Interim Financial Report on

Unaudited Consolidated Results for the

First Quarter Ended

31 March 2012

Contents:

KUB MALAYSIA BERHAD

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

The Board of Directors hereby announce the unaudited financial results of the Group for the financial period ended 31 March 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2011 RM'000	CURRENT YEAR TO DATE 31/3/2012 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31/3/2011 RM'000
Revenue	207,389	160,987	207,389	160,987
Operating expenses	(211,862)	(168,810)	(211,862)	(168,810)
Other operating income	1,447	6,324	1,447	6,324
Results from operating activities	(3,026)	(1,499)	(3,026)	(1,499)
Finance costs	(2,131)	(1,886)	(2,131)	(1,886)
Share of profit of associates	1,493	801	1,493	801
Profit/(Loss) before tax	(3,664)	(2,584)	(3,664)	(2,584)
Income tax expense	(1,229)	(1,282)	(1,229)	(1,282)
Profit / (Loss) for the period	(4,893)	(3,866)	(4,893)	(3,866)
Other comprehensive income:				
Net gain on available-for-sale financial assets	65	384	65	384
Foreign currency translation	908	2,017	908	2,017
Total comprehensive income for the period	(3,920)	(1,465)	(3,920)	(1,465)
(Loss) / Profit attributable to:				
Owners of the parent	(4,138)	(5,036)	(4,138)	(5,036)
Non-controlling interest	(755)	1,170	(755)	1,170
	(4,893)	(3,866)	(4,893)	(3,866)
Total comprehensive income attributable to:				
Owners of the parent	(3,165)	(2,635)	(3,165)	(2,635)
Non-controlling interest	(755)	1,170	(755)	1,170
	(3,920)	(1,465)	(3,920)	(1,465)
Loss per share attributable to owners of the parent (sen) :				
- Basic and diluted	(0.74)	(0.90)	(0.74)	(0.90)

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 2011.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 31/3/2012 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2011 RM'000
Assets		
Property, plant and equipment	135,422	137,331
Land held for property development	4,605	4,605
Plantation development expenditure	38,850	39,268
Investment properties	53,954	54,122
Investment in associates	17,594	19,702
Other investments	4,408	4,343
Intangible assets	3,439	3,547
Deferred tax assets	4,819	5,050
Total non-current assets	263,091	267,968
Inventories	29,002	23,610
Trade and other receivables	212,053	183,963
Derivative financial asset	-	260
Tax recoverable	1,126	1,412
Cash and bank balances	150,837	164,128
Total current assets	393,018	373,373
Assets classified as held for sale	39	39
Total assets	**656,148**	**641,380**
Equity		
Share capital	222,586	222,586
Reserves	47,932	46,959
Retained earnings	8,978	13,116
Total equity attributable to owners of the parent	279,496	282,661
Non-controlling interest	19,594	20,349
Total equity	299,090	303,010
Borrowings	47,278	48,803
Deferred tax liabilities	13,836	15,000
Total non-current liabilities	61,114	63,803
Trade and other payables	207,913	188,029
Provision for tax	4,246	3,570
Borrowings	83,532	82,968
Derivative financial liability	253	-
Total current liabilities	295,944	274,567
Total liabilities	357,058	338,370
Total equity and liabilities	**656,148**	**641,380**
Net assets per share attributable to ordinary equity holders of the parent (RM)	**0.60**	**0.61**

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 2011.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent												
		Non-distributable reserves											
	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 non-controlling interests RM'000	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	Total equity RM'000
At 1 January 2012	222,586	5,965	34,016	312	353	(7,019)	2,185	11,147	-	13,116	282,661	20,349	303,010
Total comprehensive income	-	-	-	-	908	-	65	-	-	(4,138)	(3,165)	(755)	(3,920)
At 31 March 2012	222,586	5,965	34,016	312	1,261	(7,019)	2,250	11,147	-	8,978	279,496	19,594	299,090
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	-	-	-	-	2,017	-	384	-	-	(5,036)	(2,635)	1,170	(1,465)
Total transaction with owners:													
Premium paid on acquisition of non controlling interest	-	-	-	-	-	1,236	-	-	-	-	1,236	-	1,236
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,736)	(2,736)
Total transaction with owners	-	-	-	-	-	1,236	-	-	-	-	1,236	(2,736)	(1,500)
At 31 March 2011	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

