000	0.13
26.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Tiam Joo	683,200	0.12
27.	Mak Ngia Ngia @ Mak Yoke Lum	633,200	0.11
28.	Gan Chwen Teck	613,000	0.11
29.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Su Ming Yaw	600,000	0.11
30.	Rosli Mohd Dom	600,000	0.11

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# 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 51<sup>st</sup> Annual General Meeting of the Company to be held on Tuesday, 24 May 2016 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
<b>ORDINARY RESOLUTIONS</b>			
1	Re-election of Dato' Ahmad Ibnihajar		
2	Re-election of Datuk Abdul Rahim Mohd Zin		
3	Re-election of Encik Mohammad Farish Nizar Othman		
4	Re-election of Dato' Jamelah A.Bakar		
5	Re-election of Dato' Sohaimi Shahadan		
6	Approval of First and Final Single-Tier Dividend of 0.5 sen per Ordinary Share		
7	Approval of the Directors' Fees		
8	Re-appointment of Messrs. Deloitte as Auditors		
9	Authority for the Directors to Allot Shares pursuant to Section 132D of the Companies Act, 1965		
10	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	%
<b>Total</b>	<b>100%</b>

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 2016

\_\_\_\_\_  
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 **603-78418151** not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.

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AFFIX  
STAMP

**KUB MALAYSIA BERHAD (6022-D)**

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

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