



**Interim Financial Report on  
Unaudited Consolidated Results for the  
Third Quarter Ended  
30 September 2010**

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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 2010

The Board of Directors hereby announce the unaudited financial results of the Group for the financial year ended 30 September 2010.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2009 RM'000	CURRENT YEAR TO DATE 30/9/2010 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 30/9/2009 RM'000
Revenue	178,001	191,865	535,783	554,181
Operating expenses	(178,951)	(189,622)	(543,421)	(546,449)
Other operating income	3,515	5,045	17,470	40,327
<b>Results from operating activities</b>	<b>2,565</b>	<b>7,288</b>	<b>9,832</b>	<b>48,059</b>
Finance costs	(1,358)	(1,914)	(3,463)	(6,133)
Share of profit of associates	692	702	3,261	1,738
<b>Profit before tax</b>	<b>2,404</b>	<b>6,076</b>	<b>9,630</b>	<b>43,664</b>
Income tax expense	(235)	(1,513)	(1,738)	(4,233)
<b>Profit for the period</b>	<b>2,169</b>	<b>4,563</b>	<b>7,892</b>	<b>39,431</b>
Other comprehensive income:				
Net gain on available-for-sale financial assets				
- Gain/(loss) on fair value changes	837	-	952	-
<b>Total comprehensive income for the period</b>	<b>3,006</b>	<b>4,563</b>	<b>8,844</b>	<b>39,431</b>
<b>Profit attributable to:</b>				
Owners of the parent	2,495	2,093	5,301	20,073
Non-controlling interests	(326)	2,470	2,591	19,358
	<b>2,169</b>	<b>4,563</b>	<b>7,892</b>	<b>39,431</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	3,332	4,563	6,253	22,543
Non-controlling interests	(326)	-	2,591	16,888
	<b>3,006</b>	<b>4,563</b>	<b>8,844</b>	<b>39,431</b>
<b>Earnings per share attributable to owners of the parent (sen) :</b>				
- Basic and diluted	0.45	0.38	0.95	3.61

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

# KUB MALAYSIA BERHAD

(Company No. 6022-D)  
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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 30/9/2010 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 RM'000
<b>Assets</b>		
Property, plant and equipment	140,473	133,351
Land held for property development	4,603	4,601
Plantation development expenditure	36,786	38,175
Prepaid lease payments	22,036	22,853
Investment properties	11,330	11,854
Investment in associates	13,856	10,596
Other investments	151	151
Intangible assets	20,419	18,985
Deferred tax assets	378	5,684
<b>Total non-current assets</b>	<b>250,032</b>	<b>246,250</b>
Other investments	2,958	2,006
Inventories	57,990	22,208
Trade and other receivables	183,237	298,405
Tax recoverable	210	1,300
Cash and bank balances	176,263	236,343
<b>Total current assets</b>	<b>420,658</b>	<b>560,262</b>
Assets classified as held for sale	5,798	6,598
<b>Total assets</b>	<b>676,488</b>	<b>813,110</b>
<b>Equity</b>		
Share capital	222,586	222,586
Reserves	49,226	55,713
Retained earnings	72,739	77,454
<b>Total equity attributable to owners of the parent</b>	<b>344,551</b>	<b>355,753</b>
Non-controlling interest	18,733	31,575
<b>Total equity</b>	<b>363,284</b>	<b>387,328</b>
Borrowings	23,745	23,904
Deferred tax liabilities	6,653	8,252
Provision for liabilities	5,241	5,302
<b>Total non-current liabilities</b>	<b>35,639</b>	<b>37,458</b>
Trade and other payables	164,144	250,688
Provision for tax	6,310	13,132
Borrowings	107,111	124,504
<b>Total current liabilities</b>	<b>277,565</b>	<b>388,324</b>
<b>Total liabilities</b>	<b>313,204</b>	<b>425,782</b>
<b>Total equity and liabilities</b>	<b>676,488</b>	<b>813,110</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.62</b>	<b>0.64</b>

