

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 Cyclicity 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

There were no significant items which unusually affect assets, liabilities, equity net income or cash flows during the quarter other than the followings:

- (i) At the date of this report Kulim has completed the purchase of 48,003,000 shares in QSR Brands Bhd (QSR) via the Sale and Purchase Agreement with Wisdom Innovative Technology Sdn Bhd. This completion of purchase together with earlier purchases of QSR shares via market purchases, via Sale and purchase agreements and via Direct Business Transaction brought the Company’s holding in QSR to 121,390,607 shares representing 50.73% equity interest in QSR at a cost of RM387,643,126. This technically makes QSR a subsidiary of Kulim allowing for an unconditional General Offer for take-over of QSR to be made by Kulim. The unconditional General Offer for QSR was made on the 27 October 2005 but had to be suspended with effect from the 28 October 2005 at the directive of the High Court following an application by QSR, for leave (ex-parte) to commence judicial review and summons in chambers, for an interim stay of Kulim take over process. The suspension is now lifted following the High Court order dated 18 November 2005 dismissing QSR’s application with costs. Following the High Court decision Kulim is reinstating its General Offer for QSR with effect from the 21 November 2005 and with revised expiry date of the 12 December 2005.
- (ii) Kulim Limited, a 100% United Kingdom registered subsidiary sold its 5.1% investment shares in MP Evans Limited for net consideration in Ringgit equivalent of RM40.86 million. Net profit from the disposal was at RM11.09 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, repurchase, resale and repayment of debt and equity securities during the quarter.

A7. Dividend Paid

There was no dividend paid during the Quarter under review.

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/ UK	Papua New Guinea	Indonesia	Group
	RM'000	RM'000	RM'000	RM'000
REVENUE				
External sales	601,267	342,176	53,908	997,351
Plantation operations	178,763	342,176	53,908	574,847
Manufacturing	392,462			392,462
<i>Oleochemicals</i>	<i>387,018</i>			<i>387,018</i>
<i>Rubber based products</i>	<i>5,444</i>			<i>5,444</i>
Management Services	20,336			20,336
Property Investment	5,235			5,235
Other investment income – Malaysia	3,263			4,471
- UK	1,208			
RESULTS				
Plantation operations	33,027	79,602	(21,614)	91,015
Manufacturing	13,023			13,023
<i>Oleochemicals</i>	<i>12,812</i>			<i>12,812</i>
<i>Rubber based products</i>	<i>211</i>			<i>211</i>
Management Services	4,881			4,881
Property investment	236			236
Associated companies	6,668			6,668
Investment income - UK	11,092			11,092
Interest income	2,170	391	308	2,869
Profit/(Loss) before interest and exceptional item	71,097	79,993	(21,306)	129,784
Add/(Less):				
Interest expense	(19,824)	(1,727)	(923)	(22,474)
Exceptional item	1,721	3,846	(24,522)	(18,955)
Profit/(Loss) before taxation	52,994	82,112	(46,751)	88,355

	Malaysia	Papua New Guinea	Indonesia	Group
	RM'000	RM'000	RM'000	RM'000
OTHER INFORMATION				
Total segment assets	2,674,899	707,123	245,659	3,600,681
Plantation operations	2,036,467	707,123	245,659	2,989,249
Manufacturing	466,000	0	0	466,000
Oleochemicals	454,464			454,464
Rubber based products	11,536			11,536
Property development	0			0
Management Services	54,443			54,443
Property investment	90,989			90,989
<i>Associated companies</i>	81,965			81,965
<i>Unallocated corporate assets</i>	295,314			295,314
Total segment liabilities	854,046	71,298	24,257	949,601
Plantation operations	643,754	71,298	24,257	739,309
Manufacturing	191,959			191,959
Oleochemicals	191,274			191,274
Rubber based products	685			685
Property development	-			-
Management Services	16,945			16,945
Property investment	1,387			1,387
Unallocated corporate liabilities	121,916	93,970		215,886
Capital expenditure	118,722	48,367	30,538	197,627
Plantation operations	20,345	48,367	30,538	99,250
Manufacturing - Oleochemicals	98,186			98,186
Others	191			191
Depreciation and amortization	20,244	28,906	8,358	57,508
Plantation operations	12,835	28,906	8,358	50,099
Manufacturing - Oleochemicals	7,285			7,285
Others	124			124
Non-cash expenses other than Depreciation	4,690			4,690

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 31st December 1997 by an 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

There was an EGM held by the Company on the 6 October 2005 in which the Shareholders approved all seven resolutions put up for voting in relation to and for the completion of the acquisition of QSR Brands Bhd.

