

**QUARTERLY REPORT ON  
UNAUDITED CONSOLIDATED RESULTS  
FOR THE FINANCIAL FIRST QUARTER ENDED 31 MARCH 2000**

The Board of Directors has pleasure to announce the following unaudited consolidated results for the financial first quarter ended 31 March 2000.

**CONSOLIDATED INCOME STATEMENT  
(RM'000)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/00	PRECEDING YEAR QUARTER 31/3/99	CURRENT YEAR TO 31/3/00	PRECEDING YEAR TO 31/3/99
1 (a) Turnover	115,135	51,570	115,135	51,570
(b) Investment income	-	-	-	-
(c) Other income including interest income	4,440	2,115	4,440	2,115
2 (a) Operating profit/(loss) before interest on borrowing, depreciation & amortization, exceptional items, tax, minority interests ("MI") and extraordinary item ("EI")	1,107	(1,685)	1,107	(1,685)
(b) Interest on borrowings	(1,439)	(12,338)	(1,439)	(12,338)
(c) Depreciation & amortization	(5,441)	(5,032)	(5,441)	(5,032)
(d) Exceptional items	-	-	-	-
(e) Operating loss after interest on borrowings, depreciation & amortization and exceptional items but before tax, MI & EI	(5,773)	(19,055)	(5,773)	(19,055)
(f) Share in the results of associated companies	(172)	(2)	(172)	(2)
(g) Loss before tax, MI & EI	(5,945)	(19,057)	(5,945)	(19,057)
(h) Taxation	(3,000)	(400)	(3,000)	(400)
(i) (i) Loss after tax before deducting MI	(8,945)	(19,457)	(8,945)	(19,457)
(ii) Less MI	(946)	(614)	(946)	(614)
(j) Loss after tax attributable to shareholders	(9,891)	(20,071)	(9,891)	(20,071)
(k) (i) EI	-	-	-	-
(ii) Less MI	-	-	-	-
(iii) EI attributable to members of the Co.	-	-	-	-
(l) Loss after tax & EI attributable	(9,891)	(20,071)	(9,891)	(20,071)
3 (a) Earnings Per Share ("EPS") based on 2(j) above				
(i) Basic (sen)*	(1.96)	(3.98)	(1.96)	(3.98)
(ii) Fully diluted (sen)**	(1.86)	(3.78)	(1.86)	(3.78)

\*Basic EPS has been calculated based on 2 (j) above divided by the number of ordinary shares in issue of 504,620,391 shares of RM1.00 each.

\*\*Fully diluted EPS has been calculated based on 2 (j) above divided by the number of ordinary shares in issue and an additional 26,711,111 new ordinary shares of RM1.00 each to be issued as considerations for acquisition of certain Malay Reserve and Restriction-in-Title lands.

**CONSOLIDATED BALANCE SHEET**

	<b>AS AT END OF CURRENT QUARTER  31/3/2000 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31/12/1999 RM'000</b>
1 Fixed Assets	242,684	173,928
2 Development Expenditure	152,743	154,542
3 Interest in Associated Companies	42,264	42,436
4 Other Investments	9,340	9,340
5 Deferred Costs	13,347	11,558
<b>6 Current Assets</b>		
<i>Stocks</i>	81,651	60,434
<i>Trade Debtors</i>	120,904	129,417
<i>Other Debtors, Deposits and Prepayments</i>	43,702	54,291
<i>Other Investment</i>	23,913	22,463
<i>Deposits with Licensed Banks</i>	300,072	371,969
<i>Cash and Bank Balances</i>	42,083	30,677
	<b>612,325</b>	<b>669,251</b>
<b>7 Current Liabilities</b>		
<i>Short Term Borrowings</i>	46,215	57,757
<i>Trade Creditors</i>	52,213	45,485
<i>Other Creditors and Accruals</i>	116,018	102,874
<i>Provision for Taxation</i>	9,307	6,150
	<b>223,753</b>	<b>212,266</b>
<b>8 Net Current Assets</b>	<b>388,572</b>	<b>456,985</b>
	<b>848,950</b>	<b>848,789</b>
<b>9 Shareholders' Funds</b>		
<i>Share Capital</i>	504,620	504,620
<i>Share Premium</i>	295,862	295,862
<i>Capital Reserve</i>	13,430	13,430
<i>Accumulated Loss</i>	(54,276)	(44,385)
	<b>759,636</b>	<b>769,527</b>
10 Minority Interests	29,928	28,645
11 Long Term Borrowings	52,548	43,040
12 Other Long Term Liabilities	6,838	7,577
	<b>848,950</b>	<b>848,789</b>
13 Net Tangible Assets per Share (RM)	1.48	1.50

Notes

1. The quarterly financial statements have been prepared using the same accounting policies and methods of computation as compared with the most recent annual financial statement as at 31 December 1999.
2. There was no exceptional item for the first quarter ended 31 March 2000.
3. There was no extraordinary item for the first quarter ended 31 March 2000.
4. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2000 RM'000	PRECEDING YEAR QUARTER 31/3/1999 RM'000	CURRENT YEAR TO DATE 31/3/2000 RM'000	PRECEDING YEAR QUARTER 31/3/1999 RM'000
Taxation for the period	3,000	-	3,000	-
Previous years taxation under/ (over) provided	-	400	-	400
	3,000	400	3,000	400

5. There was no pre-acquisition profits for the first quarter ended 31 March 2000.

6. Property

	RM'000
Total Purchases	64,370
Total Disposals	nil
Profit / (Loss) on Disposal	nil

7. Quoted securities

- a) There was neither purchase nor disposal of quoted securities for the first quarter ended 31 March 2000.
- b) Investment in quoted shares as at 31 March 2000:

	RM'000
Total Investments at cost	26,730
Total Investments at book value after provision for diminution in value	24,983
Total Investments at market value as at 31 March 2000	27,795

8. There was neither acquisition nor disposal of subsidiaries and long term investment for the first quarter ended 31 March 2000.

