



**Interim Financial Report on
Unaudited Consolidated Results for the
First Quarter Ended
31 March 2010**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

The Board of Directors hereby announce the unaudited financial results of the Group for the financial year ended 31 March 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31/3/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2009 RM'000	CURRENT YEAR TO DATE 31/3/2010 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31/3/2009 RM'000
Revenue	198,241	179,759	198,241	179,759
Operating expenses	(195,650)	(177,353)	(195,650)	(177,353)
Other operating income	2,839	2,954	2,839	2,954
Results from operating activities	5,430	5,360	5,430	5,360
Finance costs	(2,609)	(2,205)	(2,609)	(2,205)
Share of profit of associates	1,203	260	1,203	260
Profit before tax	4,024	3,415	4,024	3,415
Income tax expense	(787)	(1,319)	(787)	(1,319)
Profit for the period	3,237	2,096	3,237	2,096
Other comprehensive income:				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	505	-	505	-
Foreign currency translation difference	728	(3,051)	728	(3,051)
Total comprehensive income for the period	4,470	(955)	4,470	(955)
Profit attributable to:				
Equity holders of the Company	2,073	2,431	2,073	2,431
Minority interests	1,164	(335)	1,164	(335)
	3,237	2,096	3,237	2,096
Total comprehensive income attributable to:				
Equity holders of the Company	3,306	(620)	3,306	(620)
Minority interests	1,164	(335)	1,164	(335)
	4,470	(955)	4,470	(955)
Earnings per share attributable to equity holders of the Company (sen) :				
- Basic and diluted	0.37	0.44	0.37	0.44

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 2009.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 31/3/2010 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 RM'000
Assets		
Property, plant and equipment	133,537	133,351
Land held for property development	4,601	4,601
Plantation development expenditure	37,646	38,175
Prepaid lease payments	21,957	22,853
Investment properties	11,244	11,854
Investment in associates	11,798	10,596
Other investments	151	151
Intangible assets	19,140	18,985
Deferred tax assets	4,099	5,684
Total non-current assets	244,173	246,250
Other investments	2,511	2,006
Inventories	25,252	22,208
Trade and other receivables	280,542	298,405
Tax recoverable	175	1,300
Cash and bank balances	215,874	236,343
Total current assets	524,354	560,262
Assets classified as held for sale	5,798	6,598
Total assets	774,325	813,110
Equity		
Share capital	222,586	222,586
Reserves	49,213	55,713
Retained earnings	79,527	77,454
Total equity attributable to equity holders of the Company	351,326	355,753
Minority interests	22,595	31,575
Total equity	373,921	387,328
Borrowings	34,128	23,904
Deferred tax liabilities	6,750	8,252
Provision for liabilities	5,302	5,302
Total non-current liabilities	46,180	37,458
Trade and other payables	222,698	250,688
Provision for tax	12,604	13,132
Borrowings	118,922	124,504
Total current liabilities	354,224	388,324
Total liabilities	400,404	425,782
Total equity and liabilities	774,325	813,110
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.63	0.64

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 2009.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←		Attributable to owners of the parent					→		Total equity RM'000			
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Capital reserve RM'000	Translation reserve RM'000	Premium paid on acquisition of minority interests RM'000	AFS reserve RM'000	Merger reserve RM'000	Revaluation reserves RM'000		Retained earnings RM'000	Total RM'000	Minority interest RM'000
At 1 January 2010	222,586	5,965	312	312	(340)	-	-	11,147	4,613	77,454	355,753	31,575	387,328
Total comprehensive income for the period	-	-	-	-	728	-	505	-	-	2,073	3,306	1,164	4,470
Transactions with owners:													
Premium paid on acquisition of minority interest, representing total transactions with owner	-	-	-	-	-	(7,733)	-	-	-	-	(7,733)	(10,144)	(17,877)
At 31 March 2010	222,586	5,965	312	388	388	(7,733)	505	11,147	4,613	79,527	351,326	22,595	373,921
At 1 January 2009	222,586	5,965	312	312	(1,001)	-	-	11,147	4,613	39,911	317,549	20,492	338,041
Total comprehensive income for the period	-	-	-	-	(3,051)	-	-	-	-	2,431	(620)	(335)	(955)
At 31 March 2009	222,586	5,965	312	312	(4,052)	-	-	11,147	4,613	42,342	316,929	20,157	337,086

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 2009.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 31/3/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2009 RM'000
Net cash (used in)/generated from operating activities	(8,444)	12,835
Net cash used in investing activities	(14,058)	(1,603)
Net cash used in financing activities	(15,308)	(33,779)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(37,810)	(22,547)
Cash and cash equivalents at beginning of period	96,216	138,102
Cash and cash equivalents at end of period	<hr/> <u>58,406</u>	<hr/> <u>115,555</u>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following:		
Cash on hand and at banks	48,705	48,150
Deposits (excluding deposits pledged)	113,849	95,477
Bank overdrafts	(104,148)	(28,072)
	<hr/> <u>58,406</u>	<hr/> <u>115,555</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Annual Audited Financial Statements for the financial year ended 31 December 2009.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with 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 2009.