On the 6 October 2005, the Company completed and signed Banking Bridging Loan facilities for a total sum of RM351.6 million for the purpose of financing the General Offer portion of the QSR Brands Bhd acquisition shares.

On 7 October 2005, the Company served notice of Mandatory Take-Over Offer on the QSR Brands Bhd Board of Directors for shares of QSR not already owned by the Company in accordance with the Malaysian Code on Take - Overs and Mergers, 1998.

On 27 October 2005, upon final approval received from the Securities Commission, the Take-Over Offer documents were dispatched to the QSR Brands Berhad Shareholders.

On 28 October 2005 and following an application by QSR Brands Bhd for leave (ex-parte) to commence judicial review and summons in chambers for an interim stay of Kulim's take-over process was fixed for hearing on the 14 November 2005. A suspension of the take-over offer pending the disposal of the said applications is ordered on Kulim, the take-over offer is suspended with immediate effect.

On 18 November 2005, the High Court dismissed the QSR application dated 28 October 2005 as was heard by the High Court on the 14 November 2005. This was an application that led to the suspension of Kulim take-over offer. The dismissal of the application meant that Kulim is free to reinstate its take-over offer for QSR.

On 21 November 2005, Kulim reinstate its General Offer for take-over of QSR Brands Bhd for acceptance by QSR shareholders by the 12 December 2005.

A11. Changes in the Composition of the Group

The composition of the Group will change significantly when the take over offer on QSR is completed. As it is now the Company held 50.73% equity interest in QSR which includes 12.2% stake originally injuncted but have since been lifted. There is a court appeal on these shares. The status of QSR Brands Bhd within the Group will very much depends on the completion of the acquisition (See note B11 for legal updates).

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 Commitment

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

	RM'000
Contracted	16,128
Not Contracted	32,462

	48,590
	=====

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 THE BURSA MALAYSIA LISTING REQUIREMENT

B1. Review of the Performance of the Company and Its Principal Subsidiaries

(a) Group Results and update

The Group's revenue decreased by RM84.63 million (20.65%) and RM129.50 million (11.49%) for the reporting Quarter and three Quarters 2005 respectively. This is contributed significantly by the lower palm products prices secured for the quarter and the cumulative quarters compared to the same quarters in 2004. Malaysia cumulative price achieved was at RM1,438.18 and RM1,017.74 per mt CPO and PK respectively compared to the same in quarters 2004 at RM1,714.87 and RM1,060.69 per mt CPO and PK respectively.

The Group's after tax profit decreased by RM60.56 million (95.20%) and RM101.61million (79.71%) to RM3.06 million and RM25.86 million for the reporting Quarter and three cumulative Quarters 2005 respectively compared to the same Quarters last year. Weaker CPO prices contributed significantly to lower Group profit for Malaysia and PNG Oil Palm operation. The disposal of Investment shares by Kulim Ltd during the quarter contributed RM11.09 million to the Group profit. Fund raising costs to finance the first portion of 50.73% on the QSR Brands Bhd acquisition at RM5.9 million was accounted for during the quarter.

The Group had embarked on an extensive rehabilitation of newly purchased estates as well as adopting an aggressive planting schedule in Indonesia. At the end of the quarter under review the planted area is 26,647 ha with 7219 Ha immature and 5214 Ha in the 1st – 3rd year of harvesting.

Result of the Group's Indonesia operation significantly affect the Group overall results adversely arising from high spending to rehabilitate recently acquired plantation for higher output, higher charge from bigger areas

coming into maturity which are still in early production age and from significant depreciation of the Indonesia Rupiah.

The Oleochemicals division is facing keen competition from new entrants posing pressures on products prices. Other development in related industry is pushing Glycerine sale price lower. Costs of feedstock which are remaining very much unchanged further affect results contributed from this division.

