A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirement and should be read in conjunction with the Group's audited financial statement for the year ended 31 December 2004.

The accounting policies and presentation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2004.

A2. Status on Qualification of Audited Financial Statements

The audit report of the Group's preceding year financial statement was not qualified.

A3. Seasonality or cyclicality of operations

There were no abnormal seasonal factors that affect result for the quarter under review.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

On 20th June 2005, the Company announced that it has signed Sale and Purchase Agreements (SPA) with four (4) separate vendors for the purchase of QSR Brands Bhd (QSR) shares.

The SPA (which have been thereafter supplemented) when completed would result in the Company being in possession of 83,362,407 shares representing 34.97 % of the undiluted QSR Brands Berhad's equity.

In addition to signing the four (4) SPAs with the vendors, the Company has also been buying QSR shares and warrants from the market and via Direct Business Transaction since the announced date. As at 26 August 2005 the Company have accumulated 37,814,200 shares of QSR representing 15.81% equity interest (inclusive of converted warrants) in QSR outside the SPAs at a cost of RM120,218,411.

At the date of this report, the Company is the registered shareholder of 73,173,607 QSR shares representing 30.58% equity interest in QSR , including the QSR shares accumulated via three (3) of the abovementioned SPAs as permitted via the supplementary agreements, at an aggregate costs of RM233,368,513. The remaining SPA with Wisdom Innovative Technology Sdn Bhd is awaiting completion. When completed, the Wisdom SPA would result in the Company's equity holding in QSR exceeding 50%. At the same time, having passed the 33% equity threshold in control that triggers Merger and Acquisition clauses, the Company would be required to make a Mandatory General Offer to the remaining shareholders in QSR, on shares not already owned by the Company. The consideration for the Wisdom SPA of 48,003,000 shares is at RM153,609,600 at RM3.20 per share . Based on the fully diluted enlarged paid-up Share capital of QSR, the financial commitment to complete the Wisdom SPA and the MGO for the remaining shares not already owned by the Company will amount to approximately RM552.4 million.

A5. **Change in Accounting Estimates**

There were no changes in estimate of amount reported in prior interim period or financial year that have a material effect in the current financial quarter for the current financial period.

A6. **Debt and equity securities**

There was no cancellation, repurchases, resale and repayment of debt and equity securities during the quarter. There were repaid debts in accordance with Group loan schedule during the Quarter.

A7. **Dividend**

On 19 May 2005 the Board declared an interim dividend of 15% per ordinary share of RM0.50 each less 28% income tax in respect of the financial year ending 31 December 2005.

The dividend amount, net of tax, at RM14,140,626 was paid on the 29 July 2005.

A8. **Segmental Information**

Segmental information for the current financial year based on geographical locations and business segments within the geographical locations are as follows:

	Malaysia	Papua New Guinea	Indonesia	Group
	RM'000	RM'000	RM'000	RM'000
REVENUE				
External sales	**397,351**	**240,488**	**34,225**	**672,064**
Plantation operations	121,161	240,488	34,225	395,874
Manufacturing	258,585	-	-	258,585
Oleochemicals	*254,801*	-	-	*254,801*
Rubber based products	*3,784*	-	-	*3,784*
Management Services	13,204	-	-	13,204
Property investment	3,424	-	-	3,424
Other Investment Income	977			977
RESULTS **Profit/(Loss) before taxation**				
Plantation operations	20,954	57,151	(11,589)	66,516
Manufacturing	9,522	-	-	9,522
Oleochemicals	*9,442*			*9,442*
Rubber based products	*80*			*80*
Management services	3,357	-	-	3,357
Property investment	169	-	-	169
Associated companies	3,481	-	-	3,481
Investment income	2,446	-	-	2,446
Interest income	1,141	285	-	1,426
Total PBT before Interest and Exceptional item	**41,070**	**57,436**	**(11,589)**	**86,917**
Add/(Less):				
Interest expense	(11,658)	(1,118)	(627)	(13,403)
Exceptional item	2,574	1,562	(13,779)	(9,643)
Total Group PBT	**31,986**	**57,880**	**(25,995)**	**63,871**