9. Status of corporate proposals announced but not yet completed as at 25 May 2000 are as follows:

- a) On 8 March 1999, KUB entered into a conditional agreement ("the Agreement") to dispose 6,300,000 ordinary shares of RM1.00 each representing 7 % equity interest in PSC Naval Dockyard Sdn Bhd to Penang Shipbuilding & Construction Sdn Bhd for a total consideration of RM33.0 million. The transaction is pending completion.

- b) On 9 February 2000, KUB Malaysia Berhad received the Securities Commission's approval for a further time extension of seven months to 31 July 2000, to effect the transfer of remaining Malay Reserve and restriction-in-title lands. The extension also applies to the issuance of shares, being the acquisition value of the lands.
- c) On 17 February 2000, a wholly owned subsidiary, KUB Telekomunikasi Sdn Bhd ("KUBTEL") entered into a Joint Venture Agreement with Barwaqo Telecommunication Services Co. ("BTS"), a company incorporated in United Kingdom, to resume telecommunication operations in Somalia via Somatel (Malaysia) Sdn Bhd ("Somatel"). Pursuant to the agreement, KUBTEL and BTS will acquire shareholding in Somatel on the basis of 51% and 49% respectively. The authorised and paid-up capital of Somatel is RM10 million and RM8 million respectively. The initial capital outlay and investment by KUBTEL is estimated at RM 8.9 million.
- d) On 21 February 2000, a wholly owned subsidiary, KUB Teknologi Sdn Bhd ("KUBTek") entered into Shareholders' Agreement with Octobot-APT (Malaysia) Sdn Bhd ("Octobot"). Pursuant to the agreement, VisionScape Sdn Bhd ("VisionScape - formerly known as KUB Komunikasi Kreatif Sdn Bhd) which became a wholly owned subsidiary of KUBTek subsequent to the year end, will be a joint venture company owned by KUBTek and Octobot on the basis of 51% and 49% respectively.

Subsequent to the agreement, on 9 March 2000, VisionScape has entered into three other agreements as follows:

- i) A debenture agreement with KUB Malaysia Berhad, whereby KUB Malaysia Berhad shall advance a sum of RM38.0 million to finance VisionScape's initial start-up working capital requirements;
- ii) An agreement with Octobot to purchase and install the equipment worth RM36.1 million for VisionScape's initial showcase programme; and
- iii) A sub-licence agreement with Octobot whereby Octobot grants a sub-licence right worth USD15 million of the use of the technology to develop the programme.

10. The Group's operation for the first quarter ended 31 March 2000 is not subjected to any material seasonality or cyclicity.

11. There was no issuance and repayment of debt or equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the first quarter ended 31 March 2000.

12. Group borrowings as at 31 March 2000:

a) Breakdown between secured and unsecured borrowings:

	<b>AS AT END OF CURRENT QUARTER 31/3/2000 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31/12/1999 RM'000</b>
Secured borrowings	98,763	100,681
Unsecured borrowings	-	116
<b>Total</b>	<b>98,763</b>	<b>100,797</b>

b) Breakdown between short and long term borrowings:

	<b>AS AT END OF CURRENT QUARTER 31/3/2000 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31/12/1999 RM'000</b>
Short Term Borrowings	46,215	57,757
Long Term Borrowings	52,548	43,040
Total	<u>98,763</u>	<u>100,797</u>

c) None of the borrowings are denominated in the foreign currency.

13. There was no material contingent liabilities incurred by the Group as at 25 May 2000.

14. There were no financial instruments with off balance sheet risk as at 31 March 2000.

15. There was no pending material litigation as at 25 May 2000.

#### 16. Segmental Reporting

Segment	Turnover	Profit Before Tax	Assets Employed
Information and Communications Technologies	79,787	(2,009)	251,187
Properties & Construction	15,408	(681)	304,354
Plantations	902	(362)	36,584
Consumer Products	18,270	(4,115)	80,457
Investments	1,683	1,722	400,121
Total	116,050	(5,445)	1,072,703
Less: Consolidation Adjustment	(915)	(500)	
	<u>115,135</u>	<u>(5,945)</u>	<u>1,072,703</u>

17. The loss before tax for the quarter is 51% lower than that of the preceding year's quarter. The Group's turnaround was mainly due to higher revenue and lower interest charges in the current quarter as compared to the preceding year's quarter.

#### 18. REVIEW OF RESULTS

For the quarter under review, the Group had recorded RM115.1 million turnover which was 123% higher than the preceding year's quarter. Significant improvement in turnover was recorded in ICT by 158%, Properties & Construction by 105% and Consumer Products by 61%. The ICT business had contributed 69% of the quarter's revenue in-line with KUB's focus on ICT. Accordingly, the Group has recorded a lower net loss of RM9.9 million for the quarter as against a net loss of RM20.0 million in the preceding year's quarter.

19. CURRENT YEAR'S PROSPECTS

We do not envisage the Group's results in 2000 to be influenced by any exceptional event. The Management will continue its efforts to improve the operating performance of the Group for the year. In 2000, the Company will further focus its businesses on ICT.

20. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

There was no profit forecast submitted to the Securities Commission.

21. No interim dividend has been declared/recommended.

By order of the Board

**ROSNAH MAHAT**  
Company Secretary  
26 May 2000