(b) Operational results

Plantations :

(i) Plantation Operation Malaysia

The Group's 3rd Quarter 2005 FFB production was at 162,682mt which is 2.37% higher compared to FFB production for the same Quarter 2004.

Cumulative FFB production for the three Quarters 2005 at 421,033mt is 4.4% higher compared to the same period last year. The Group's cumulative Oil Extraction Rate for the cumulative Quarters 2005 is at 19.30% compared to 19.35% for the same Quarters 2004.

For the Cumulative three Quarters 2005, Malaysia Plantation operation achieved CPO and PK price averages of RM1,438.18 and RM1,017.74 per mt respectively compared to RM1,714.87 and RM1,060.69 for CPO and PK for the same period 2004 respectively.

(ii) Plantation Operation - Papua New Guinea & Solomon Island - New Britain Palm Oil Ltd (NBPOL)

NBPOL recorded 131,989 mt FFB production in the 3rd Quarter 2005 which is 14.27% higher compared to the same Quarter last year. For the cumulative Quarters 2005, NBPOL produced 479,674 mt FFB which is 2.14% higher compared to same period 2004 production. Together with purchase crops NBPOL processed 198,445 / 727,733 mt FFB which is 15.12% / 3.0% higher for the Quarter and cumulative Quarters 2005 respectively compared to the corresponding Quarters last year.

NBPOL average Crude Palm Oil extraction rate for the cumulative Quarters 2005 is at 22.17% as compared to 22.34% for the corresponding Cumulative Quarters last year. NBPOL cumulative price averages CIF Rotterdam is at K1,333.64 per mt CPO approximate to RM1,600.37 per mt.

NBPOL newly acquired plantation in Solomon Island is currently undergoing agricultural rehabilitation as well as reconstruction on its CPO milling facility. The Group expects Solomon to start generating its Palm Products from end of Quarter 2, 2006.

(iii) Plantation Operation - Indonesia

FFB production for the Indonesia operation for the Quarter 3, 2005 was at 52,171mt. This is 110.45% higher compared to the FFB productions for the same Quarter last year. FFB production for the three cumulative Quarters 2005 was at 133,395mt which is 113.47% higher compared to the corresponding Quarters 2004.

The addition of FFB crops from the newly acquired plantation through EPA Management Sdn Bhd contributed to the higher FFB production. The coming into maturity new planted areas further contributed to higher FFB produced. The Group expects FFB production to continue to grow over the next few years.

A Palm Oil mill is being constructed in one of the Group's plantation in Central Kalimantan. This is in anticipation of own processing of higher Group's FFB production for Kalimantan plantation. The mill is expected to commence operation in the 3rd Quarter 2006.

Manufacturing:

The Oleochemicals division turnover for Quarter 3, 2005 was at RM137.22 million which is 3.6% lower compared to the corresponding Quarter 2004. For the cumulative quarters 2005 turnover is at RM387.02 million which is almost unchanged compared to the corresponding Quarters 2004.

Operational result for the Quarter improved by 33% compared to the same Quarter 2004. The cumulative Quarters 2005 results is 48% below those achieved over the same period 2004. There were keener competitions posed by new entrants to the Oleochemical products markets. Glycerine product prices are at significantly low level compared to prior years. These factors together with high feed-stock prices impact adversely on the Group's Oleochemicals division performance for the cumulative three quarters 2005.

Property Investment

The Group's office tower, the Menara Ansar in Johor Bahru is recording an operation surplus of RM0.23 million for the cumulative Three Quarters, 2005 as compared to a deficit of RM0.72 million for the corresponding Quarters 2004. Rental rates are still below expectation reflective of the current commercial building rental rates in Johor Bahru.

B2. Material Changes in the Quarterly Results

Palm products prices have remained stable during the Quarter but significantly lower compared to the corresponding Quarter 2004. This directly affects contributions from the Oil Palm operation section.

The Group's Indonesia operation record an operational deficit of RM10.02 million for the Quarter contributed mainly by a halt in expense capitalization on new planted areas coming into maturity and also from higher spending to put agricultural practices to better position for future performance.

