



**Interim Financial Report on
Unaudited Consolidated Results for the
Second Quarter Ended
30 June 2011**

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KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 30 June 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2010 RM'000	CURRENT YEAR TO DATE 30/6/2011 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 30/6/2010 RM'000
Revenue	179,270	159,541	340,257	357,782
Operating expenses	(180,712)	(169,325)	(349,522)	(364,975)
Other operating income	2,611	11,116	8,935	13,955
Results from operating activities	1,169	1,332	(330)	6,762
Finance costs	(1,656)	504	(3,542)	(2,105)
Share of profit of associates	720	1,366	1,521	2,569
(Loss)/profit before tax	233	3,202	(2,351)	7,226
Income tax expense	(942)	(716)	(2,224)	(1,503)
(Loss)/profit for the period	(709)	2,486	(4,575)	5,723
Other comprehensive income:				
Net gain/(loss) on available-for-sale financial assets				
- Gain on fair value changes, net of tax	(498)	(390)	(114)	115
Foreign currency translation	(485)	(307)	1,532	421
Total comprehensive income for the period	(1,692)	1,789	(3,157)	6,259
(Loss)/profit attributable to:				
Owners of the parent	(1,229)	733	(6,265)	2,806
Non-controlling interest	520	1,753	1,690	2,917
	(709)	2,486	(4,575)	5,723
Total comprehensive income attributable to:				
Owners of the parent	(2,212)	36	(4,847)	3,342
Non-controlling interest	520	1,753	1,690	2,917
	(1,692)	1,789	(3,157)	6,259
(Loss)/earnings per share attributable to owners of the parent (sen) :				
- Basic and diluted	(0.22)	0.13	(1.13)	0.50

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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 30/6/2011 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM'000
Assets		
Property, plant and equipment	198,482	168,115
Land held for property development	4,604	4,603
Plantation development expenditure	38,448	36,396
Investment properties	11,716	11,805
Investment in associates	16,257	14,737
Other investments	151	151
Intangible assets	21,070	21,368
Deferred tax assets	1,826	2,614
Total non-current assets	292,554	259,789
Other investments	4,884	5,036
Inventories	27,151	30,445
Trade and other receivables	175,906	204,003
Tax recoverable	4,268	7,739
Cash and bank balances	188,605	194,723
Total current assets	400,814	441,946
Assets classified as held for sale	1,373	1,412
Total assets	694,741	703,147
Equity		
Share capital	222,586	222,586
Reserves	59,809	49,874
Retained earnings	62,639	78,920
Total equity attributable to owners of the parent	345,034	351,380
Non-controlling interest	20,485	22,167
Total equity	365,519	373,547
Borrowings	49,629	22,090
Deferred tax liabilities	8,575	9,906
Provision for liabilities	4,232	4,232
Total non-current liabilities	62,436	36,228
Trade and other payables	155,614	170,567
Provision for tax	4,763	4,529
Borrowings	106,494	117,414
Derivatives	(85)	859
Total current liabilities	266,786	293,369
Liabilities classified as held for sale	-	3
Total liabilities	329,222	329,600
Total equity and liabilities	694,741	703,147
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.62	0.63

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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←		←					←			←		
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Translation reserve RM'000	Acquisition of non-controlling interests RM'000	Fair value adjustment RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011	222,586	5,965	34,016	312	(204)	(8,248)	2,273	11,147	4,613	78,920	351,380	22,167	373,547
Total comprehensive income	-	-	7,288	-	1,532	-	(114)	-	-	(6,265)	2,441	1,690	4,131
Total transaction with owners:													
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,729)	(2,729)
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	257	257
Premium paid on acquisition of non-controlling interests	-	-	-	-	-	1,229	-	-	-	-	1,229	-	1,229
Total transaction with owners	-	-	-	-	-	1,229	-	-	-	-	1,229	(2,472)	(1,243)
Dividend payable	-	-	-	-	-	-	-	-	(10,016)	(10,016)	(10,016)	(900)	(10,916)
At 30 June 2011	222,586	5,965	41,304	312	1,328	(7,019)	2,159	11,147	4,613	62,639	345,034	20,485	365,519
At 1 January 2010	222,586	5,965	34,016	312	(340)	-	-	11,147	4,613	77,454	355,753	31,575	387,328
Total comprehensive income	-	-	-	-	421	-	115	-	-	2,806	3,342	2,917	6,259
Total transaction with owners:													
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(2,138)	(2,138)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(10,146)	(10,146)
Premium paid on acquisition of non-controlling interests	-	-	-	-	-	(7,733)	-	-	-	-	(7,733)	-	(7,733)
Total transaction with owners	-	-	-	-	-	(7,733)	-	-	-	-	(7,733)	(12,284)	(20,017)
Dividend payable	-	-	-	-	-	-	-	-	(10,016)	(10,016)	(10,016)	(3,150)	(13,166)
At 30 June 2010	222,586	5,965	34,016	312	81	(7,733)	115	11,147	4,613	70,244	341,346	19,058	360,404

