



**Interim Financial Report on
Unaudited Consolidated Results for the
Third Quarter Ended
30 September 2008**

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KUB MALAYSIA BERHAD

(Company No. 6022-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 September 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2007 RM'000	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 30/09/2007 RM'000
Continuing operations				
Revenue	307,537	130,459	670,635	363,242
Operating expenses	(296,888)	(148,078)	(655,299)	(395,004)
Other operating income	1,199	(493)	6,166	4,737
Results from operating activities	11,848	(18,112)	21,502	(27,025)
Interest income	27	197	1,498	435
Finance costs	(3,701)	(859)	(6,357)	(2,643)
Operating profit/(loss)	8,174	(18,774)	16,643	(29,233)
Share of profit / (loss) after tax and minority interest of equity accounted associates	919	(490)	5,274	(2,387)
Profit/(loss) before tax	9,093	(19,264)	21,917	(31,620)
Tax expense	(1,554)	(403)	(3,763)	(1,631)
Profit/(loss) from continuing operations	7,539	(19,667)	18,154	(33,251)
Disposal group held for sale				
(Loss)/profit from disposal group held for sale	(630)	(5,037)	3,664	3,254
Profit/(loss) for the period	6,909	(24,704)	21,818	(29,997)
Attributable to:				
Shareholders of the Company	4,818	(25,656)	18,433	(30,592)
Minority interest	2,091	952	3,385	595
Profit/(loss) for the period	6,909	(24,704)	21,818	(29,997)
Earnings/(Loss) per share attributable to equity holders of the parent (sen) :				
- Basic:				
from continuing operations	0.98	(3.64)	2.66	(5.89)
from disposal group held for sale	(0.11)	(1.00)	0.65	0.36
	0.87	(4.63)	3.31	(5.53)
- Diluted:				
	-	-	-	-

"Disposal group" is defined as a group of assets to be disposed of, by sale or otherwise, and liabilities directly associated with those assets that will be transferred in the transaction.

The Condensed Consolidated Income Statement should be read in conjunction with the Group's Annual Financial Report for the financial year ended 31 December 2007.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2008 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2007 RM'000
Assets		
Property, plant and equipment	133,898	102,252
Intangible assets	17,359	-
Development expenditure	9,102	9,097
Prepaid lease payments	63,898	65,324
Investment property	12,220	14,084
Investment in associates	22,631	27,318
Other investments	265	266
Deferred tax assets	6,094	2,389
Receivables	4,317	4,715
Total non-current assets	269,784	225,445
Receivables, deposits and prepayments	207,289	191,099
Inventories	57,551	17,233
Other investments	3,420	3,766
Current tax assets	875	3,692
Assets classified as held for sale	90,410	190,549
Cash and cash equivalents	130,767	60,543
Total current assets	490,312	466,882
Total assets	760,096	692,327
Equity		
Share capital	556,465	556,465
Reserves	328,582	333,395
Accumulated losses	(580,527)	(598,648)
Total equity attributable to shareholders of the Company	304,520	291,212
Minority interests	19,005	17,894
Total equity	323,525	309,106
Liabilities		
Loans and borrowings	32,339	26,845
Deferred tax liabilities	9,089	9,213
Total non-current liabilities	41,428	36,058
Payables and accruals	259,820	202,968
Provision for tax	4,745	1,251
Liabilities classified as held for sale	5,925	82,854
Loans and borrowings	124,653	60,090
Total current liabilities	395,143	347,163
Total liabilities	436,571	383,221
Total equity and liabilities	760,096	692,327
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.55	0.52

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's Annual Financial Report for the financial year ended 31 December 2007.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to shareholders of the Company →						Minority interest RM'000	Total equity RM'000
	← Non-distributable reserves →				Accumulated losses RM'000	Total RM'000		
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000				
At 1 January 2008	556,465	317,288	15,715	392	(598,648)	291,212	17,894	309,106
Acquisition of subsidiary companies	-	-	-	-	-	-	8,975	8,975
Disposal of subsidiary companies	-	-	(4,314)	-	-	(4,314)	(11,249)	(15,563)
Foreign exchange translation differences	-	-	-	(811)	-	(811)	-	(811)
Profit for the year	-	-	-	-	18,433	18,433	3,385	21,818
Redemption of preference shares	-	-	312	-	(312)	-	-	-
At 30 September 2008	556,465	317,288	11,713	(419)	(580,527)	304,520	19,005	323,525
At 1 January 2007	543,644	317,123	15,715	(718)	(512,518)	363,246	20,564	383,810
Issue of shares	12,821	164	-	-	-	12,985	-	12,985
Foreign exchange translation differences	-	-	-	(1,699)	-	(1,699)	-	(1,699)
Loss for the year	-	-	-	-	(30,592)	(30,592)	595	(29,997)
At 30 September 2007	556,465	317,287	15,715	(2,417)	(543,110)	343,940	21,159	365,099