The Indonesian Rupiah weakened further during the Quarter. This affected the Group's Indonesia result adversely by RM5.73 million for the Quarter and RM24.52 million for the three cumulative quarters 2005.

The Oleochemicals division is doing higher sale volume but weaker products prices affect results.

B3. Current Year Prospects

CPO prices are currently stable and traded at around RM1,415 per mt. Price out look for the coming months looks maintainable with bias for the upside. Malaysia and PNG will continue to record comparatively good operation performance for the final Quarter 2005.

The Indonesian currency position will continue to have significant impact on Group result. Operationally, the plantation are not yet in a position to contribute to the Group result.

The Oleochemicals division will be in for a challenging time for the short term. The Glycerine sale price which has weakened significantly since end last year is showing reversal of price trends. The Group's capacity expansion from 150,000 mt p.a. to 380,000 mt p.a. is nearing completion. The additional capacity will be available from early 2006 with better prospect for better result. The Group believed that the despite the short term challenges the Oleochemicals products prospect for the medium to longer term are very much intact.

The acquisition of QSR and the loan secured for the General Offer portion will have some costs effect to the Group for the Q4 reporting.

B4. Profit Forecast/Profit Guarantee

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

B5. Taxation

	CURRENT QUARTER		CUMULATIVE QUARTERS	
	30.9.2005 RM'000	30.09.04 RM'000	30.9.2005 RM'000	30.09.04 RM'000
Current Taxation	(14,519)	(23,433)	(40,699)	(62,719)
-Malaysia	(4,577)	(14,583)	(11,841)	(29,286)
-Overseas	(9,942)	(8,850)	(28,858)	(33,433)
Transfer to deferred taxation	(1,512)	855	(4,685)	(4,115)
-Malaysia	(1,512)	855	(4,685)	(4,115)
-Overseas		-	-	-
Share of tax in associated Company	(1,152)	(950)	(2,511)	(2,267)
Total	(17,183)	(23,528)	(47,895)	(69,101)

The effective tax rate on Group's profit for the 3rd Quarter 2005 and the 2005 cumulative quarters are higher than the statutory tax rate due to certain charges to Group results not having any tax effect, unrealized forex loss and loss on Group's Indonesia Subsidiaries not having any tax mitigating impact on Group's tax liability.

B6. Sale of Unquoted Investments and/or Properties

	CURRENT QUARTER 1 July – 30 September RM'000	CUMULATIVE QUARTERS 1 January – 30 September 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 1 July – 30 September RM'000	CUMULATIVE QUARTERS 1 January – 30 September RM'000
Total Purchase consideration	141,233	234,328
Total Sale proceeds	(40,865)	(40,865)
Total Profit/(Loss) on Disposals	11,092	11,092

- (b) Investment as at 30 September 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	239,912	625	240,537
At market value	239,548	630	240,178

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 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”) – Mandatory General Offer.

The offer document to acquire:

- (A) (i) all the remaining Ordinary Shares of RM1.00 each in QSR not already owned by Kulim
(ii) all new shares that may be issued by QSR arising from the exercise of outstanding warrants in QSR which are not owned by Kulim;

for cash Consideration of 3.20 per share

- (B) All outstanding warrants in QSR, not already owned by Kulim, for a cash consideration of RM2.01 per warrant

were dispatched to the QSR Shareholders on the 27 October 2005. The offer which was suspended following a court order received by the Company’s solicitor on the 28 October 2005 has been reinstated with effect from 21 November 2005. The reinstatement follows the dismissal of the application that brought the suspension of the General Offer by the High Court via its decision dated 18 November 2005. (see also note A4,A10 &B11).

B9. Borrowings and Debt Securities

	As at 30.09.2005	As at 31.12.2004	As at 30.09.2004
	RM'000	RM'000	RM'000
Term Loans			
Secured - denominated in RM	513,618	427,500	394,102
- denominated in USD	183,678	87,461	57,246
Less : Due within 12 months (reclassified to short term borrowings)	(66,685)	(41,124)	(74,481)
Total – Term Loan	630,611	473,837	372,867
Short Term Borrowings			
Current portion of Term Loans	66,685	41,124	74,481
Bank overdrafts - secured	-	4,244	-
- unsecured	-	89,251	22,737
Short term bank borrowings - secured	115,351	89,251	121,893
- unsecured	37,000	-	26,306
Total – Short Term Borrowings	219,036	134,619	249,417
Total Borrowings	849,647	608,456	622,284