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

**KUB MALAYSIA BERHAD**  
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**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	←		←					→		Total equity RM'000			
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Translation reserve RM'000	Premium paid on acquisition of minority interests RM'000	Available for sale reserve RM'000	Merger reserve RM'000	Revaluation reserves RM'000		Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000
At 1 January 2010	222,586	5,965	34,016	312	(340)	-	-	11,147	4,613	77,454	355,753	31,575	387,328
Effect of adopting FRS 139	-	-	-	-	-	-	-	-	-	-	-	-	-
At 1 January 2010, as restated	222,586	5,965	34,016	312	(340)	-	-	11,147	4,613	77,454	355,753	31,575	387,328
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(2,137)	(2,137)
Foreign exchange translation differences	-	-	-	-	294	-	-	-	-	-	294	-	294
Total comprehensive income for the period	-	-	-	-	-	-	952	-	-	5,301	6,253	2,591	8,844
Premium paid on acquisition of minority interest	-	-	-	-	-	(7,733)	-	-	-	-	(7,733)	(10,146)	(17,879)
Dividend paid	-	-	-	-	-	-	-	-	-	(10,016)	(10,016)	(3,150)	(13,166)
<b>At 30 September 2010</b>	<b>222,586</b>	<b>5,965</b>	<b>34,016</b>	<b>312</b>	<b>(46)</b>	<b>(7,733)</b>	<b>952</b>	<b>11,147</b>	<b>4,613</b>	<b>72,739</b>	<b>344,551</b>	<b>18,733</b>	<b>363,284</b>
At 1 January 2009	222,586	5,965	34,016	312	(1,001)	-	-	11,147	4,613	39,911	317,549	20,492	338,041
Foreign exchange translation differences	-	-	-	-	(578)	-	-	-	-	-	(578)	-	(578)
Total comprehensive income 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>(1,579)</b>	<b>-</b>	<b>-</b>	<b>11,147</b>	<b>4,613</b>	<b>49,968</b>	<b>327,028</b>	<b>27,800</b>	<b>354,828</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 2009.

# KUB MALAYSIA BERHAD

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/9/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2009 RM'000
Net cash generated from operating activities	1,974	(11,149)
Net cash (used in)/generated from investing activities	(27,873)	63,851
Net cash used in financing activities	(15,636)	(87,039)
Net decrease in cash and cash equivalents	(41,535)	(34,337)
Cash and cash equivalents at beginning of period	96,216	138,102
Cash and cash equivalents at end of period	<u>54,681</u>	<u>103,765</u>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following:		
Cash on hand and at banks	37,998	39,057
Deposits (excluding deposits pledged)	83,239	130,204
Bank overdrafts	(66,556)	(65,496)
	<u>54,681</u>	<u>103,765</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.

# KUB MALAYSIA BERHAD

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 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 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 ("IC") 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 IC 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 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 ("AFS") 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 amortised 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 FRS 139 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**

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 amounting to RM10,016,364, was approved by the shareholders at the 45th Annual General Meeting of the Company held on 24 June 2010 and paid on 13 July 2010.

## 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 2010 is as follows:

	ICT RM'000	Energy RM'000	Food RM'000	PEC RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>							
External sales	50,979	252,168	84,719	147,440	477	-	535,783
Inter-segment sales	2,591	-	-	-	17,133	(19,724)	-
Total revenue	<u>53,570</u>	<u>252,168</u>	<u>84,719</u>	<u>147,440</u>	<u>17,610</u>	<u>(19,724)</u>	<u>535,783</u>
<b>Results</b>							
Profit from operations	7,885	1,180	(1,990)	4,802	(2,045)	-	9,832
Finance costs	(1,402)	(76)	(768)	(1,217)	-	-	(3,463)
Share of results of associates	-	-	-	-	3,261	-	3,261
Income tax expense	(1,557)	-	(1,189)	1,013	(5)	-	(1,738)
Profit for the period	<u>4,926</u>	<u>1,104</u>	<u>(3,947)</u>	<u>4,598</u>	<u>1,211</u>	<u>-</u>	<u>7,892</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

On 23 November 2010, the Group announced the striking off of Limpahan Laksana Sdn Bhd, a dormant subsidiary of the Company, from the register of Companies Commission of Malaysia.

Other than above, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2010 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2010 that have not been reflected in the condensed financial statements.