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 2011.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 31/3/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2011 RM'000
Operating profit/(loss) before changes in working capital	891	(186)
Changes in working capital:		
Inventories	(5,392)	5,253
Receivables	(28,493)	32,674
Payables	17,006	(23,278)
Tax paid	1,876	(446)
Net cash (used in)/generated from operating activities	(14,112)	14,017
Acquisition of property, plant and equipment	(533)	(35,061)
Acquisition of non-controlling interest	-	(1,500)
Disposal of subsidiaries, net of cash disposed	-	2,938
Dividend received	3,600	
Increase in plantation development expenditure	(206)	(562)
Interest received	410	676
Other investing activities	2	72
Net cash used in investing activities	3,273	(33,437)
Changes in deposit pledge with licensed banks	648	9,193
Dividend paid	-	(900)
Interest paid	(2,131)	(1,886)
Net (repayment)/drawdown of term loan	(2,323)	22,621
Other financing activities	(4,479)	(12,380)
Net cash generated from/(used in) financing activities	(8,285)	16,648
Net increase/(decrease) in cash and cash equivalents	(19,124)	(2,772)
Effect in exchange rate fluctuations on cash held	639	1,946
Cash and cash equivalents at beginning of period	85,764	69,044
Cash and cash equivalents at end of period	67,279	68,218

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following:

Cash in hand and at banks	39,766	72,018
Deposits (excluding deposits pledged)	74,593	63,782
Bank overdrafts	(47,080)	(67,582)
	67,279	68,218

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 2011.

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INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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

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 2011, 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 2012:

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
FRS 124	Related Party Disclosures

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.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

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 2011.

3. Seasonal or cyclicality 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 other 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.

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 ended 31 March 2012 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	26,479	140,186	20,092	8,637	11,995	-	-	207,389
Inter-segment sales	20	-	-	-	-	3,645	(3,665)	-
Total revenue	26,499	140,186	20,092	8,637	11,995	3,645	(3,665)	207,389
Results								
(Loss)/profit from operations	(696)	2,397	(3,474)	3,023	(1,286)	10,242	(13,642)	(3,436)
Interest income	33	96	-	22	208	345	(294)	410
Finance costs	(254)	(21)	(18)	(183)	(1,387)	(562)	294	(2,131)
Share of results of associates	-	-	-	-	-	1,493	-	1,493
Income tax expense	-	-	-	(1,155)	(74)	-	-	(1,229)
(Loss)/profit for the period	(917)	2,472	(3,492)	1,707	(2,539)	11,518	(13,642)	(4,893)

Below are the segmental review as compared to previous year corresponding period:

ICT Sector : An increase in book orders during the current period has resulted for this sector to record a lower operational loss by RM0.3 million as compared to previous year corresponding period. For FY2012, the Group is looking on expanding this sector into ICT infrastructure businesses which offer larger returns despite heavy initial investments.

Energy Sector : This sector experienced an increase in its operational profit by RM2.2 million as compared to previous year corresponding period mainly due to higher sales volume by 17% and Government subsidy despite higher LPG cost in the current period. The Group is currently exploring other means to strengthen the LPG business to include efforts to contain costs and expand market share through mergers and acquisitions into related areas such as oil and gas support industries.

Food Sector : During the current period, this sector experienced a decline in its operational loss by RM2.2 million as compared to corresponding quarter last year mainly due to slight increase in revenue by 1.3% coupled with lower operational cost, i.e. food and depreciation. A&W is targeting to achieve a better result for FY2012 by closing down non-performing outlets that have little potential to turn around. A&W management is currently focusing on cost cutting measures and local store marketing for the remaining outlets that show potential for improvements.

Agro Sector : A decline in average CPO price by 8% has resulted this sector to record a lower operational profit by RM2.1 million despite a higher crop harvested and sold by 7% as compared to corresponding quarter last year. Nevertheless, the Group is strategising to invest further into this sector to capitalise on the increasing demand for bio-fuels and commodities and in anticipation that palm oil prices will move upwards in the long term due to ever increasing demand. The Group plan to increase the size of the plantation land and move into downstream activities to enhance income and profit margins.

PEC Sector : This sector recorded an operational loss in the current period as opposed to an operational profit of RM2.8 million in the corresponding period last year as a result of decreasing number of projects. For the year 2012, the Group will focus on developing the Industrial Building System (IBS) market and PFI- based projects, which has potential to offer for generating consistent income at comfortable margins. With the track records that have been accumulated over the years, KUB Builders Sdn Bhd and Precast Products Sdn Bhd are now ready to take up bigger challenges in the market.

9. Notes to profit/(loss) before tax

	3 months ended 31/3/2012 RM'000	3 months ended 31/3/2011 RM'000
Profit/(loss) before tax is arrived after crediting/(charging):		
Other income including investment income	575	1,342
Gain on disposal of subsidiary	-	3,459
Gain on disposal of property, plant and equipment	2	199
Foreign exchange gain	460	648
Interest income	410	676
(Loss)/gain on derivatives	(513)	718
Depreciation and amortisation	(4,383)	(5,513)
Interest expense	(2,131)	(1,886)

Save as disclosed above, other items as required to be disclosed under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

10. 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.