OTHER INFORMATION	Malaysia	Papua New Guinea	Indonesia	Group
Total segment assets	**2,661,244**	**739,962**	**232,895**	**3,634,101**
Plantation operations	2,019,460	739,962	232,895	2,992,317
Manufacturing	490,693			490,693
Oleochemicals	*451,078*			*451,078*
Rubber based products	*39,615*			*39,615*
Management Services	59,268			59,268
Property investment	91,823			91,823
Associated companies	**79,918**			**79,918**
Unallocated corporate assets	**189,006**			**189,006**
Total segment liabilities	**745,677**	**92,410**	**27,434**	**865,521**
Plantation operations	544,418	92,410	27,434	664,262
Manufacturing	181,118			181,118
Oleochemicals	*180,811*			*180,811*
Rubber based products	*307*			*307*
Management Services	18,746			18,746
Property investment	1,395			1,395
Unallocated corporate liabilities	**120,549**	**93,481**		**214,030**
Capital expenditure	**88,124**	**25,818**	**15,126**	**129,068**
Plantation operations	13,064	25,818	15,126	54,008
Manufacturing Oleochemicals	75,054			75,054
Others	6			6
Depreciation and amortization	**13,491**	**19,203**	**5,504**	**38,198**
Plantation operations	8,580	19,203	5,504	33,287
Manufacturing Oleochemicals	4,843			4,843
Others	68			68
Non-cash expenses other than Depreciation	**964**			**964**

A9. **Valuation of property, plant and equipment**

The carrying value of the land and estate development expenditure for the Group except those located overseas, is based on valuation carried out on 31 December 1997 by Independent qualified valuer using the open market method of valuation to reflect their fair value. The carrying value was brought forward without any amendment.

A10. **Material events subsequent to the end of the interim period**

On 20 June 2004, the Group announced its bid for QSR Brands Berhad shares. Please refer to note A4, A11 and note B8(ii) on the initial announcement and its development since the announcement date.

On 12 July 2005, Kulim Ltd, Kulim's 100% subsidiary in the United Kingdom, sold 2,887,103 investment shares that it held in M.P.Evans Plc for cash consideration of £1.97 per share for net consideration of £5,659,155. The sale resulted in a Capital Gain for Kulim Ltd net of tax of £1,477,988 (approximately RM9.80 million). The resultant net remittance made to Kulim Malaysia after provision for tax and expenses was RM36.38million.

On 8 August 2005, the Company entered into a Master Agreement with Commerce International Merchant Bankers Berhad and OCBC Bank (Malaysia) Berhad as Joint Lead Arrangers for Al Bai Bithaman Ajil facility of RM383 million secured by a Memorandum of Deposit on QSR Brands Bhd Shares and the charge over certain pieces of land of the Kulim Group. The purpose of the facility is to part finance the acquisition of the QSR Brands Bhd's shares.

A11. **Changes in the composition of the Group**

There is no change in the composition of the Group during the quarter except as announced on the 20 June 2005, the Company is making a bid for absolute majority of QSR Brands Bhd (QSR). The proposal is pending completion and subject to the final number of shares acquired, would change the composition of the Group significantly. On completion of the Sale and Purchase Agreement signed with Wisdom Innovative Technology Sdn Bhd, for its 48,003,000 shares, or 20.06% (% holding adjusted for warrants converted) equity shares in QSR, the Company would have acquired a 50.65% equity interest in QSR (see B8 below) making it a new significant subsidiary of the Company.

A12. **Changes in contingent liabilities or contingent assets**

Since the last Balance Sheet date, there were no material changes in contingent liabilities and contingent assets.

A13. **Capital Commitments**

Authorised capital expenditures not provided for in the financial statements as at 30 June 2005 are as follows:

	RM'000
Contracted	29,677
Not Contracted	55,365
	85,042

A14. **Impairment of Assets**

There was no impairment losses recognised by the Company and the Group during the Quarter, there were no reversals of impairment losses required to be recognised in the quarter.

B. ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the performance of the Company and its Principal Subsidiaries

Plantation :

(i) **Plantation Operation Malaysia**

The Group's 2nd Quarter 2005 FFB production at 135,797mt is 7,906 mt (2.7%) higher then FFB production achieved in the same Quarter 2004. The Group's cumulative Oil Extraction Rate (OER) for the Quarter was at 19.52 % compared to 19.46% achieved for the same Quarter 2004.