B10. Financial Instruments with Off Balance Sheet Risk

- (a) As at 30 September 2005, there were outstanding warrants of 47,237,493. Each warrants 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 subsidiary companies outstanding as at 24 November 2005 (being a date not earlier than 7 days from the date of issue of the quarterly report) are as follows:

	<u>RM'000</u>	<u>Maturity Period</u>
Sale Contract	97,827	December 2005 to Dec 2007
Purchase Contract	(23,864)	December 2005 to Dec 2006

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 September 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	RM'000 Equivalent	Contract rate
Trade receivables: USD6,850,163	USD	26,047	1USD = RM3.8024
Trade receivables: EUR 174,623	EUR	806	1EUR = RM4.62
Future sales of goods over the following 6 months:	USD	Nil	
Future purchase of equipments	EUR	Nil	

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

The net unrecognised gain at 30 September 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. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

- (a) **COURT OF APPEAL**
CIVIL APPEAL NO. W-02-785-2005
(KUALA LUMPUR HIGH COURT (COMMERCIAL DIVISION)
SUIT NO. D5-22-899-2005)
1. **Firstcrest Global Limited**
 2. **Cogent Management Limited**
 3. **Batemans Capital Limited**
 4. **Eagle Option Sdn Bhd** **Appellants/Plaintiffs**
- v.
1. **Indexia Assets Limited**
 2. **Naunton International Limited**
 3. **Yates Ventures Limited**
 4. **Kulim (Malaysia) Berhad**
 5. **UOB Kay Hian Pte Ltd**
- Respondents/Defendants**

Kulim was served with a Writ dated 24 June 2005 (“**Writ**”) issued by the High Court of Malaya 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 Kulim Sale and Purchase Agreements dated 20 June 2005 with Indexia, Yates and Naunton are void because FGL, CML and BCL have entered agreements with same vendors on 20.4.2005.

Also asking 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 Shares Sale Agreements 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 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 Order and heard submissions by the counsels of both the Plaintiffs 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 under Civil Appeal No. W-02-785-2005 to the Court of Appeal against the whole of the decision at the High Court on 22 July 2005 to dismiss with cost the Plaintiffs' application to extend the Interim (Ex-Parte) Injunction Order.

On 1 August 2005 the Plaintiffs' 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.

On 12 August 2005, the Plaintiffs' filed an amended Statement of Claim and Kulim had on 26 August 2005 filed an application to strike out the amended Statement of Claim which has yet to be fixed for hearing.

The Appeal was to be heard on 21 November 2005 but has been postponed to a date to be fixed so that Kulim's application to recuse one of the Court of Appeal Judges can be heard first.

(b) **COURT OF APPEAL**
CIVIL APPEAL NO. W-02-786-2005
KUALA LUMPUR HIGH COURT (COMMERCIAL DIVISION)
SUIT NO. D5-22-942-2005

1. Chain Valley Management Limited
2. Eagle Option Sdn Bhd Appellants/Plaintiffs
v.
1. Indexia Assets Limited
2. Kulim (Malaysia) Berhad
3. UOB Kay Hian Pte Ltd ... Respondents/Defendants

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 seeking a declaration that the Kulim Sale and Purchase Agreement dated 20 June 2005 with Indexia is void because CVM had entered agreement with same vendor on 20.4.2005.

Also asking for 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 has 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 under Civil Appeal No. W-02-786-2005 to the Court of Appeal against the whole of the decision at the High Court on 22 July 2005 to 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 which has the effect of allowing the Interim Injunction application pending the disposal of the matter in the Court of Appeal.

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

On 12 August 2005, the Plaintiffs’ filed an amended Statement of Claim and Kulim had on 26 August 2005 filed an application to strike out the amended Statement of Claim which has yet to be fixed for hearing. The Appeal is to be heard on 21 November 2005.

The Appeal was to be heard on 21 November 2005 but has been postponed to a date to be fixed so that Kulim’s application to recuse one of the Court of Appeal Judges can be heard first.

