



**Interim Financial Report on  
Unaudited Consolidated Results for the  
First Quarter Ended  
31 March 2011**

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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 2011

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 March 2011.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010 RM'000	CURRENT YEAR TO DATE 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31/3/2010 RM'000
Revenue	160,987	198,241	160,987	198,241
Operating expenses	(168,810)	(195,650)	(168,810)	(195,650)
Other operating income	6,324	2,839	6,324	2,839
<b>Results from operating activities</b>	(1,499)	5,430	(1,499)	5,430
Finance costs	(1,886)	(2,609)	(1,886)	(2,609)
Share of profit of associates	801	1,203	801	1,203
<b>(Loss)/profit before tax</b>	(2,584)	4,024	(2,584)	4,024
Income tax expense	(1,282)	(787)	(1,282)	(787)
<b>(Loss)/profit for the period</b>	(3,866)	3,237	(3,866)	3,237
Other comprehensive income:				
Net gain on available-for-sale financial assets				
- Gain on fair value changes, net of tax	384	505	384	505
Foreign currency translation	2,017	728	2,017	728
<b>Total comprehensive income for the period</b>	(1,465)	4,470	(1,465)	4,470
<b>(Loss)/profit attributable to:</b>				
Owners of the parent	(5,036)	2,073	(5,036)	2,073
Non-controlling interest	1,170	1,164	1,170	1,164
	(3,866)	3,237	(3,866)	3,237
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	(2,635)	3,306	(2,635)	3,306
Non-controlling interest	1,170	1,164	1,170	1,164
	(1,465)	4,470	(1,465)	4,470
<b>(Loss)/earnings per share attributable to owners of the parent (sen) :</b>				
- Basic and diluted	(0.90)	0.37	(0.90)	0.37

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 2010.

# KUB MALAYSIA BERHAD

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 31/3/2011 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM'000
<b>Assets</b>		
Property, plant and equipment	194,367	168,115
Land held for property development	4,603	4,603
Plantation development expenditure	36,323	36,396
Investment properties	11,719	11,805
Investment in associates	15,538	14,737
Other investments	151	151
Intangible assets	21,216	21,368
Deferred tax assets	2,100	2,614
<b>Total non-current assets</b>	<b>286,017</b>	<b>259,789</b>
Other investments	5,548	5,036
Inventories	25,192	30,445
Trade and other receivables	174,596	204,003
Tax recoverable	5,673	7,739
Cash and bank balances	185,837	194,723
<b>Total current assets</b>	<b>396,846</b>	<b>441,946</b>
Assets classified as held for sale	1,373	1,412
<b>Total assets</b>	<b>684,236</b>	<b>703,147</b>
<b>Equity</b>		
Share capital	222,586	222,586
Reserves	53,511	49,874
Retained earnings	73,884	78,920
<b>Total equity attributable to owners of the parent</b>	<b>349,981</b>	<b>351,380</b>
Non-controlling interest	20,601	22,167
<b>Total equity</b>	<b>370,582</b>	<b>373,547</b>
Borrowings	45,395	22,090
Deferred tax liabilities	8,566	9,906
Provision for liabilities	4,232	4,232
<b>Total non-current liabilities</b>	<b>58,193</b>	<b>36,228</b>
Trade and other payables	145,584	170,567
Provision for tax	4,253	4,529
Borrowings	105,483	117,414
Derivatives	141	859
<b>Total current liabilities</b>	<b>255,461</b>	<b>293,369</b>
Liabilities classified as held for sale	-	3
<b>Total liabilities</b>	<b>313,654</b>	<b>329,600</b>
<b>Total equity and liabilities</b>	<b>684,236</b>	<b>703,147</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.63</b>	<b>0.63</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 2010.