For the cumulative Quarters, Malaysia Plantation operation achieved CPO and PK price averages of RM1,443.11 and RM1,029.44 per mt respectively compared to RM1,792.31 and RM1,074.14 achieved for CPO/PK respectively for the same Quarters 2004 .

(ii) **Plantation Operation - Papua New Guinea**
- New Britain Palm Oil Ltd (NBPOL)

NBPOL recorded 186,095 mt FFB production in the 2nd Quarter 2005 which is 754 mt higher (0.41% higher) compared to the same Quarter last year. Together with purchase crops NBPOL processed a total of 284,240 mt FFB in the Quarter which is 1.85% higher compared to the same Quarter last year.

The cumulative average OER for the two Quarters was at 22.18% as compared to 22.30% achieved over the same Quarters last year. NBPOL CPO price average on CIF basis is US$436/mt.

iii) **Plantation Operation - Indonesia**

FFB production for the Indonesia Plantation operation for the 2nd Quarter 2005 is at 49,784 mt which is 168.49% higher compared to the FFB production for the same Quarter last year. New plantations addition from July 2004 contributed to the higher FFB produced.

Manufacturing:

The Oleochemicals division turnover for the 2nd Quarter 2005 at RM131.48 million is 8.8% higher compared to the same Quarter 2004. PBT at RM5.53 million is 36.25% lower compared to the same Quarter last year. The Oleochemicals two Quarters 2005 result is 57.38% lower compared to the corresponding Quarters 2004 despite it maintaining its revenue level. Result is affected by its feedstock's costs which remain high whereas products sales prices have weakened since 2004.

Property Investment

The Group's office tower, the Menara Ansar in Johor Bahru is fully tenanted. For the two Quarters 2005 the property recorded a surplus of RM169,000 compared to a deficit of RM268,000 recorded in the corresponding Quarters last year.

B2. **Material Changes in the Quarterly Results**

CPO prices have weakened quite significantly compared to first two Quarters 2004 with Malaysian cumulative price average of RM1443/mt as compared to RM1,792/mt in 2004. The weaker prices consequently caused the Group's plantation PBT (excluding Indonesia's) to decline by 35%.

The Oleochemicals division performance is also affected by lower products sales prices whilst its feedstock's costs are not moving to a lower level.

Significant rehabilitation spending for the Indonesia plantations coupled with increase in input costs and lower production level for certain matured areas resulted in the operational loss position for the Indonesia operation. The weakening Indonesia Rupiah further contributed to the loss of the Indonesia operation. Weaker IDR affected result negatively by RM13.8 million at end of second Quarter resulting from translation of loans extension denominated in foreign currencies. These loans will continue to have impacts on the Group's result but are currently remaining unrealized.

B3. **Current Year Prospects**

CPO prices are currently traded below RM1,400 per mt compared to RM 1,676 per mt Group average achieved last year. The decline in prices would affect plantation performance for the year. PK prices have been more resilient and trading at around RM1,050 per mt but have of late shown its weakness following the Ringgit unpeg. CPO and PK prices appear maintainable at current traded levels.

The Ringgit unpegging is expected to bring benefit as well as challenges to the Group. The weakening PK/PKO prices would be welcomed by the Oleochemicals division and its net effect should be positive for the Group.

The market factors are supportive for CPO prices to strengthen and this should cushion any decline in revenue due to further Ringgit strengthening.

The Group's Indonesia plantation operation is still establishing the grounds for better performance. There is still corrective spending to be incurred during the year to bring up plantation yields to acceptable levels. Sign for better yield looks encouraging for future Quarters.

IDR weakness will also affect the Group's Indonesia investment performance. The Group does not expect the Indonesia plantation to be in profit this year.

B4. **Profit Forecast / Profit Guarantee**

The Company is not subject to any profit forecast or profit guarantee requirement.

B5. **Taxation**

	CURRENT QUARTER		CUMULATIVE QUARTERS	
	30.06.05 RM'000	**30.06.04 RM'000**	**30.06.05 RM'000**	**30.06.04 RM'000**
Current Taxation	(10,848)	(19,503)	(26,180)	(39,286)
-Malaysia	(3,581)	(8,011)	(7,264)	(14,703)
-Overseas	(7,267)	(11,492)	(18,916)	(24,583)
Transfer to deferred Taxation	(1,090)	(1,848)	(3,173)	(4,970)
-Malaysia	(1,090)	(1,848)	(3,173)	(4,970)
-Overseas	-	-	-	-
Share of tax in associated Company	(718)	(694)	(1,359)	(1,317)
	(12,656)	**(22,045)**	**(30,712)**	**(45,573)**

The gross tax rate on group profit for the 2nd Quarter 2005 is higher than the statutory rate contributed by the unrealized currency loss effect on results not affecting tax liability. For the cumulative Quarters, withholding tax on dividend received from NBPOL added to the higher effective tax rate.