PLEASE NOTE THAT PARTIES HAVE AGREED THAT THE ABOVE SUITS AND APPEALS BE HEARD TOGETHER AS THE FACTS ARE SIMILAR.

- (c) **COURT OF APPEAL**
CIVIL APPEAL NO. W-02-1000-05
KUALA LUMPUR HIGH COURT, ORIGINATING SUMMONS
NO. D2-24-315-2005
QSR Brands Berhad **Appellant/Plaintiff**
vs.
1. Kulim (Malaysia) Berhad
2. Wisdom Innovative Technology Sdn Bhd
3. OSK Nominees (Tempatan) Sdn Bhd
4. AmSec Nominees (Tempatan) Sdn Bhd
5. Enigma Sinar Sdn Bhd
6. RHB Nominees (Tempatan) Sdn Bhd
..... **Respondent/Defendants**

On 30 August 2005 Kulim was served with the Originating Summons No. D2-24-315-2005 and a Summons in Chambers dated 26 July 2005 filed by QSR (“the Plaintiff”) in the High Court of Malaya at Kuala Lumpur on 26 August 2005 (hereinafter referred to as “QSR Injunction Application”). The defendants are Kulim, Wisdom, OSK Nominees

(Tempatan) Sdn Bhd, AmSec Nominees (Tempatan) Sdn Bhd, Enigma Sinar Sdn Bhd and RHB Nominees (Tempatan) Sdn Bhd.

The QSR Injunction Application are as follows:-

- (A) An order restraining the 3rd and 4th Defendants, their directors, officers, servants and agents from: -
- (i) holding or proceeding with the extraordinary general meeting called by the 3rd and 4th Defendants for the purpose of removing 9 out of the 15 directors of the Plaintiff to be held on 20th September 2005 or any adjournment thereof ("the Wisdom EGM"); or
 - (ii) to propose or to vote for a proposed resolution to remove a director of the Plaintiff at any extraordinary general meeting or annual general meeting or any other meeting of the Plaintiff;

until the 1st Defendant sends an offer document in accordance with the Code to the Plaintiff's shareholders.

- (B) An order restraining the 5th and 6th Defendants, their directors, officers, servants and agents from: -
- (i) holding or proceeding with the extraordinary general meeting called by the 5th and 6th Defendants for the purpose of removing 5 out of the 15 directors of the Plaintiff to be held on 15th September 2005 or any adjournment thereof ("the Enigma EGM"); or
 - (ii) to propose or to vote for a proposed resolution to remove a director of the Plaintiff at any extraordinary general meeting or annual general meeting or any other meeting of the Plaintiff;

Until the 1st Defendant sends an offer document in accordance with the Code to the Plaintiff's shareholders.

- (C) An order that the Chairman for the Wisdom EGM and the Enigma EGM shall be the Chairman of the Plaintiff's Board of Directors or in his absence, the Deputy Chairman or if no such Chairman or Deputy Chairman, the Chairman for the Wisdom EGM and the Enigma EGM shall be a Director of the Plaintiff chosen in accordance with Article 71 of the Plaintiff's Articles of Association and such Chairman shall be entitled to exercise certain powers;
- (D) An order restraining the 1st Defendant and/or its directors, officers, servants and agents from carrying out the following until an Offer Document is issued by the 1st Defendant in accordance with the provisions of the Code: -
- (i) from appointing a director to the Plaintiff's Board;

- (ii) from removing or threatening to remove a director from the Plaintiff's Board or to request for the resignation of a director from the Plaintiff's Board;
 - (iii) from voting or causing to vote 73,121,607 ordinary Shares in the Plaintiff representing 30.56% whether held in the 1st Defendant's name or beneficially held for the 1st Defendant in the name of others or in the pledged security account for the 1st Defendant;
 - (iv) from instructing or directing the 2nd Defendant to vote or cause to vote 48,003,000 ordinary Shares in the Plaintiff 20.14% whether held in the 2nd Defendant's name or beneficially held for the 2nd Defendant in the name of others or in the pledged security account for the 2nd Defendant;
- (E) An order restraining the 2nd Defendant and/or its directors, officers, servants and agents from carrying out the following until an Offer Document is issued by the 1st Defendant in accordance with the provisions of the Code: -
- (i) from appointing a director to the Plaintiff's Board;
 - (ii) from removing or threatening to remove a director from the Plaintiff's Board or to request for the resignation of a director from the Plaintiff's Board;
 - (iii) from voting or causing to vote 48,003,000 ordinary Shares in the Plaintiff representing 20.14% whether held in the 2nd Defendant's name or beneficially held for the 2nd Defendant in the name of others or in the pledged security account for the 2nd Defendant;
- until the 1st Defendant sends an offer document in accordance with the Code to the Plaintiff's shareholders.
- (F) Such further and other relief that this Honourable Court deems fit to order;
- (G) Cost.

