



**Interim Financial Report on  
Unaudited Consolidated Results for the  
Fourth Quarter Ended  
31 December 2008**

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# KUB MALAYSIA BERHAD

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

## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 December 2008.

### CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2007 RM'000	CURRENT YEAR TO DATE 31/12/2008 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31/12/2007 RM'000
<b>Continuing operations</b>				
Revenue	206,673	222,295	877,308	585,537
Operating expenses	(213,440)	(284,177)	(868,739)	(679,181)
Other operating income	9,548	17,233	15,714	21,970
<b>Results from operating activities</b>	<b>2,781</b>	<b>(44,649)</b>	<b>24,283</b>	<b>(71,674)</b>
Interest income	2,448	390	3,946	825
Finance costs	(3,147)	(4,858)	(9,504)	(7,501)
<b>Operating profit/(loss)</b>	<b>2,082</b>	<b>(49,117)</b>	<b>18,725</b>	<b>(78,350)</b>
Share of profit / (loss) after tax and minority interest of equity accounted associates	1,614	2,545	6,888	158
<b>Profit/(loss) before tax</b>	<b>3,696</b>	<b>(46,572)</b>	<b>25,613</b>	<b>(78,192)</b>
Tax expense	(3,532)	(1,851)	(7,295)	(3,482)
<b>Profit/(loss) from continuing operations</b>	<b>164</b>	<b>(48,423)</b>	<b>18,318</b>	<b>(81,674)</b>
<b>Disposal group held for sale</b>				
Profit/(loss) from disposal group held for sale	17,373	(10,380)	21,037	(7,126)
<b>Profit/(loss) for the period/year</b>	<b>17,537</b>	<b>(58,803)</b>	<b>39,355</b>	<b>(88,800)</b>
<b>Attributable to:</b>				
Shareholders of the Company	15,960	(59,755)	34,392	(86,130)
Minority interest	1,577	952	4,963	(2,670)
<b>Profit/(loss) for the period/year</b>	<b>17,537</b>	<b>(58,803)</b>	<b>39,355</b>	<b>(88,800)</b>
<b>Earnings/(Loss) per share attributable to equity holders of the parent (sen) :</b>				
<b>- Basic:</b>				
from continuing operations	(0.25)	(8.82)	2.41	(14.01)
from disposal group held for sale	3.12	(1.92)	3.77	(1.57)
	<b>2.87</b>	<b>(10.74)</b>	<b>6.18</b>	<b>(15.58)</b>
<b>- Diluted:</b>				
	-	-	-	-

"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.

# KUB MALAYSIA BERHAD

(Company No. 6022-D)  
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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

### CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2008 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2007 RM'000
<b>Assets</b>		
Property, plant and equipment	125,635	102,252
Intangible assets	17,327	-
Development expenditure	9,099	9,097
Prepaid lease payments	62,502	65,324
Investment property	11,746	14,084
Investment in associates	25,153	27,318
Other investments	261	266
Deferred tax assets	2,726	2,389
Receivables	3,479	4,715
<b>Total non-current assets</b>	<b>257,928</b>	<b>225,445</b>
Receivables, deposits and prepayments	186,011	191,099
Inventories	30,480	17,233
Other investments	2,887	3,766
Current tax assets	4,703	3,692
Assets classified as held for sale	24,919	190,549
Cash and cash equivalents	213,009	60,543
<b>Total current assets</b>	<b>462,009</b>	<b>466,882</b>
<b>Total assets</b>	<b>719,937</b>	<b>692,327</b>
<b>Equity</b>		
Share capital	222,586	556,465
Reserves	17,097	333,395
Retained earnings/(Accumulated losses)	80,634	(598,648)
<b>Total equity attributable to shareholders of the Company</b>	<b>320,317</b>	<b>291,212</b>
<b>Minority interests</b>	<b>20,588</b>	<b>17,894</b>
<b>Total equity</b>	<b>340,905</b>	<b>309,106</b>
<b>Liabilities</b>		
Loans and borrowings	28,885	26,845
Deferred tax liabilities	9,079	9,213
<b>Total non-current liabilities</b>	<b>37,964</b>	<b>36,058</b>
Payables and accruals	229,017	202,968
Provision for tax	6,959	1,251
Liabilities classified as held for sale	6,015	82,854
Loans and borrowings	99,077	60,090
<b>Total current liabilities</b>	<b>341,068</b>	<b>347,163</b>
<b>Total liabilities</b>	<b>379,032</b>	<b>383,221</b>
<b>Total equity and liabilities</b>	<b>719,937</b>	<b>692,327</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.58</b>	<b>0.52</b>

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.