**KUB MALAYSIA BERHAD**  
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**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	←		← Atributable to owners of the parent					→		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	Non-distributable reserves	Fair value adjustment reserve RM'000	Merger reserve RM'000	Revaluation reserve RM'000		Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000
<b>At 1 January 2011</b>	222,586	5,965	34,016	312	(204)	(8,248)	2,273	11,147	4,613	78,920	351,380	22,167	373,547
<b>Total comprehensive income</b>	-	-	-	-	2,017	-	384	-	-	(5,036)	(2,635)	1,170	(1,465)
Total transaction with owners:	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,736)	(2,736)
Premium paid on acquisition of non-controlling interests	-	-	-	-	-	1,236	-	-	-	-	1,236	-	1,236
Total transaction with owners	-	-	-	-	-	1,236	-	-	-	-	1,236	(2,736)	(1,500)
<b>At 31 March 2011</b>	222,586	5,965	34,016	312	1,813	(7,012)	2,657	11,147	4,613	73,884	349,981	20,601	370,582
<b>At 1 January 2010</b>	222,586	5,965	34,016	312	(340)	-	-	11,147	4,613	77,454	355,753	31,575	387,328
<b>Total comprehensive income</b>	-	-	-	-	728	-	-	505	-	2,073	3,306	1,164	4,470
Total transaction with owners:	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(10,144)	(10,144)
Premium paid on acquisition of non-controlling interests	-	-	-	-	-	(7,733)	-	-	-	-	(7,733)	-	(7,733)
Total transaction with owners	-	-	-	-	-	(7,733)	-	-	-	-	(7,733)	(10,144)	(17,877)
<b>At 31 March 2010</b>	222,586	5,965	34,016	312	388	(7,733)	-	11,652	4,613	79,527	351,326	22,595	373,921

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 2010.

# KUB MALAYSIA BERHAD

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010 RM'000
Net cash generated from/(used in) operating activities	15,963	(8,444)
Net cash used in investing activities	(33,437)	(14,058)
Net cash generated from/(used in) financing activities	16,648	(15,308)
Net decrease in cash and cash equivalents	(826)	(37,810)
Cash and cash equivalents at beginning of period	69,044	96,216
Cash and cash equivalents at end of period	<u>68,218</u>	<u>58,406</u>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following:		
Cash on hand and at banks	72,018	48,705
Deposits (excluding deposits pledged)	63,782	113,849
Bank overdrafts	<u>(67,582)</u>	<u>(104,148)</u>
	<u>68,218</u>	<u>58,406</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 2010.

# KUB MALAYSIA BERHAD

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## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

### 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 2010.

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 2010, 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 2011:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 132	Classification of Rights Issues
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

The application of the above 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.

#### 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 2010.

#### 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 2010 of 2.4 sen less 25 per cent taxation on 556,464,690 ordinary shares amounting to RM10,016,364, for approval by the shareholders at the forthcoming Annual General Meeting.

## 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 & Beverages ("Food"), Agro Business ("Agro") and Properties, Engineering & Construction ("PEC").

Segment information for the current financial period to 31 March 2011 is as follows:

	ICT RM'000	Energy RM'000	Food RM'000	Agro RM'000	PEC RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>								
External sales	16,936	98,670	19,815	10,131	15,359	76	-	160,987
Inter-segment sales	1,024	-	-	-	-	1,467	(2,491)	-
<b>Total revenue</b>	<b>17,960</b>	<b>98,670</b>	<b>19,815</b>	<b>10,131</b>	<b>15,359</b>	<b>1,543</b>	<b>(2,491)</b>	<b>160,987</b>
<b>Results</b>								
Profit from operations	(1,047)	191	(5,244)	5,089	2,776	1,903	(5,843)	(2,175)
Interest income	131	23	-	3	177	342	-	676
Finance costs	(292)	(30)	(10)	(158)	(1,396)	-	-	(1,886)
Share of results of associates	-	-	-	-	-	801	-	801
Income tax expense	(514)	-	-	(861)	95	(2)	-	(1,282)
<b>Profit for the year</b>	<b>(1,722)</b>	<b>184</b>	<b>(5,254)</b>	<b>4,073</b>	<b>1,652</b>	<b>3,044</b>	<b>(5,843)</b>	<b>(3,866)</b>

## 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 26 April 2011, the Company and Progas Energy Limited ("PEL") have agreed to a mutual termination of the Sale of Share Agreement ("SSA") dated 5th June 2007 entered into between the parties for the proposed disposal of the Company's entire 38.2% equity interest comprising 2,781,310 ordinary shares in Progas Holdings Limited to PEL for a cash consideration of USD5,562,620. The mutual termination was made following failure of PEL to meet its contractual obligations as at the extended completion date of the SSA.

Other than above, there are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2011 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 March 2011 that have not been reflected in the condensed financial statements.