11. Subsequent events

There are no items, transactions or events of a material and unusual nature which have arisen since the end of the current quarter under review to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 March 2012 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the group

There were no major changes in the composition of the Group during the financial year-to-date except as disclosed in the audited financial statement ended 31 December 2011.

13. Capital commitments

There are no capital commitments except as disclosed below:

	3 months ended 31/3/2012 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	7,244
Approved but not contracted for	28,162

14. 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 2011.

15. Tax

	3 months ended		3 months ended	
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	1,229	1,242	1,229	1,242
Over provision in prior year	-	-	-	-
	1,229	1,242	1,229	1,242
Foreign income tax	-	40	-	40
	1,229	1,282	1,229	1,282

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.

16. 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.

17. Group borrowings and debt securities

		As at end of current quarter 31/3/2012 RM'000
Non-current		
Term loans	- secured	46,396
Finance leases		882
		47,278
Current		
Term loans	- secured	6,368
Bank overdrafts	- secured	47,080
Bankers' acceptances / Trust receipts	- secured	29,645
Finance leases		439
		83,532

18. 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.

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

During the current quarter, the Group recorded a loss before tax of RM3.7 million as compared to a loss before tax of RM37.5 million in the immediate preceding quarter, 31 December 2011 as additional impairment losses on assets for under-performing subsidiaries of RM25.2 million had been recognised.

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

For current financial period ended 31 March 2012, the Group recorded a revenue of RM207.4 million and a loss before tax of RM3.7 million as compared to revenue of RM161.0 million and a loss before tax of RM2.6 million in the previous year corresponding period. Included in the corresponding period last year was an extraordinary gain of RM3.5 million due to the disposal of a subsidiary.

21. Prospects

The Group is realigning its corporate strategy for stable and profitable growth in the future. The strategy set for the core business will be fundamental to ensuring the Group's sustainability. In general, the ICT and PEC businesses will focus on higher value and higher margin projects. The Group also plans to expand its plantation land and moves into plantation related activities to capitalise on the upside of commodity prices which are poised to maintain a long-term general uptrend. In all business units, particularly the Food and Energy division, the Group will work more intensely to manage its costs, improve efficiencies, enhance values and market share growth.

Nevertheless, external forces such as increase in raw material costs and the weakening global economic climate are expected to continue to exert pressure on the Group's operating margin. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will record better performance for the financial year ending 31 December 2012.

22. 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.

23. Dividends

The Board has not made any decision in respect of dividend for the current quarter and for the year ended 31 December 2012.

24. Realised and Unrealised Profit/(Losses)

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

	As at 31/3/2012 RM'000	As at 31/12/2011 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(574,706)	(580,587)
- Unrealised	(9,590)	(9,597)
Total share of retained earnings from associated companies		
- Realised	13,937	12,444
- Unrealised	(1,742)	(1,742)
	(572,101)	(579,482)
Group consolidation adjustments	581,079	592,598
Total Group retained earnings as per consolidated financial statements	8,978	13,116

25. Loss per share

(a) Basic loss per share

The basic loss 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	
		31/3/2012	31/3/2011	31/3/2012	31/3/2011
Loss for the period attributable to owners of the parent	(RM'000)	(4,138)	(5,036)	(4,138)	(5,036)
Weighted average number of ordinary shares in issue	('000)	556,465	556,465	556,465	556,465
Basic loss per share	(sen)	(0.74)	(0.90)	(0.74)	(0.90)

(b) Diluted loss per share

The Group has no dilution in its loss per ordinary share in the quarter under review and financial year to-date.

26. 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 31/3/2012 RM'000
Transactions with Jeks Engineering Sdn Bhd, a major shareholder of Precast Products Sdn Bhd with 30% equity interest, a Company with interested directors:	
- Sales of precast products	5,009
Transactions with Jeks Engineering Pte Ltd, a wholly own subsidiary of Jeks Engineering Sdn Bhd which in turn is a major shareholder of Precast Products Sdn Bhd with 30% equity interest, a Company with interested directors:	
- Sales of precast products	1,351
Transactions with Jeks Trading Sdn Bhd, a wholly own subsidiary of Jeks Engineering Sdn Bhd which in turn is a major shareholder of Precast Products Sdn Bhd with 30% equity interest, a Company with interested directors:	
- Purchase of raw materials	(2,197)

The above related party transactions are recurrent transactions of a revenue and expense 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

By Order of the Board

WAN NURZALIZA WAN OTHMAN
Company Secretary
30 May 2012