



**Interim Financial Report on  
Unaudited Consolidated Results for the  
Third Quarter Ended  
30 September 2009**

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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 2009

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 September 2009.

### CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2008 RM'000	CURRENT YEAR TO DATE 30/09/2009 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 30/09/2008 RM'000
Revenue	191,865	309,072	554,181	681,460
Operating expenses	(189,622)	(297,616)	(546,449)	(666,402)
Other operating income	5,045	(211)	40,327	11,732
<b>Results from operating activities</b>	<b>7,288</b>	<b>11,245</b>	<b>48,059</b>	<b>26,790</b>
Finance costs	(1,914)	(3,701)	(6,133)	(6,421)
Share of profit of associates	702	918	1,738	5,274
<b>Profit before tax</b>	<b>6,076</b>	<b>8,462</b>	<b>43,664</b>	<b>25,643</b>
Income tax expense	(1,513)	(1,554)	(4,233)	(3,825)
<b>Profit for the period</b>	<b>4,563</b>	<b>6,908</b>	<b>39,431</b>	<b>21,818</b>
<b>Attributable to:</b>				
Equity holders of the Company	2,093	4,817	20,073	18,433
Minority interests	2,470	2,091	19,358	3,385
<b>Profit for the period</b>	<b>4,563</b>	<b>6,908</b>	<b>39,431</b>	<b>21,818</b>
<b>Earnings per share attributable to equity holders of the Company (sen) :</b>				
- Basic and diluted	0.38	0.87	3.61	3.31

The Condensed Consolidated Income Statement should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2008.

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

### CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2009 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2008 RM'000
<b>Assets</b>		
Property, plant and equipment	122,855	125,177
Intangible assets	17,327	17,327
Development expenditure	9,101	9,099
Prepaid lease payments	60,361	61,876
Investment property	11,234	11,517
Investment in associates	9,891	25,154
Other investments	151	263
Deferred tax assets	3,884	1,893
<b>Total non-current assets</b>	<b>234,804</b>	<b>252,306</b>
Other investments	2,886	2,886
Inventories	85,466	46,700
Receivables, deposits and prepayments	157,139	166,464
Current tax assets	4,383	3,295
Cash and bank balances	226,357	214,988
<b>Total current assets</b>	<b>476,231</b>	<b>434,333</b>
Assets classified as held for sale	10,501	25,877
<b>Total assets</b>	<b>721,536</b>	<b>712,516</b>
<b>Equity</b>		
Share capital	222,586	222,586
Reserves	54,474	55,052
Retained earnings	49,968	39,911
<b>Total equity attributable to equity holders of the Company</b>	<b>327,028</b>	<b>317,549</b>
<b>Minority interests</b>	<b>27,800</b>	<b>20,492</b>
<b>Total equity</b>	<b>354,828</b>	<b>338,041</b>
Borrowings	26,358	27,456
Deferred tax liabilities	7,497	7,805
Provision for liabilities	6,946	6,946
<b>Total non-current liabilities</b>	<b>40,801</b>	<b>42,207</b>
Payables and accruals	231,664	219,680
Provision for tax	9,991	5,206
Borrowings	78,199	101,144
<b>Total current liabilities</b>	<b>319,854</b>	<b>326,030</b>
Liabilities classified as held for sale	6,053	6,238
<b>Total liabilities</b>	<b>366,708</b>	<b>374,475</b>
<b>Total equity and liabilities</b>	<b>721,536</b>	<b>712,516</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.59</b>	<b>0.57</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2008.