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Annual Financial Report for the financial year ended 31 December 2007.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CURRENT YEAR TO DATE 30/09/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2007 RM'000
Net cash (used in) / generated from operating activities	(19,783)	32,512
Net cash (used in) / generated from investing activities	5,300	15,867
Net cash generated from / (used in) financing activities	34,162	(31,838)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	19,679	16,541
Cash and cash equivalents at 1 January	37,552	23,016
Cash and cash equivalents at 30 September	<u>57,231</u>	<u>39,557</u>
 Cash and cash equivalents included in the cash flow statements comprise the following:		
Cash and bank balances	45,712	25,438
Deposits (excluding deposits pledged)	36,992	21,670
Bank overdrafts	<u>(25,473)</u>	<u>(7,551)</u>
	<u>57,231</u>	<u>39,557</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Annual Financial Report for the financial year ended 31 December 2007.

KUB MALAYSIA BERHAD

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group for the interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 December 2007.

2. Audit report of the preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the year ended 31 December 2007.

3. Seasonal or cyclicity of operations

The business operations of the Group are not materially affected by seasonal or cyclical fluctuations.

4. Items of unusual nature, size or incidence

There are no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date except for acquisitions and disposals of subsidiaries as disclosed in Note 11.

5. Changes in estimates

There are no changes in estimates that have had a material effect on the financial statements of the current quarter and financial year-to-date.

6. Debt and equity structure

On 29 February 2008, the Company fully redeemed the remaining 3,117,298 redeemable convertible preference shares of RM0.10 each by cash from its scheme creditors.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

7. Dividends paid

There was no dividend paid in the current quarter and financial year-to-date.

8. Segment reporting

The Group's primary format for reporting segment information is business segments based on the Group's management and internal reporting structure. With effect from the current financial year, the Group's reporting segments have been restructured into 4 major business sectors, namely Information & Communication Technology ("ICT"), Food Related ("Food"), Properties, Engineering & Construction ("PEC") and Energy.

Inter segment pricing is determined on an arm's length basis.

Segment revenue	Revenue 9 months ended		Disposal group held for sale 9 months ended		Continuing operations 9 months ended	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ICT	194,405	293,035	6,870	233,648	187,535	59,387
Food	71,929	42,589	-	39,005	71,929	3,584
PEC	92,953	38,789	-	-	92,953	38,789
Energy	310,986	256,320	-	-	310,986	256,320
Others	11,187	36,241	3,955	31,079	7,232	5,162
Total	681,460	666,974	10,825	303,732	670,635	363,242

Segment results - profit/(loss) before tax	Profit/(Loss) before tax 9 months ended		Disposal group held for sale 9 months ended		Continuing operations 9 months ended	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ICT	14,103	(6,003)	173	5,934	13,930	(11,937)
Food	10,651	(83)	-	644	10,651	(727)
PEC	4,405	620	-	-	4,405	620
Energy	(7,122)	5,607	-	-	(7,122)	5,607
Others	(1,669)	(23,444)	3,553 #	(648)	(5,222)	(22,796)
Share of associates' results	5,275	(2,387)	-	-	5,275	(2,387)
Total	25,643	(25,690)	3,726	5,930	21,917	(31,620)

Note: # Include the gain on disposal of subsidiaries as mentioned in Note 11 below.