B6. **Sale of Unquoted Investments and/or Properties**

	CURRENT QUARTER 1 April - 30 June RM'000	CUMULATIVE QUARTERS 1 Jan - 30 June RM'000
	-	-

B7. **Quoted Securities**

a. The particulars of purchase or disposal of quoted securities by the Group are as follows :-

	THIS YEAR	
	CURRENT QUARTER RM'000	**CUMULATIVE QUARTERS RM'000**
Total Purchase consideration	93,095	93,095
Total Sales proceeds	-	-
Total Profit/(Loss) on Disposals	-	-

b. Investment as at 30 June 2005.

	Held as Long Term Investments RM'000	**Held as Current Assets RM'000**	**TOTAL RM'000**
At cost	67,667	2,119	69,786
At book value	126,361	640	127,001
At market value	137,493	645	138,138

Included in the Investment above is an amount of RM27.68 million on investment shares in M.P.Evans Plc in the accounts of Kulim Ltd. As disclosed in note A10, Kulim Ltd has divested these investment shares on 12 July 2005 for approximate Ringgit equivalent of RM37.46 million.

B8. **Status of uncompleted corporate announcement**

The Group announcements on corporate proposals are updated as follows:

i) Proposed Capital Distribution in Specie –Johor Land Berhad (41.43% Associate) shares.

The Company announced on 11 March 2005 on the proposed Capital Distribution-in-Specie of up to 50,550,000 ordinary shares of RM1.00 each in Johor Land Berhad ("JLand Shares") by Kulim (Malaysia) Berhad to shareholders of the Company through a reduction of its share premium account pursuant to Section 64 of the Companies Act, 1965.

Approval from the Securities Commission for the proposed distribution, approval from Securities Commission under FIC rules and Kulim Shareholders approval were secured on the 20 June 2005. Court approval for reduction in the share premium account is currently being attended to and awaiting completion.

ii) Proposed acquisition of Equity interest in QSR Brands Berhad ("QSR").

The Company had announced on the 20 June 2005 that it has entered into Sale and Purchase Agreement with four (4) vendors to acquire a total of 87,542,407 ordinary shares of RM1.00 in QSR for an aggregate cash consideration of RM280,135,702 or RM3.20 per share. Subsequent development on the proposal is as follows:-

(a) Following the signing of the SPA, the Company had on 20 June 2005, acquired via Direct Business Transactions (DBT) 15,000,000 QSR shares for a total consideration of RM48 million at RM3.20 per share. This represent 6.29% and 6.10% of the existing share capital and fully diluted share capital of QSR respectively based on the number of shares issued and the number of warrants outstanding as at 20 June 2005.

(b) Between 22 June 2005 and 26 July 2005, the Company acquired additional 14,159,600 QSR shares via DBT for a total consideration of RM45,247,720 at prices between RM3.14 and RM3.20 per QSR shares. Cumulatively with (iia) this represent 12.23% and 11.86% of the existing share capital and fully diluted share capital of QSR respectively based on the number of shares issued and the number of warrants outstanding as at 26 July 2005.

(c) In addition to the above, the Company had between 20 June 2005 and 22 August 2005, acquired 7,794,000 QSR shares from the Open Market at prices between RM2.99 and RM3.20 per share at a total cost of RM24,331,453. The open market acquisitions represent 3.26% and 3.17% of QSR and cumulatively with acquisition in (iia) and (iib) and the converted warrants represent 15.81% and 15.38% of the existing share capital and fully diluted share capital of QSR respectively based on the number of shares issued and the number of warrants outstanding as at 26 August 2005.

(d) The Company had between 20 June 2005 and 4 July 2005 acquired 860,600 QSR warrants from the open market at prices between RM1.84 and RM1.97 per QSR warrant for a total consideration of RM1,615,126. The Company had submitted for conversion of these warrants on the 26 July 2005 and was officially listed on 9 August 2005.