# KUB MALAYSIA BERHAD

(Company No. 6022-D)  
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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 →		Capital reserve RM'000	Translation reserve RM'000	Accumulated losses RM'000	Total RM'000		
	Share capital RM'000	Share premium RM'000						
<b>At 1 January 2008</b>	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)	(11,244)	(15,558)
Foreign exchange translation differences	-	-	-	(973)	-	(973)	-	(973)
Capital rationalisation	(333,879)	(311,323)	-	-	645,202	-	-	-
Profit for the year	-	-	-	-	34,392	34,392	4,963	39,355
Redemption of preference shares	-	-	312	-	(312)	-	-	-
<b>At 31 December 2008</b>	<b>222,586</b>	<b>5,965</b>	<b>11,713</b>	<b>(581)</b>	<b>80,634</b>	<b>320,317</b>	<b>20,588</b>	<b>340,905</b>
<b>At 1 January 2007</b>	543,644	317,123	15,715	(718)	(512,518)	363,246	20,564	383,810
Issue of shares	12,821	165	-	-	-	12,986	-	12,986
Foreign exchange translation differences	-	-	-	1,110	-	1,110	-	1,110
Loss for the year	-	-	-	-	(86,130)	(86,130)	(2,670)	(88,800)
<b>At 31 December 2007</b>	<b>556,465</b>	<b>317,288</b>	<b>15,715</b>	<b>392</b>	<b>(598,648)</b>	<b>291,212</b>	<b>17,894</b>	<b>309,106</b>

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.

# KUB MALAYSIA BERHAD

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CURRENT YEAR TO DATE 31/12/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2007 RM'000
Net cash generated from operating activities	19,196	32,676
Net cash generated from investing activities	105,428	6,297
Net cash used in financing activities	(48,123)	(25,055)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	76,501	13,918
Cash and cash equivalents at 1 January	37,552	23,634
Cash and cash equivalents at 31 December	<u>114,053</u>	<u>37,552</u>
Cash and cash equivalents included in the cash flow statements comprise the following:		
Cash and bank balances	53,873	30,683
Deposits (excluding deposits pledged)	89,013	19,140
Bank overdrafts	(28,833)	(12,271)
	<u>114,053</u>	<u>37,552</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

(Company No. 6022-D)  
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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 cyclical nature 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/property as disclosed in Notes 11 and 15.

#### 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

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date except for:

- a) 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; and
- b) On 31 October 2008, the Company completed the Proposed Capital Rationalisation which resulted in a credit balance of RM645.02 million that was utilised to eliminate the accumulated losses of the Company and that the par value of each ordinary share of the Company was reduced from RM1.00 to RM0.40.

#### 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		Disposal group held for sale		Continuing operations	
	12 months ended		12 months ended		12 months ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ICT	259,217	379,736	6,870	307,095	252,347	72,641
Food	98,455	94,903	5,256	5,344	93,199	89,559
PEC	149,193	94,827	-	-	149,193	94,827
Energy	382,202	323,773	-	-	382,202	323,773
Others	343	16,841	(24)	12,104	367	4,737
Total	889,410	910,080	12,102	324,543	877,308	585,537

Segment results - profit/(loss) before tax	Profit/(Loss) before tax		Disposal group held for sale		Continuing operations	
	12 months ended		12 months ended		12 months ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ICT	23,561	(32,608)	173	7,422	23,388	(40,030)
Food	8,754	14,457	(2,526)	(724)	11,280	15,181
PEC	7,528	4,404	-	-	7,528	4,404
Energy	(12,720)	(18,394)	-	-	(12,720)	(18,394)
Others	13,057	(51,358)	23,808 #	(11,847)	(10,751)	(39,511)
Share of associates' results	6,888	158	-	-	6,888	158
Total	47,068	(83,341)	21,455	(5,149)	25,613	(78,192)

Note: # Include the gain on disposal of subsidiaries and properties as mentioned in Notes 11 and 15 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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2008 to the date of this announcement which would substantially affect the financial results of the Group for the year ended 31 December 2008 that have not been reflected in the condensed financial statements.

## 11. Changes in the composition of the group

During the financial year, 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;
- proposed acquisition of 60% equity interest in Ibusawa Corporation Sdn Bhd on 21 April 2008 for a total consideration of RM22.0 million;
- Kubaki Pte Ltd, a 60% owned by KUB Ekuiti Sdn Bhd, a wholly owned subsidiary of KUB Malaysia Berhad, had on 5 June 2008 been struck off from the Accounting and Corporate Regulatory Authority (ACRA) of Singapore; and
- proposed Share Sale Agreements to dispose off four dormant companies, namely Perdaris Development Sdn Bhd, Radiant Orchards Sdn Bhd, KUB Sinar Sdn Bhd and KUB Sajilera Sdn Bhd, to Encik Ahmad Kamal Hamzah and Puan Ainun Mali Hamzah on 14 November 2008 for a consideration of RM2.00 each.