The QSR Injunction Application was fixed for hearing on 13 September 2005.

Kulim has instructed its solicitors to represent the Company at the hearing of the Summons in Chambers on 13 September 2005, which was further heard on 14 and 15 September 2005. On 15 September 2005, the Summons in Chambers application was dismissed with cost. The date for the hearing on the Originating Summons has yet to be fixed.

QSR has filed an appeal but no date has been fixed as yet for the same.

- (d) **MAHKAMAH TINGGI KUALA LUMPUR**
NO. SAMAN PEMULA : D2 - 24 - 328 - 2005
Kulim (Malaysia) Berhad Plaintiff
v.
1. **QSR Brands Berhad**
2. **Suruhanjaya Sekuriti**Defendan-Defendan

On 8 September 2005, Kulim has filed an Originating Summons No.D2-24-328-2005 (“the Originating Summons”) and Affidavit in Support affirmed on 7 September 2005 by Encik Ahamad Mohamed (“the Affidavit”) with the Kuala Lumpur High Court. A copy of the said Originating Summons and Affidavit were served on Messrs. William Leong & Co, solicitors for QSR on 12 September 2005.

The Originating Summons seeks the following:-

- (A) A declaration that Section 7 of the Code upon its true construction and purport does not apply to Kulim who presently holds 29.77% and in any event not exceeding 33%, of the voting shares of QSR and on the facts set out in the said Affidavit;
- (B) Consequent upon the abovesaid declaration, a declaration that Kulim is entitled to nominate any director to the Board of Directors of QSR and/or exercise the voting rights attached to the 29.77% voting shares which have been acquired by Kulim in respect of the general meetings of QSR and/or the general meetings requisitioned by the members of QSR, in particular the meetings proposed to be held on 15 September 2005 and 20 September 2005, including any adjournments thereof;
- (C) Costs to be borne by QSR; and
- (D) Further and/or other relief as the Honourable Court deems fit and necessary.

The matter was withdrawn by Kulim on 5 October 2005.

- (e) **COURT OF APPEAL**
CIVIL APPEAL NO. W-02-1141-05
(KUALA LUMPUR HIGH COURT
WRIT OF SUMMONS NO. D3-22-1469-2005)
Sim Chee Kuan & 3 ors Appellants/ Plaintiffs
v.
1. Datuk Haji Ishak bin Ismail
2. Wisdom Innovative Technology Sdn Bhd
3. Kulim (Malaysia) Berhad
4. Bursa Malaysia Berhad
5. Suruhanjaya Sekuriti ... Respondents/Defendants

Kulim was on 11 October 2005 notified of a suit issued by the High Court of Malaya in Kuala Lumpur (“High Court”) under Suit No.D3-22-1469-2005 which names Kulim together with Datuk Haji Ishak bin Ismail (“Datuk Ishak”), Wisdom, Bursa Securities and the SC as defendants. The said Writ was brought by four individual shareholders of QSR claiming, inter alia, for the freezing of the transfer of the 48,003,000 QSR Shares sold to Kulim under the Wisdom Agreement until the trial of the matter, that Datuk Ishak and Wisdom and parties acting in concert with them (“the Wisdom Concert Parties”) be ordered to make a general offer based on the highest price for QSR shares acquired by the Wisdom Concert parties, that if no order is granted compelling the said parties to make a general offer, the Offer made by Kulim should be at the highest price paid by the Wisdom Concert parties, damages and other reliefs.