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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/6/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2010 RM'000
Net cash generated from/(used in) operating activities	18,300	11,479
Net cash used in investing activities	(36,594)	(16,897)
Net cash generated from/(used in) financing activities	28,428	(1,070)
Net increase/(decrease) in cash and cash equivalents	10,134	(6,488)
Cash and cash equivalents at beginning of period	69,044	96,216
Cash and cash equivalents at end of period	<u>79,178</u>	<u>89,728</u>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following:		
Cash on hand and at banks	28,747	55,194
Deposits (excluding deposits pledged)	106,918	101,148
Bank overdrafts	(56,487)	(66,614)
	<u>79,178</u>	<u>89,728</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.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 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 46th Annual General Meeting of the Company held on 23 June 2011 and paid on 15 July 2011.

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 30 June 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
Revenue								
External sales	32,867	208,150	41,720	23,787	33,445	288	-	340,257
Inter-segment sales	1,348	-	-	-	-	9,372	(10,720)	-
Total revenue	34,215	208,150	41,720	23,787	33,445	9,660	(10,720)	340,257
Results								
Profit from operations	266	1,529	(9,895)	12,171	2,492	12,499	(20,929)	(1,867)
Interest income	105	210	-	186	560	476	-	1,537
Finance costs	(465)	(113)	(13)	(302)	(2,649)	-	-	(3,542)
Share of results of associates	-	-	-	-	-	1,521	-	1,521
Income tax expense	-	(171)	-	(1,722)	(328)	(3)	-	(2,224)
Profit for the year	(94)	1,455	(9,908)	10,333	75	14,493	(20,929)	(4,575)

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 30 June 2011 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 June 2011 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 financial year-to-date except as disclosed in the previous interim report ended 31 March 2011.

12. Capital commitments

There are no capital commitments except as disclosed below:

	As at end of current quarter 30/6/2011 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	2,810
Approved but not contracted for	33,247
	<u>36,057</u>
Lease and repurchase commitments	
Less than a year	2,377
Between one and five years	8,381
More than five years	5,484
	<u>16,242</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		6 months ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	982	716	2,224	1,503
Foreign income tax	(40)	-	-	-
	<u>942</u>	<u>716</u>	<u>2,224</u>	<u>1,503</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>4,884</u>
At market value	<u>4,884</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 30/6/2011 RM'000
<u>Non-current</u>		
Term loans	- secured	49,079
Finance leases		550
		<u>49,629</u>
<u>Current</u>		
Term loans	- secured	9,435
Bank overdrafts	- secured	56,487
Bankers' acceptances / Trust receipts	- secured	40,260
Finance leases		312
		<u>106,494</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 profit before tax of RM0.2 million compared to loss before tax of RM2.6 million in the immediate preceding quarter. Higher profit by the Group's Agro business and LPG operations contributed to the improved results for the quarter under review. The Group benefited from the higher yield and strong market prices for fresh fruit bunch (FFB).

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 RM340.3 million and loss before tax of RM2.4 million for the first half of 2011. Unfavourable results compared to corresponding period last year was primarily due to lower contributions from project-based sectors namely ICT and PEC coupled with the soft demand for the Food sector. However, it was partially mitigated by improved results from Agro sector which benefited from the strong market prices for FFB and gain on disposal of a subsidiary as announced in the last quarter.

23. Prospects

Notwithstanding the loss recorded in the first half of 2011, the Group is cautiously optimistic of being able to improve its performance for the financial year under review as projects currently being pursuit are anticipated to be awarded later in the year. The Group will continuously monitor the effects of inflationary pressure on the retail sector 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 reporting dates, into realised and unrealised is as follows:

	As at 30/6/2011 RM'000	As at 31/12/2010 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(459,297)	(469,870)
- Unrealised	(13,045)	(11,767)
Total share of retained earnings from associated companies		
- Realised	9,987	8,466
- Unrealised	(2,144)	(1,230)
	(464,500)	(474,401)
Group consolidation adjustments	527,139	553,321
Total Group retained earnings as per consolidated financial statements	62,639	78,920

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		6 months ended	
		30/6/2011	30/6/2010	30/6/2011	30/6/2010
(Loss)/profit for the period attributable to owners of the parent	(RM'000)	(1,229)	733	(6,265)	2,806
Weighted average number of ordinary shares in issue	('000)	556,465	556,465	556,465	556,465
Basic (loss)/earnings per share	(sen)	(0.22)	0.13	(1.13)	0.50

(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:

	6 months ended 30/6/2011 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>310</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
26 August 2011