



**Interim Financial Report on
Unaudited Consolidated Results for the
Third Quarter Ended
30 September 2011**

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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 2011

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2010 RM'000	CURRENT YEAR TO DATE 30/9/2011 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 30/9/2010 RM'000
Revenue	181,639	178,001	521,896	535,783
Operating expenses	(186,505)	(178,446)	(536,027)	(543,421)
Other operating income	9,761	3,515	18,696	17,470
Results from operating activities	4,895	3,070	4,565	9,832
Impairment losses	(14,738)	-	(14,738)	-
Finance costs	(2,834)	(1,358)	(6,376)	(3,463)
Share of profit of associates	773	692	2,294	3,261
(Loss)/profit before tax	(11,904)	2,404	(14,255)	9,630
Income tax expense	(348)	(235)	(2,572)	(1,738)
(Loss)/profit for the period	(12,252)	2,169	(16,827)	7,892
Other comprehensive income:				
Net gain/(loss) on available-for-sale financial assets	(1,349)	837	(1,463)	952
Foreign currency translation	(1,466)	(127)	66	294
Total comprehensive income for the period	(15,067)	2,879	(18,224)	9,138
(Loss)/profit attributable to:				
Owners of the parent	(12,858)	2,495	(19,123)	5,301
Non-controlling interest	606	(326)	2,296	2,591
	(12,252)	2,169	(16,827)	7,892
Total comprehensive income attributable to:				
Owners of the parent	(15,673)	3,205	(20,520)	6,547
Non-controlling interest	606	(326)	2,296	2,591
	(15,067)	2,879	(18,224)	9,138
(Loss)/earnings per share attributable to owners of the parent (sen) :				
- Basic and diluted	(2.31)	0.45	(3.44)	0.95

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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT QUARTER 30/9/2011 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM'000
Assets		
Property, plant and equipment	186,328	168,115
Land held for property development	4,605	4,603
Plantation development expenditure	38,716	36,396
Investment properties	11,508	11,805
Investment in associates	17,030	14,737
Other investments	151	151
Intangible assets	17,245	21,368
Deferred tax assets	2,215	2,614
Total non-current assets	277,798	259,789
Other investments	2,944	5,036
Inventories	23,127	30,445
Trade and other receivables	182,331	204,003
Tax recoverable	4,041	7,739
Cash and bank balances	185,527	194,723
Total current assets	397,970	441,946
Assets classified as held for sale	258	1,412
Total assets	676,026	703,147
Equity		
Share capital	222,586	222,586
Reserves	45,093	49,874
Retained earnings	54,394	78,920
Total equity attributable to owners of the parent	322,073	351,380
Non-controlling Interest	21,091	22,167
Total equity	343,164	373,547
Borrowings	50,212	22,090
Deferred tax liabilities	8,575	9,906
Provision for liabilities	4,232	4,232
Total non-current liabilities	63,019	36,228
Trade and other payables	150,391	170,567
Provision for tax	3,814	4,529
Borrowings	115,638	117,414
Derivatives	-	859
Total current liabilities	269,843	293,369
Liabilities classified as held for sale	-	3
Total liabilities	332,862	329,600
Total equity and liabilities	676,026	703,147
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.58	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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent											Non-controlling interests RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Non-distributable reserves			Fair value adjustment RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			Total RM'000
					Translation reserve RM'000	Premium paid on acquisition of non-controlling interests 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	-	-	-	-	66	-	(1,463)	-	-	(19,123)	(20,520)	2,296	(18,224)	
Total transaction with owners:	-	-	-	-	-	1,229	-	-	-	-	1,229	(2,729)	(1,500)	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	257	257	
Disposal of subsidiary	-	-	-	-	-	-	-	-	(4,613)	4,613	-	-	-	
Realisation of reserve	-	-	-	-	-	1,229	-	-	(4,613)	4,613	1,229	(2,472)	(1,243)	
Total transaction with owners	-	-	-	-	-	-	-	-	-	(10,016)	(10,016)	(900)	(10,916)	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	
At 30 September 2011	222,586	5,965	34,016	312	(138)	(7,019)	810	11,147	-	54,394	322,073	21,091	343,164	
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	-	-	-	-	294	-	952	-	-	5,301	6,547	2,591	9,138	
Total transaction with owners:	-	-	-	-	-	-	-	-	-	-	-	-	-	
Liquidation of subsidiary	-	-	-	-	-	(7,733)	-	-	-	-	(7,733)	(10,146)	(17,879)	
Acquisition of non-controlling interests	-	-	-	-	-	(7,733)	-	-	-	-	(7,733)	(12,283)	(20,016)	
Total transaction with owners	-	-	-	-	-	-	-	-	-	(10,016)	(10,016)	(3,150)	(13,166)	
Dividend paid	-	-	-	-	(46)	(7,733)	952	11,147	4,613	72,739	344,551	18,733	363,284	
At 30 September 2010	222,586	5,965	34,016	312										

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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/9/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2010 RM'000
Net cash generated from/(used in) operating activities	18,821	1,974
Net cash used in investing activities	(37,688)	(27,873)
Net cash generated from/(used in) financing activities	26,315	(15,636)
Net increase/(decrease) in cash and cash equivalents	7,448	(41,535)
Cash and cash equivalents at beginning of period	69,044	96,216
Cash and cash equivalents at end of period	<u>76,492</u>	<u>54,681</u>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following:		
Cash on hand and at banks	29,501	37,998
Deposits (excluding deposits pledged)	102,609	83,239
Bank overdrafts	(55,618)	(66,556)
	<u>76,492</u>	<u>54,681</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 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