9. Carrying amount of revalued assets

There is no revaluation of property, plant and equipment brought forward from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

10. Subsequent events

Subsequent to the end of the interim period,

- On 8 October 2008, the Company obtained the approval from the High Court of Malaya for the Proposed Capital Rationalisation, comprising the Proposed Share Premium Reduction and the Proposed Par Value Reduction. On 31 October 2008, the Company has lodged the office copy of the order of the High Court of Malaya with the Registrar of Companies and pursuant to Section 64(6) of the Companies Act 1965, the Proposed Capital Rationalisation has taken into effect on the same date.
- KUB Realty (PJ) Sdn. Bhd., a wholly-owned subsidiary of the Company had, on 7 November 2008, completed the disposal of shoplots/office space and accessory parcels and six levels of car parking bays and ramps located at Block C and Block D, of Megan Phileo Avenue also known as KUB.com to Park Residence Development Sdn. Bhd. for a total consideration of RM86.5 million.
- On 14 November 2008, the Company and its subsidiaries entered into Share Sale Agreements to dispose off four dormant companies to Encik Ahmad Kamal Hamzah and Puan Ainun Mali Hamzah for consideration of RM2.00 for each company. Accordingly, the dormant companies namely Perdaris Development Sdn Bhd, KUB Sinar Sdn Bhd, Radiant Orchards Sdn Bhd and KUB Sajilera Sdn Bhd have ceased to be the subsidiaries of the Group.

Other than above, there are no material events subsequent to the end of the interim period that have not been reflected in the condensed financial statements.

11. Changes in the composition of the group

During the financial period, the Group also has completed the following corporate exercises:-

- proposed disposal of 60% equity interest in Tele Dynamic Sdn Bhd to Voyage Frontier (M) Sdn Bhd on 11 January 2008 for a total consideration of RM17.05 million;
- proposed disposal of 70% equity interest in Adil Perdana Sdn Bhd to Alam Bersih Sdn Bhd on 31 March 2008 for a total consideration of RM630,000;
- proposed acquisition of 60% equity interest in Empirical Systems (M) Sdn Bhd on 31 March 2008 for a total consideration of RM4.86 million; and
- proposed acquisition of 60% equity interest in Ibuzawa Corporation Sdn Bhd on 21 April 2008 for a total consideration of RM22.0 million.

A total gain on disposal of RM5.4 million for the above disposals (items a and b) was recognised under "Profit from disposal group held for sale".

Other than the above, there are no changes in the composition of the Group during the current quarter and financial period under review.

12. Capital commitments

Capital commitments outstanding not provided for in the interim financial statements are:

	As at end of current quarter 30/09/2008 RM'000
Capital expenditure commitments	
Property, plant and equipment	
Authorised but not contracted for	23,139
Contracted but not provided for	79
	<u>23,218</u>
Lease and repurchase commitments	
Less than a year	1,125
Between one and five years	3,619
More than five years	17,897
	<u>22,641</u>

13. Contingent liabilities

	As at end of current quarter 30/09/2008 RM'000
Litigation claims by certain third parties against the Group not provided for	<u>3,036</u>

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economics benefits will be required or the amount is not capable of reliable measurement.

14. Tax

	3 months ended		9 months ended	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
Tax expense on continuing operations	1,554	403	3,763	1,631
Tax expense on disposal group held for sale	-	964	62	2,676
Total	<u>1,554</u>	<u>1,367</u>	<u>3,825</u>	<u>4,307</u>
Tax comprises the following:				
Current tax	1,462	1,356	3,717	4,117
Prior year	92	11	108	190
Total	<u>1,554</u>	<u>1,367</u>	<u>3,825</u>	<u>4,307</u>

The effective tax rate of the Group for the current period under review is lower than the statutory tax rate due mainly to the utilisation of carry forward tax losses by subsidiary companies to offset the income that would otherwise be taxable.

15. Sale of unquoted investments and/or properties

There was no material sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

16. Quoted securities

There was no material purchase or disposal of quoted securities for the current quarter and financial year-to-date.

The Group's investments in quoted securities as at the end of the reporting period are as follows :-

	RM'000
At cost	<u>10,135</u>
At book value	<u>3,420</u>
At market value	<u>3,420</u>