## 11. Changes in the composition of the group

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 Textile (M) Sdn Bhd to MForce Bike Holdings Sdn Bhd for cash consideration of RM800,000.

Other than above, 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 30/9/2010 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	22,954
Approved but not contracted for	<u>24,369</u>
	<u>47,323</u>
Lease and repurchase commitments	
Less than a year	2,461
Between one and five years	8,719
More than five years	<u>6,919</u>
	<u>18,099</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 2009.



#### 14. Tax

	3 months ended		9 months ended	
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,713	2,261	3,031	5,433
Over provision in prior year	(4,695)	-	(4,695)	-
	<u>(2,982)</u>	<u>2,261</u>	<u>(1,664)</u>	<u>5,433</u>
Deferred tax:				
Under/(over) provision in prior year	3,217	(748)	3,217	(1,200)
	<u>3,217</u>	<u>(748)</u>	<u>3,217</u>	<u>(1,200)</u>
Foreign income tax	-	-	185	-
	<u>235</u>	<u>1,513</u>	<u>1,738</u>	<u>4,233</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 a 4 1/2-storey office building located in Gerik, Perak was completed in March 2010. The Group recognised approximately RM1.0 million gain on the disposal of the said property.

#### 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	<u>10,135</u>
At book value	<u>2,958</u>
At market value	<u>2,958</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.

#### 18. Group borrowings and debt securities

		As at end of current quarter 30/9/2010 RM'000
<u>Non-current</u>		
Term loans	- secured	22,961
Finance leases		<u>784</u>
		<u>23,745</u>
<u>Current</u>		
Term loans	- secured	12,859
Bank overdrafts	- secured	66,556
Revolving credit	- secured	621
Bankers' acceptances / Trust receipts	- secured	26,771
Finance leases		<u>304</u>
		<u>107,111</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 RM2.4 million compared to RM3.2 million in the immediate preceding quarter. Lower profit was mainly due to lower profit from PEC sector resulting from slower progress in the construction sectors, and lower share of results of associate. This was partially mitigated by higher profits from ICT and Food sectors in the current quarter.

## 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 RM535.8 million and profit before tax of RM9.6 million compared to RM554.2 million and RM43.7 million respectively in the corresponding period last year. Higher profit in the corresponding period last year was mainly attributed to gain on disposal of properties of RM31.2 million compared to RM1.0 million gain in the current period.

## 23. Prospects

In recognising the highly competitive environment in the current economy, the Group continues to focus on its core businesses and maintaining cost efficiencies.

## 24. Profit forecast / profit guarantee

The Group has neither made any profit forecast nor issued any profit guarantee during the current quarter and financial year to-date.

## 25. Dividends

The Board has not made any decision in respect of dividend for the current quarter and financial period 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 owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

		3 months ended		9 months ended	
		30/9/2010	30/9/2009	30/9/2010	30/9/2009
Profit for the period attributable to owners of the parent	(RM'000)	2,495	2,093	5,301	20,073
Weighted average number of ordinary shares in issue	('000)	556,465	556,465	556,465	556,465
Basic earnings per share	(sen)	0.45	0.38	0.95	3.61

### (b) Diluted earnings per share

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

## 27. Related Party Transactions

As at the end of the current period under review, the Group has entered into/or completed the following related party transactions:

	9 months ended 30/9/2010 RM'000
Transactions with Cuscapi Malaysia Sdn Bhd, a wholly owned subsidiary of Cuscapi Berhad, a Company with a common director:	
- Rental and maintenance of Point-of-Sales ("POS") System	<u>411</u>

Rosman bin Abdullah is a Non-Executive Director of the Company. He is also a Non-Executive Director and substantial shareholder of Cuscapi Berhad via his substantial shareholdings in Transight Systems Sdn Bhd. Therefore transactions with Cuscapi Malaysia Sdn Bhd, a wholly owned subsidiary of Cuscapi Berhad are deemed related party transactions.

The above related party transactions are recurrent transactions of a revenue or trading nature and are entered into in the ordinary course of business on terms not more favourable to the related party than those generally available to the public.

By Order of the Board

**HARNITA HARMAN**  
Company Secretary  
30 November 2010