A total gain on disposal of RM5.4 million for the above disposals (items a,b and f) 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 year under review.

## 12. Capital commitments

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

	As at end of current quarter 31/12/2008 RM'000
Capital expenditure commitments	
Property, plant and equipment	
Authorised but not contracted for	21,469
Contracted but not provided for	<u>79</u>
	<u>21,548</u>
Lease and repurchase commitments	
Less than a year	1,123
Between one and five years	3,291
More than five years	<u>18,228</u>
	<u>22,642</u>

## 13. Contingent liabilities

	As at end of current quarter 31/12/2008 RM'000
Litigation claims by certain third parties against the Group not provided for	<u>1,145</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		12 months ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	RM'000	RM'000	RM'000	RM'000
Tax expense on continuing operations	3,532	1,851	7,295	3,482
Tax expense on disposal group held for sale	372	(699)	418	1,977
Total	<u>3,904</u>	<u>1,152</u>	<u>7,713</u>	<u>5,459</u>
Tax comprises the following:				
Current tax	3,495	(599)	8,458	3,518
Over provision prior year	(3,184)	(883)	(3,276)	(693)
	<u>311</u>	<u>(1,482)</u>	<u>5,182</u>	<u>2,825</u>
Deferred tax	(875)	2,634	(875)	2,634
Under provision prior year	4,468	-	3,406	-
	<u>3,593</u>	<u>2,634</u>	<u>2,531</u>	<u>2,634</u>
Total	<u>3,904</u>	<u>1,152</u>	<u>7,713</u>	<u>5,459</u>

The effective tax rate for the current financial year under review is higher than the statutory tax rate as certain expenses which are not deductible for tax purposes and profits of certain subsidiaries cannot be offset against losses of other subsidiaries for income tax purposes.

## 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 except for the disposal of shoplots/office space 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 which was completed on 7 November 2008. The Group recognised approximately RM16 million gain on the disposal of the above property, classified under "Profit from disposal group held for sale".

## 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>2,887</u>
At market value	<u>2,887</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 25.02.2009	Proposed disposal of 38.2% equity interest, comprising 2,781,310 ordinary shares of USD1.00 each in Progas Holdings Limited, a company incorporated in Republic of Mauritius to Progas Energy Limited ("PEL") for a total consideration of USD5,562,620.	The Group is reviewing the proposed disposal as PEL is unable to meet its contractual obligation.
2.	05.12.2007 05.05.2008 05.06.2008 05.08.2008 05.11.2008 05.12.2008 05.01.2009 25.02.2009	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 extended conditional period date has been extended to 5 March 2009.
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 31/12/2008 RM'000
<b>Non-current</b>		
Term loans	- secured	28,093
Finance leases		792
		<u>28,885</u>
<b>Current</b>		
Term loans	- secured	3,126
Bank overdrafts	- secured	28,833
Bankers' acceptances / Trust receipts	- secured	65,744
Finance leases		1,374
		<u>99,077</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.

The plaintiff had served on KUB Teknologi Sdn Bhd an application to add KUB Ekuiti Sdn Bhd and KUB Malaysia Berhad as defendants and the application is fixed for hearing on 7 May 2009.

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

For the quarter under review, the Group recorded a revenue of RM206.7 million and profit of RM3.7 million as compared to the previous quarter of RM307.5 million and RM9.1 million respectively.

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

The Group managed to turnaround from a pre-tax loss of RM78.2 million in the corresponding period last year to a pre-tax profit of RM25.6 million in the current financial year, on the back of increased revenue from RM586 million to RM877 million. The turnaround was achieved by the overall improved performance of the Group's core businesses, higher profit margin and effective yet prudent spending.

## 23. Prospects

In view of the global and domestic economic slowdown, the Group will focus more on strengthening its core businesses and cost optimisation to achieve sustainable growth in order to be profitable in the financial year ending 31 December 2009.

## 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 cumulative profit guarantee by the vendors for financial years ending 31 December 2008 and 2009 respectively.

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

## 25. Dividends

The Board has not made any decision in respect of dividend for the current quarter and financial year 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		12 months ended	
		31/12/2008	31/12/2007	31/12/2008	31/12/2007
Profit/(Loss) attributable to ordinary shareholders from continuing operations from disposal group held for sale	(RM'000)	(1,413)	(49,075)	13,400	(77,426)
		17,373	(10,680)	20,992	(8,704)
		15,960	(59,755)	34,392	(86,130)
Weighted average number of ordinary shares	('000)	556,465	556,465	556,465	552,839
Basic earnings/(loss) per share from continuing operations from disposal group held for sale	(sen)	(0.25)	(8.82)	2.41	(14.01)
		3.12	(1.92)	3.77	(1.57)
		2.87	(10.74)	6.18	(15.58)

### (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  
26 February 2009