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 was approved 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 ended 30 September 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	58,024	317,038	63,443	37,407	45,624	360	-	521,896
Inter-segment sales	2,681	-	-	-	-	15,462	(18,143)	-
Total revenue	60,705	317,038	63,443	37,407	45,624	15,822	(18,143)	521,896
Results								
Profit from operations	1,933	454	(14,532)	19,048	863	27,219	(33,236)	1,749
Interest income	122	602	-	333	1,187	572	-	2,816
Impairment losses	(3,882)	-	(10,856)	-	-	-	-	(14,738)
Finance costs	(677)	(74)	(17)	(1,344)	(4,264)	-	-	(6,376)
Share of results of associates	-	-	-	-	-	2,294	-	2,294
Income tax expense	381	(171)	-	(2,728)	(49)	(5)	-	(2,572)
Profit for the year	(2,123)	811	(25,405)	15,309	(2,263)	30,080	(33,236)	(16,827)

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 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 30 September 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 30/9/2011 RM'000
Capital expenditure:	
Property, plant and equipment	
Approved and contracted for	3,849
Approved but not contracted for	21,536
	<u>25,385</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		9 months ended	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current tax	421	1,713	3,233	3,031
Over provision in prior year	(381)	(4,695)	(381)	(4,695)
	40	(2,982)	2,852	(1,664)
Deferred tax:				
Under/(over) provision in prior year	(388)	3,217	(280)	3,217
	(388)	3,217	(280)	3,217
Foreign income tax	-	-	-	185
	348	235	2,572	1,738

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

In August 2011, the Group completed the disposal of a leasehold property in Mukim Bruas, District of Manjung, Perak for a consideration of RM6 million to Perak Industrial Resources Sdn Bhd. The Group recognised a gain on disposal of RM4.7 million in the current quarter.

Other than above, there was no other 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 book value	2,944
At market value	2,944

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 30/9/2011 RM'000
<u>Non-current</u>		
Term loans	- secured	49,507
Finance leases		705
		50,212
<u>Current</u>		
Term loans	- secured	9,588
Bank overdrafts	- secured	55,618
Bankers' acceptances / Trust receipts	- secured	50,219
Finance leases		213
		115,638

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

During the quarter, the Group performed impairment assessments on its assets of under-performing subsidiaries and the Board of Directors has prudently decided to provide impairment losses of RM14.7 million on the goodwill on consolidation and on the property, plant and equipments. The impairment loss was partially absorbed by the gain on disposal of property as mentioned in Note 15 above and as a result, the Group incurred loss before tax of RM11.9 million for the current quarter compared to a profit of RM0.2 million in the immediate preceding quarter.

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

For nine months ended 30 September 2011, the Group recorded a revenue of RM522 million and loss before tax of RM14.3 million. The lower performance in 2011 as compared to corresponding period last year was primarily due to non-materialisation of the award of projects in ICT and PEC sectors that were anticipated earlier. Decline in revenue and increase in food costs have contributed to the loss of the Food sector while the margin erosion caused by the increase in LPG costs has contributed to the lower profit in the Energy sector. The unfavourable results were partially mitigated by higher profit achieved by the plantation sector which benefited from the higher yield achieved and strong market prices of FFB coupled with gain on disposal of a subsidiary and property of RM8.2 million. The loss was also attributed to the impairment losses on assets of RM14.7 million as mentioned in Note 21 above.

23. Prospects

The Group expects its performance to continue to be unfavourable for the quarter ending 31 Dec 2011. The weak performance is mainly attributable to the lower revenue expected by the Food, ICT and PEC sectors compared to what was anticipated. The food business continues to face a very challenging operating environment amidst a weakening consumer market coupled with stiff competition, increasing costs and flood situation in Thailand (specifically for A&W operations in Thailand). However, the Group will continuously pursue projects in PEC and ICT sector. The Group is also expecting a continued strong performance from the plantation sector.

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 30/9/2011 RM'000	As at 31/12/2010 RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(475,308)	(469,870)
- Unrealised	(12,656)	(11,767)
Total share of retained earnings from associated companies		
- Realised	10,014	8,466
- Unrealised	(1,983)	(1,230)
	(479,933)	(474,401)
Group consolidation adjustments	534,327	553,321
Total Group retained earnings as per consolidated financial statements	54,394	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		9 months ended	
		30/9/2011	30/9/2010	30/9/2011	30/9/2010
(Loss)/profit for the period attributable to owners of the parent	(RM'000)	(12,858)	2,495	(19,123)	5,301
Weighted average number of ordinary shares in issue	('000)	556,465	556,465	556,465	556,465
Basic (loss)/earnings per share	(sen)	(2.31)	0.45	(3.44)	0.95

(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 30/9/2011 RM'000
Transactions with Cuscapl Malaysia Sdn Bhd, a wholly owned subsidiary of Cuscapl Berhad, a Company with a common director:	
- Rental and maintenance of Point-of-Sales (POS) System	362

Dato' Rosman bin Abdullah is a Non-Executive Director of the Company. He is also a Non-Executive Director and substantial shareholder of Cuscapl Berhad via his substantial shareholdings in Transight Systems Sdn Bhd. Therefore transactions with Cuscapl Malaysia Sdn Bhd, a wholly owned subsidiary of Cuscapl 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 HARMAIN
Company Secretary
29 November 2011