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 2009, except for the mandatory adoption of the following new/revised FRSs and Issues Committee Interpretations effective for the financial period beginning on 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards; and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Cash Flow Statements
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events After the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement; Disclosures; and Reassessment of Embedded Derivatives
Amendment to FRS 140	Investment Property
Improvement to FRSs	Improvements to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the above new/revised FRSs and Issues Committee Interpretations are expected to have no significant impact on the accounting policies and presentation of the financial results of the Group except for the changes arising from the application of FRS 101 and FRS 139 as discussed below

a) FRS 101: Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. The current consolidated financial statement of changes in equity only includes details of transaction with owner. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. In addition, the consolidated balance sheet was renamed as the consolidated statement of financial position in the interim financial report. This standard does not have any impact on the financial position and results of the Group.

1. Basis of preparation and accounting policies (cont'd)

b) FRS 139: Financial instruments - Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Depending on the categorisation applied for each financial asset and liability, some financial assets and liabilities will need to be fair valued and others are stated at amortised cost.

The Group's financial assets include available-for-sale investments, cash and short-term deposits and loans and receivables.

i. Available-for-sale investments

Financial assets available-for-sale are measured at fair value with gains and losses recognised in the AFS reserve until the investment is sold or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

ii. Loans and receivables

Loans and receivables are non-derivatives assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group's financial liabilities include trade and other payables, term loans and bank facilities, and are carried at amortised cost.

Financial impact

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010. There is no material impact regarding to FRS139 transitional adjustments.

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 2009.

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.

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

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

The directors have recommended a first and final gross dividend in respect of previous financial year ended 31 December 2009 of 2.4 sen less 25 per cent taxation on 556,464,690 ordinary shares for approval by the shareholders at the forthcoming Annual General Meeting amounting to RM10,016,364.

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"), Properties, Engineering & Construction ("PEC"), Food Related ("Food") and Energy, .

Segment information for the current financial period to 31 March 2010 is as follows:

	ICT RM'000	PEC RM'000	Food RM'000	Energy RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue							
External sales	12,778	69,546	25,530	90,373	14	-	198,241
Inter-segment sales	311	-	-	-	38	(349)	-
Total revenue	13,089	69,546	25,530	90,373	52	(349)	198,241
Results							
Profit from operations	(523)	9,576	(2,144)	802	(2,281)	-	5,430
Finance costs	(382)	(1,869)	(333)	(25)	-	-	(2,609)
Share of results of associates	-	-	-	-	1,203	-	1,203
Income tax expense	(70)	(226)	(297)	(194)	-	-	(787)
Profit for the year	(975)	7,481	(2,774)	583	(1,078)	-	3,237

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

There are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2010 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 March 2010 that have not been reflected in the condensed financial statements, except for:

- On 30 April 2010, KUB Ekuiti Sdn Bhd, a wholly owned subsidiary of the Group, completed the disposal of 8,000,000 ordinary shares representing 100% equity interest in Maga (M) Textile Sdn Bhd to MForce Bike Holdings Sdn Bhd for a cash consideration of RM800,000; and
- On 24 May 2010, the Company entered into 12 Sale and Purchase Agreements with Sime Darby Brunfield Holding Sdn Bhd and Sime Pilmoor Development Sdn Bhd for the purchase of a building comprising 12 floors of commercial office space with a net floor area of 93,293 square feet known as Phase 3, Block C, Oasis Ara Damansara for a total purchase consideration of RM39,096,540.

11. Changes in the composition of the group

There were no changes in the composition of the Group during the current quarter and financial year under review.

12. Capital commitments

There are no capital commitments except as disclosed below:

	As at end of current quarter 31/3/2010 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	22,954
Approved but not contracted for	90,437
	<u>113,391</u>
Lease and repurchase commitments	
Less than a year	2,517
Between one and five years	8,944
More than five years	7,910
	<u>19,371</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		3 months ended	
31/3/2010	31/3/2009	31/3/2010	31/3/2009
RM'000	RM'000	RM'000	RM'000
787	1,319	787	1,319

Current tax

The effective tax rate for the current financial year 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.

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 year are as follows :-

	RM'000
At cost	10,135
At fair value	2,511

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.

18. Group borrowings and debt securities

		As at end of current quarter 31/3/2010 RM'000
Non-current		
Term loans	- secured	33,117
Finance leases		1,011
		<u>34,128</u>
Current		
Term loans	- secured	4,917
Bank overdrafts	- secured	104,148
Bankers' acceptances / Trust receipts	- secured	9,239
Finance leases		618
		<u>118,922</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 profit before tax of RM4.0 million compared to RM38.0 million in the immediate preceding quarter. Higher profit in the immediate preceding quarter was contributed by the recognition of RM23.3 million arising from the deconsolidation of subsidiaries as well as better operating results achieved by the PEC, Food Related and Energy sectors.