17. Status of corporate proposals

No	Date of Announcement	Subject	Status
1.	05.06.2007 17.01.2008 08.04.2008 29.07.2008 18.11.2008	Proposed disposal of 38.2% equity interest, comprising 2,781,310 ordinary shares of USD1.00 each in Progas Holdings Limited ("PHL"), a company incorporated in Republic of Mauritius to Progas Energy Limited for a total consideration of USD5,562,620.	The completion date has been extended to 31 December 2008.
2.	05.12.2007 05.05.2008 05.06.2008 05.08.2008 05.11.2008	Proposed disposal of 100% equity interest, comprising 500,000 and 1,000,000 ordinary shares of RM1.00 each in ITTAR-IPP (PJ) Sdn Bhd and KUB Singgahsana (PJ) Sdn Bhd by ITTAR Sdn Bhd and KUB Hotel and Resort Management Sdn Bhd, a wholly-owned subsidiary of the Company, to Eden Industries Sdn Bhd for a total consideration of RM3,500,000.	The completion date has been extended to 5 December 2008.
3.	29.02.2008	Proposed disposal of 21 parcels of land held under various grants measuring approximately 352.165 hectares in the Mukim of Belanja, District of Kinta, State of Perak by Lembayung Sukma Sdn Bhd, a subsidiary of Bina Alam Bersatu Sdn Bhd which in turn is a subsidiary of KUB to Putrajaya Holdings Sdn Bhd for a total cash consideration of RM45,487,054.	Pending approval from the relevant authorities.

18. Group borrowings and debt securities

		As at end of current quarter 30/09/2008 RM'000
Non-current		
Term loans	- secured	29,856
Finance leases		<u>2,483</u>
		<u>32,339</u>
Current		
Term loans	- secured	1,528
Bank overdrafts	- secured	25,473
Bankers' acceptances / Trust receipts	- secured	96,996
Finance leases		<u>656</u>
		<u>124,653</u>

19. Financial instruments with off balance sheet risk

As at the reporting date, the Group does not have any off balance sheet financial instruments.

20. Material litigation

As at the date of this report, the Group does not have any material litigation which would have a material adverse effect on the financial position of the Group except for the following:

- (i) Sistemaju IT Sdn. Bhd. vs KUB Teknologi Sdn. Bhd. (formerly known as KUB IT Sdn. Bhd.)

Claim for supply of computer software, hardware and consultancy services of RM3,036,345. The subsidiary filed counterclaim for RM404,343 in aggregate comprising liquidated ascertained damages and payment for supply of equipment. On 25 April 2006, the Solicitor has obtained an Order in Term to their application to Discharge as Solicitor Representing the Subsidiary. The matter is now fixed for case management on 9 January 2009.

21. Profit before tax for the current quarter compared to the immediate preceding quarter

The Group recorded higher revenue and profit for the quarter under review as against last quarter by 71% and 42% respectively. The improved performance for the current quarter was mainly attributable to the projects undertaken by the ICT and PEC sectors.

22. Review of performance for the current interim financial period compared to the corresponding period in the preceding year

For nine months ended 30 September 2008, the Group registered a higher revenue and a profit, against the loss for the corresponding period last year. This was mainly due to the favourable performance by the Group's ICT and Food Related sectors. The loss in the corresponding period last year was partly due to allowance for doubtful debts, impairment losses on investment in associate company and inventory written off of RM19.5 million.

23. Prospects

Various efforts undertaken by the Group to achieve profitability have borne results in the financial period under review. The Board remains positive that the Group will be able to record satisfactory results in the next quarter.

24. Profit forecast / profit guarantee

In relation to the acquisition of Ibuzawa Corporation Sdn Bhd and Empirical Systems (M) Sdn Bhd, the Group is given 2 years profit guarantee by the vendors for financial years ending 31 December 2008 and 2009 respectively.

Other than above, the Group has neither made any profit forecast nor issued any profit guarantee.

25. Dividends

The Board does not recommend any dividend for the current quarter and financial period under review.

26. Earnings/(Loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares.

		3 months ended		9 months ended	
		30/09/2008	30/09/2007	30/09/2008	30/09/2007
Profit/(Loss) attributable to ordinary shareholders	(RM'000)				
from continuing operations		5,448	(20,136)	14,813	(32,568)
from disposal group held for sale		(630)	(5,520)	3,620	1,976
		4,818	(25,656)	18,433	(30,592)
Weighted average number of ordinary shares	('000)	556,465	553,875	556,465	552,840
Basic earnings/(loss) per share	(sen)				
from continuing operations		0.98	(3.64)	2.66	(5.89)
from disposal group held for sale		(0.11)	(1.00)	0.65	0.36
		0.87	(4.63)	3.31	(5.53)

(b) Diluted earnings per share

There was no fully diluted effect on the earnings per share for the period under review.

By Order of the Board

EULIS RACHMATIAH ISKANDAR SASTRAWIDJAJA
Company Secretary
27 November 2008