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(e) Pursuant to the SPAs, and their amendment and variation thereof, the Company shall purchase a total of 83,362,407 shares (sale shares) representing approximately 34.97% equity interest in QSR for a purchase consideration of RM3.20 per QSR share, as shown below:-

Vendors	No of QSR Shares	% in QSR Equity	Consideration RM
Wisdom	48,003,000	20.14	153,609,600
Indexia	25,323,607	10.62	81,035,542
Yates	8,799,600	3.69	28,158,720
Naunton	1,236,200	0.52	3,955,840
	83,362,407	34.97	266,759,702

The proposed SPA acquisition is subject to term and conditions of the Agreements together with variation letters and supplementary agreements thereto.

As at 26 July 2005 the Company had acquired 25,323,607, 1,236,200 and 8,799,600 QSR shares from Indexia, Yates and Naunton respectively, pursuant to the agreements and the supplementary agreements. These purchases together with DBT as in (iia) and (iib) and market purchase as in (iic) and the converted warrants as in (iid) represent 30.58% and 29.77% of the existing share capital and fully diluted share capital of QSR respectively based on the number of shares issued and the number of warrants outstanding as at 26 August 2005.

(iii) Pursuant to the completion on Indexia, Yates and Naunton SPAs, Kulim is left with only the Wisdom Innovatives Technology Sdn Bhd SPA to complete. The Wisdom SPA completion is pending the completion of the conditions for completion of the SPA. The Wisdom SPA, based on higher issued shares after the Company's 860,600 warrants conversion, represents 20.06% equity interest in QSR. On completion of this SPA, the Company's equity interest in QSR would increase to 50.65% and 49.30% of the existing share capital and fully diluted share capital of QSR respectively based on the number of shares issued and the number of warrants outstanding as at 26 August 2005.

(iv) Overall completion of this proposal is pending the FIC, SC, the Company's Shareholders approval at the EGM to be convened and other condition precedent for completion by the vendor as in the SPA with Wisdom Innovative Technology Sdn Bhd.

(v) In addition, the completion of Wisdom agreement would result in the Company owning more than 33% equity interest in QSR. Consequently the Company is required to make a Mandatory General Offer for shares of QSR it does not already owned in accordance with Section 33B(2) of the Securities Commission Act 1993 and Part II of the code on Mergers and Takeovers.

(vi) The Company intends to adhere to all of the requirements to complete the proposal but would want to retain QSR as a listed entity.

(vii) The EGM and the circular thereto will be finalized and circulated to the shareholders once approvals from the SC and FIC are secured.

B9. Borrowings and Debt Securities

	As at 30.06.2005	As at 31.12.2004	As at 30.06.2004
	RM'000	**RM'000**	**RM'000**
Term Loans			
Secured - denominated in RM	465,627	427,500	391,500
- denominated in USD	134,683	87,461	74,892
Total term Loan	**600,310**	**514,961**	**466,392**
Less : Amount repayable within 12 months	(24,307)	(41,124)	(64,000)
Total term loan due after 12 months	**576,003**	**473,837**	**402,392**
Short Term Borrowings			
Bank overdrafts - secured	-	-	-
- unsecured	-	4,244	28,258
Short term bank borrowings – secured	115,596	89,251	139,300
- unsecured	37,000	-	41,230
Total short term loan	**152,596**	**93,495**	**208,788**

B10. Financial instrument with off balance sheet risk

a. Warrants

As at 30 June 2005, there were outstanding warrants of 47,289,060. Each warrant entitles its registered holder to subscribe to one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM2.56 per share.

b. Commodity futures contracts entered into by certain subsidiaries companies outstanding as at 23 August 2005 (being a date not earlier than 7 days from the date of issue of the quarterly report) are as follows:

	RM'000	Maturity Period
Sale Contract	179,041	September 2005 to Dec 2007
Purchase Contract	(75,305)	September 2005 to Dec 2005

The above exchange traded commodity contracts were entered into with the objective of managing and hedging the Group's exposure to adverse price movements in vegetable oil commodities.

The associated credit risk is minimal as these contracts were entered into with Brokers of commodity exchange. Gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions at which time they are included in the measurement of such transactions gains or losses on contracts which are no longer designated as hedges are included in Income Statement.