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←		Attributable to equity holders of the Company					→		
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
<b>At 1 January 2009</b>	222,586	5,965	34,016	312	(1,001)	15,760	39,911	317,549	20,492	338,041
Foreign exchange translation differences	-	-	-	-	(576)	-	-	(576)	-	(576)
Profit for the period	-	-	-	-	-	-	20,073	20,073	19,358	39,431
Dividend paid	-	-	-	-	-	-	(10,016)	(10,016)	(12,050)	(22,066)
<b>At 30 September 2009</b>	<b>222,586</b>	<b>5,965</b>	<b>34,016</b>	<b>312</b>	<b>(1,576)</b>	<b>15,760</b>	<b>49,968</b>	<b>327,028</b>	<b>27,800</b>	<b>354,828</b>
<b>At 1 January 2008</b>	556,465	317,288	38,330	-	392	15,760	(637,023)	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)
Redemption of RCPS	-	-	-	312	-	-	(312)	-	-	-
Profit for the period	-	-	-	-	-	-	18,433	18,433	3,365	21,818
<b>At 30 September 2008</b>	<b>556,465</b>	<b>317,288</b>	<b>34,016</b>	<b>312</b>	<b>(419)</b>	<b>15,760</b>	<b>(618,902)</b>	<b>304,520</b>	<b>19,005</b>	<b>323,525</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2008.

# KUB MALAYSIA BERHAD

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CURRENT YEAR TO DATE 30/09/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2008 RM'000
Net cash used in operating activities	(11,149)	(19,783)
Net cash generated from investing activities	63,851	5,300
Net cash (used in)/generated from financing activities	(87,039)	34,162
Net (decrease)/increase in cash and cash equivalents	(34,337)	19,679
Cash and cash equivalents at beginning of period	138,102	37,552
Cash and cash equivalents at end of period	<u>103,765</u>	<u>57,231</u>
Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following:		
Cash on hand and at banks	39,057	45,712
Deposits (excluding deposits pledged)	130,204	36,992
Bank overdrafts	(65,496)	(25,473)
	<u>103,765</u>	<u>57,231</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2008.

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

### 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 2008.

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 2008.

#### 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 2008.

#### 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.

#### 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.

#### 7. Dividends paid

A first and final gross dividend in respect of previous financial year ended 31 December 2008 of 2.4 sen less 25 per cent taxation on 556,464,690 ordinary shares amounting to RM10,016,364, was approved by the shareholders at the 44<sup>th</sup> Annual General Meeting of the Company held on 18 June 2009 and paid on 3 July 2009.

#### 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 and organised into Information & Communication Technology ("ICT"), Energy, Food Related ("Food") and Properties, Engineering & Construction ("PEC").

Segment information for the current financial period to 30 September 2009 is as follows:

	ICT RM'000	PEC RM'000	Food RM'000	Energy RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>							
External sales	109,169	184,674	67,878	191,988	472	-	554,181
Inter-segment sales	1,264	-	-	-	20,578	(21,842)	-
Total revenue	<u>110,433</u>	<u>184,674</u>	<u>67,878</u>	<u>191,988</u>	<u>21,050</u>	<u>(21,842)</u>	<u>554,181</u>
<b>Results</b>							
Profit/(loss) from operations	10,915	44,095	(1,879)	4,097	32,735	(41,904)	48,059
Finance costs	(1,201)	(3,438)	(1,359)	(64)	(71)	-	(6,133)
Share of results of associates	-	-	-	-	1,738	-	1,738
Income tax expense	(2,311)	(2,908)	(214)	1,200	-	-	(4,233)
Profit/(loss) for the period	<u>7,403</u>	<u>37,749</u>	<u>(3,452)</u>	<u>5,233</u>	<u>34,402</u>	<u>(41,904)</u>	<u>39,431</u>

#### 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 30 September 2009 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2009 that have not been reflected in the condensed financial statements.

## 11. Changes in the composition of the group

There were no changes in the composition of the Group during the current quarter and financial period under review, except as disclosed below:

- (a) On 8 April 2009, A&W Distribution Co. Ltd., a dormant company incorporated in Thailand, which is a subsidiary of A&W Restaurants (Thailand) Co. Ltd., had been struck off from the Bangkok Registration Office of Partnerships and Companies, Department of Business Development, Ministry of Commerce, Thailand; and
- (b) On 30 April 2009, A&W (Singapore) Pte. Ltd. and Harbour Place Developments Pte. Ltd., both are dormant companies and wholly-owned subsidiaries of the Company had been struck off from the Accounting and Corporate Regulatory Authority (ACRA), Singapore.