## 11. Changes in the composition of the group

During the current quarter and financial period under review, changes in the composition of the Group are as follows:

- On 12 January 2011, KUB Telekomunikasi Sdn Bhd, a wholly-owned subsidiary of the Group, completed the acquisition of 3,300,000 ordinary shares representing the remaining 30% equity interest in KFT International (Malaysia) Sdn Bhd (formerly known as KUB-Fujitsu Telecommunications (Malaysia) Sdn Bhd) ("KFT") for a cash consideration of RM1,500,000. Hence, KFT effectively became a wholly-owned subsidiary of the Group.
- On 28 February 2011, Bina Alam Bersatu Sdn Bhd ("Bina Alam"), a subsidiary of of the Company completed the disposal of its 210,000 ordinary shares representing 70% equity interest in Cocoa Valley Sdn Bhd ("Cocoa Valley") to Top Genesis Sdn Bhd for a cash consideration of RM4,550,000. Hence, Cocoa Valley ceased to be a subsidiary of Bina Alam and the Company, the ultimate holding company. The Group recognised RM3.5 million for the gain on this disposal.

## 12. Capital commitments

There are no capital commitments except as disclosed below:

	As at end of current quarter 31/3/2011 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	28,521
Approved but not contracted for	47,785
	<u>76,306</u>
Lease and repurchase commitments	
Less than a year	2,405
Between one and five years	8,494
More than five years	5,955
	<u>16,854</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 2010.

### 14. Tax

	3 months ended		3 months ended	
	31/3/2011	31/3/2010	31/3/2011	31/3/2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,242	787	1,242	787
Foreign income tax	40	-	40	-
	<u>1,282</u>	<u>787</u>	<u>1,282</u>	<u>787</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.

### 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>5,548</u>
At market value	<u>5,548</u>

### 17. Status of corporate proposals

As at the date of this report, there were no corporate proposals announced by the Group but yet to be completed.

### 18. Group borrowings and debt securities

		As at end of current quarter 31/3/2011 RM'000
<u>Non-current</u>		
Term loans	- secured	44,741
Finance leases		<u>654</u>
		<u>45,395</u>
<u>Current</u>		
Term loans	- secured	9,837
Bank overdrafts	- secured	67,582
Bankers' acceptances / Trust receipts	- secured	27,717
Finance leases		<u>347</u>
		<u>105,483</u>

### 19. Financial instruments with off balance sheet risk

As at the date of this report, 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

The Group recorded loss before tax of RM2.6 million compared to RM12.5 million in the immediate preceding quarter mainly due to anticipated award of projects in current quarter did not materialise or delayed. Negative growth in retail sector has also affected our core business. The loss was partially cushioned by the profit recorded by the Agro sector and gain on disposal of subsidiary as mentioned in Note 11 (b) above.

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

The Group recorded a revenue and loss before tax of RM161.0 million and RM2.6 million for the current period compared to corresponding period last year of RM198.2 million and profit of RM4.0 million respectively. Lower results compared to corresponding period last year was primarily due to lower contributions from ICT, PEC and Food sectors. However, it was partially mitigated by improved results from Agro sector which benefited from the strong market prices for fresh fruit bunch (FFB) during the current quarter and gain on disposal of a subsidiary as mentioned in Note 11 (b) above.

## 23. Prospects

Notwithstanding with the loss recorded in the first quarter, the Group is cautiously optimistic of being able to rebound its performance for the financial year under review as projects anticipated to materialise later in the year. The Group will continuously monitor the effects of inflationary pressure on the Group performance and react accordingly.

## 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 for the year ending 31 December 2011.

## 26. Realised and Unrealised Profit/(Losses)

The breakdown of the Group's retained earnings at at reporting dates, into realised and unrealised is as follows:

	As at <u>31/3/2011</u> RM'000	As at <u>31-Dec-10</u> RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(470,532)	(469,870)
- Unrealised	(11,905)	(11,767)
Total share of retained earnings from associated companies		
- Realised	7,767	8,466
- Unrealised	(1,230)	(1,230)
	(475,900)	(474,401)
Group consolidation adjustments	549,784	553,321
Total Group retained earnings as per consolidated financial statements	<u>73,884</u>	<u>78,920</u>

**26. (Loss)/earnings per share**

**(a) Basic (loss)/earnings per share**

The basic (loss)/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		3 months ended	
		31/3/2011	31/3/2010	31/3/2011	31/3/2010
(Loss)/profit for the period attributable to owners of the parent	(RM'000)	(5,036)	2,073	(5,036)	2,073
Weighted average number of ordinary shares in issue	('000)	556,465	556,465	556,465	556,465
Basic (loss)/earnings per share	(sen)	(0.90)	0.37	(0.90)	0.37

**(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:

	3 months ended 31/3/2011 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>220</u>

Dato' 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  
25 May 2011