Forward foreign exchange contracts are entered into by a subsidiary company in currencies other than its functional currency to manage exposure to fluctuations in foreign currency exchange rate on specific transactions. Currently, the Group's policy is to enter into forward foreign exchange contracts for up to 30% of such foreign currency receipts where company is able to enjoy premium market swap point and up to 80% of such foreign currency payment over the following year but it is subject to review by management from time to time due to the currency market trend and situation.

At 30 June 2005, the settlement dates on open forward contracts range between 1 and 6 months. The foreign currency amounts and contractual exchange rate for the group's outstanding contracts are as follows:

Hedged item	Currency to be received/paid	RM'000 equivalent	Contract rate
Trade receivables: USD13,123,928	USD	49,763	1USD = RM3.798
Trade receivable EUR nil	EUR	nil	1EUR=RMnil
Trade Payable EUR nil	EUR	nil	1EUR=RMnil
Future sales of goods over the following 6 months:	USD	nil	
Future purchase of Equipment	EUR	nil	

The fair values of outstanding forward contracts of the group at the Balance Sheet date approximate their carrying amounts.

Unrecognised gain at 30 June 2005 on open contracts which hedge anticipated future foreign currency sales amounted to RMnil.

These net exchange gains are deferred until the related sales are transacted, at which time they are included in the measurement of such transactions.

B11. **Changes in Material Litigations**

As at the date of this Circular save as disclosed below, Kulim and its subsidiaries are not engaged in any material litigation, claims or arbitration either as a plaintiff or defendant and as at the date of this Circular, the Directors of Kulim are not aware of any proceedings, pending or threatened, against Kulim of any facts likely to give rise to any proceedings which might materially affect the position or business of Kulim :-

(a) Kulim has been served with a Writ dated 24 June 2005 ("Writ") issued by the High Court of Malaysia in Kuala Lumpur under Suit No. D5-22-899-2005 which names Kulim together with Indexia, Naunton, Yates and UOB Kay Hian Pte Ltd ("UOB Kay Hian") as defendants. The Plaintiffs are Firstcrest Global Limited (FGL"), Cogent Management Limited ("CML"), Batemans Capital Limited ("BCL") and Eagle Option Sdn Bhd ("Eagle Option"). The Plaintiffs are seeking a declaration that the Agreements are void and for a permanent injunction restraining the defendants from disposing or dealing with or negotiating for the sale or diminishing the value of any of their QSR shares which had been sold to FGL, CML and BCL vide Share Sale Agreement dated 20 April 2005, to any other party (other than to FGL. CML and BCL) including Kulim. Based on the Statement of Claim, the QSR Shares purportedly sold to FGL by Indexia were 6,173,110 QSR Shares; the QSR Shares purportedly sold to CML by Naunton were 5,416,200 QSR Shares and the QSR Shares purportedly sold to BCL by Yates were 8,143,400 QSR Shares.
The Plaintiffs had obtained an ex-parte interim injunction ("Interim (Ex-Parte) Injunction Order") which was served on Kulim on 1 July 2005 inter alia restraining Indexia, Naunton, Yates and UOB Kay Hian from dealing with the said QSR Shares with other parties including but not limited to Kulim.

Indexia, Yates together with Naunton separately filed applications to set aside the Interim (Ex-Parte) Injunction Order which were both scheduled to be heard on 20 July 2005. On 20 July 2005 both the said applications were adjourned for mention on 22 July 2005 and the Court proceeded to hear the Plaintiffs' application to extend the Interim (Ex-Parte) Injunction and heard submissions by the counsels of both the Plaintifs and Indexia, Yates, Naunton and Kulim. The Judge reserved his decision to 22 July 2005. In the interim, the Judge extended the Interim (Ex-Parte) Injunction to 22 July 2005. On 22 July 2005, the Plaintiffs' application to extend the Interim (Ex-Parte) Injunction was dismissed with costs. On 22 July 2005 the Plaintiffs' solicitors filed a Notice of Appeal to the Court of Appeal against the whole of the decision at the High Court on 22 July 2005 dismiss with cost the Plaintiffs application to extend the Interim (Ex-Parte) Injunction Order.

On 1 August 2005 the Palintiffs' Solicitors filed a Notice of Motion in the Court of Appeal for inter alia an Erinford Injunction which has the effect of extending the Interim (Ex-Parte) Injunction Order pending the disposal of the matter in the Court of appeal. At the hearing of the Notice of Motion on 12 August 2005, the Court of Appeal dismissed the said Motion with costs.