## 12. Capital commitments

There are no capital commitments except as disclosed below:

	As at end of current quarter 30/09/2009 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	20,431
Approved but not contracted for	<u>26,892</u>
	<u>47,323</u>
Lease and repurchase commitments	
Less than a year	2,573
Between one and five years	9,169
More than five years	<u>8,930</u>
	<u>20,672</u>

## 13. Contingent liabilities

There are no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2008.

## 14. Tax

	3 months ended		9 months ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	2,261	1,554	5,433	3,825
Deferred tax:				
Over provision in prior year	<u>(748)</u>	-	<u>(1,200)</u>	-
	<u>1,513</u>	<u>1,554</u>	<u>4,233</u>	<u>3,825</u>

The effective tax rate for the current financial period under review is lower than the statutory tax rate as certain income are not taxable and availability of tax losses to offset the profits of certain 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:

- (a) the disposal of a single-storey factory located at Jelapang Industrial Estate in Ipoh, Perak was completed in January 2009. The Group recognised approximately RM0.9 million gain on the disposal of the said property for the current period under review;
- (b) the disposal of land located at Mukim of Belanja in Kinta, Perak was completed on 23 June 2009. The Group recognised approximately RM30.3 million gain on the disposal of the said land for the current period under review; and
- (c) the disposal of property consisting 4-storey hotel building, 3-storey administration block and 3-storey hostel building, located at Bandar Padang Mat Sirat, Langkawi which was completed on 20 July 2009. The Group recognised approximately RM0.4 million loss on the disposal of the said property for the current quarter under review.

## 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	10,135
At book value	2,886
At market value	2,886

## 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 05.03.2009 05.05.2009 08.06.2009 06.08.2009 08.09.2009 06.10.2009	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 November 2009.

## 18. Group borrowings and debt securities

		As at end of current quarter 30/09/2009 RM'000
<u>Non-current</u>		
Term loans	- secured	25,171
Finance leases		1,187
		<u>26,358</u>
<u>Current</u>		
Term loans	- secured	2,696
Bank overdrafts	- secured	65,496
Revolving credit	- secured	6,111
Bankers' acceptances / Trust receipts	- secured	3,152
Finance leases		744
		<u>78,199</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.

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

For the quarter under review, the Group recorded a profit before tax of RM6.1 million compared to the previous quarter of RM34.2 million. Excluding the gain/loss on disposals, the Group's operating profit of RM6.5 million was an improvement from RM3.8 million recorded in the last quarter. Current quarter's results were principally contributed by improvements in Group's operations in PEC, ICT and Energy sectors.



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

The Group recorded a revenue of RM554.2 million and profit before tax of RM43.7 million compared to RM681.5 million and RM25.6 million respectively in the corresponding period last year. The 19% decline in Group's revenue compared to last year was primarily due to lower contribution from Energy and ICT sectors. However, it was partially mitigated by higher project revenue from PEC and Food sectors. The Group's profit in the current period have benefited from the gain on disposal of land as disclosed in Note 15(b). The gain on disposal of land in the current period is higher than the gain on disposal of subsidiaries in the corresponding period last year.

## 23. Prospects

With projects under PEC and ICT sectors being actively carried out and stable contribution expected from Food and Energy sectors, the Group expects to maintain the current positive 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 cumulative profit guarantee by the vendors for financial years ended 31 December 2008 and ending 31 December 2009 respectively.

Other than the 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 year under review.

## 26. Earnings per share

### (a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

		3 months ended		9 months ended	
		30/09/2009	30/09/2008	30/09/2009	30/09/2008
Profit for the period attributable to equity holders of the Company	(RM'000)	2,093	4,817	20,073	18,433
Weighted average number of ordinary shares in issue	('000)	556,465	556,465	556,465	556,465
Basic earnings per share	(sen)	0.38	0.87	3.61	3.31

### (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

25 November 2009