Kulim has filed an application to strike out the suit against Kulim on 2 August 2005 which has yet to be fixed for hearing.

(b) Kulim was served with a Writ dated 4 July 2005 issued by the High Court of Malaya in Kuala Lumpur under Suit No. D5-22-942-2005 which names Kulim together with Indexia and UOB Kay Hian as defendants. The Plaintiffs are Chain Valley Management Limited ("CVM") and Eagle Option. The Plaintiffs are Chain Valley Management Limited ("CVM") and Eagle Option. The Plaintiffs are seeking a declaration that the Agreements between Indexia and Kulim are void ab initio and a permanent injunction restraining the defendants from disposing or dealing with or negotiating for the sale or diminishing the value of any of the 9,557,900 QSR Shares which had been sold to CVM.

The Plaintiffs had applied for an ex-parte interim injunction ("Interim Injunction") but the Court ordered that the application be heard inter partes on 20 July 2005 and that the cause papers be served on the defendants. However, on 20 July 2005, the hearing of the Interim Injunction application was adjourned to 22 July 2005 for hearing. On 22 July 2005, the Plaintiffs application for an Interim Injunction was dismissed with costs. On 22 July 2005 the Plaintiffs solicitors filed a Notice of Appeal to the Court of Appeal against the whole of the decision at the High Court on 22 July 2005 dismiss with cost the Plaintiffs' application for an Interim Injunction.

On 1 August 2005 the Plaintiffs' solicitors filed a Notice of Motion in the Court of Appeal for, inter alia, an Erinford Injunction application pending the disposal of the matter in the Court of Appeal. At the hearing of Notice of Motion on 12 August 2005, the Court of Appeal dismissed the said Motion with costs.

B12. Dividend Proposed

There was no dividend proposed during the Quarter. An interim dividend for the financial year 2005 was announced by the Directors on 19 May 2005 at 15% per Ordinary Shares of RM0.50 sen each less 28% income tax. The dividend was paid on the 29 July 2005.

B13. Earnings Per Share ("EPS")

		CURRENT QUARTER		CUMULATIVE QUARTERS	
		30.06.05	**30.06.04**	**30.06.05**	**30.06.04**
a. Basic earning per share					
Net profit for the period	**(RM'000)**	10,082	25,163	22,809	63,856
Weighted average no. of Shares in issue	**('000)**	261,830	189,061	261,830	189,061
Basic earning per share	**(sen)**	3.85	13.31	8.71	33.78

b) **Diluted earnings per share**

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The Company has two categories of dilutive potential ordinary shares;

(i) From the renounceable rights issue of 47,289,060 shares with free warrants of same number. The exercise period for the warrants opens from July 13, 2005 being 1 year after the issue date of July 13,2004 and available for exercise within a period of 4 years there after expiring in 2009.

The dilutive earnings per share arising from warrants exercise potential are not calculated as the warrants conversion has anti - dilutive effects.

(ii) On the Employee Share Option Scheme.

There were accepted ESOS options for 11,171,000 shares exercisable at RM2.04 per share. As at end of the reporting Quarter there were outstanding 10,185,150 options exercisable within the expiry period to October 2009. The potential dilutive effect is computed as disclosed.

B14. **Currency translation**

The exchange rates used for each unit of the currencies in the Group for the current financial period are:

	THIS YEAR CURRENT QUARTER		**PRECEDING YEAR CORRESPONDING QUARTER**	
	MTH-END RATE	**AVERAGE RATE**	**MTH-END RATE**	**AVERAGE RATE**
Indonesia (IDR'000)	0.3920	0.4010	0.4040	0.4270
Papua New Guinea (PGK)	1.2430	1.2250	1.1990	1.1750
United Kingdom (GBP)	6.8030	7.0600	6.8695	6.8058
United States (USD)	3.8000	3.8000	3.8000	3.8000
EUR	-	-	-	-

By Order of the Board
KULIM (MALAYSIA) BERHAD

IDHAM JIHADI BIN ABU BAKAR, MAICSA 7007381
HASLINDA MOHD NOR @ MOHD NOAH LS 05697
(Secretaries)

Date : 29 August 2005