On 11 October 2005 the Plaintiffs in this matter obtained an ex parte injunction which resulted in the transfer of the sale shares under the Wisdom Agreement being frozen in the CDS account of Wisdom. The injunction was set aside by the High Court on 25 October 2005 (“Setting Aside Order”) who also ordered that damages be assessed and costs awarded and paid to Kulim and the other Defendants. The Plaintiffs application to extend the injunction was dismissed on the same date. On 25 October 2005, the Plaintiffs had filed a Notice of Appeal against the Setting Aside Order and applied for and have obtained an ex parte order for a stay pending the hearing of the Appeal on the decision of the High Court on 26 October at approximately 1.30 p.m. and the inter partes hearing of the motion for the order for stay fixed on 17 November 2005. The 48,003,000 QSR Shares were credited to Kulim’s CDS account prior to the grant of the Erinford injunction.

The action against Bursa was discontinued by consent order between Plaintiffs and Bursa. However Bursa filed a motion for directions from the Court of Appeal. The Bursa’s application was withdrawn on when the inter partes hearing of the motion for the order for stay was heard by the Court of Appeal. On 23 November 2005 the Court of Appeal ordered that the ex parte stay (Erinford) order be extended until the hearing of the substantial appeal for which no date has yet been fixed.

- (f) **COURT OF APPEAL**
CIVIL APPEAL NO. W-02-1216-05
KUALA LUMPUR HIGH COURT
APPLICATION FOR JUDICIAL REVIEW NO. R2-25-220-2005
QSR Brands Berhad Applicant
v.
1. Suruhanjaya Sekuriti
2. Kulim (Malaysia) Berhad Respondents

On 26 October 2005, Kulim’s Solicitors were served with an ex parte application for leave for judicial review filed by QSR against the SC and Kulim and an application for a stay and/or suspension (“Applications”) of the Kulim takeover offer for the remaining QSR shares and warrants (“Offer”) :-

- (i) an order of certiorari to remove into the High Court and to quash SC’s decision that Kulim may proceed with the Offer as an unconditional offer under Section 8(2) of the Code; and/or
- (ii) an order of certiorari to remove into the High Court and to quash SC’s decision refusing QSR’s application for extension of time to comply with Sections 12(5)(c), 14(1) and 15(7) of the Code in connection to Kulim’s take-over process of QSR Shares;
- (iii) a declaration that Kulim’s Notice was and is null and void;
- (iv) a declaration that Kulim may not proceed with the Offer as an unconditional offer pursuant to section 8(2) of the Code; and/or
- (v) as an alternative to (iv), a declaration that the documentation going to or connected with the Offer must disclose the two legal proceedings involving two separate blocks of shares respectively (i.e. Kuala Lumpur High Court Originating Summons D3-22-1469-2005 (item (e) above) and Civil Appeal Appeals Nos. W-02-785-2005 and W-02-786-2005 (item (a) and (b) above respectively) both held by Kulim and information related to the said legal proceedings including but not limited to the possible impact of the said legal proceedings on Kulim’s mandatory general offer; and/or
- (vi) a declaration that Kulim has breached the Code by failing to disclose the said legal proceedings and information related to the said legal proceedings on Kulim’s take-over process of QSR’s shares including but not limited to the possible impact of the said legal proceedings on Kulim’s mandatory general offer; and /or
- (vii) costs and other reliefs as the Court may deem fit.

On 28 October 2005 the Court granted an interim stay order pending the hearing of the Plaintiff’s Applications on 14 November 2005. On the hearing date the matter has been adjourned to a date to be fixed to allow written submissions to be filed.

On 15 November QSR announced it has filed an ex parte application for leave to commence Committal Proceedings against all the Directors of Kulim (Malaysia) Berhad ("Kulim"). The application was filed on the grounds that Kulim has undermined the due administration of justice by dispatching the offer documents on 27 October 2005 despite due notice on 26 October 2005 that the Company was moving the Court for a stay of the takeover process on 28 October 2005. The said ex parte application is to be heard on 24 January 2005. The matter has been referred to Kulim's Solicitors for legal advice.

On 18 November 2005 the Learned Judge delivered her decision refusing leave for judicial review and lifting the interim stay order.

QSR has filed an appeal against the orders of the High Court which is fixed for hearing on 28 November 2005. **The scheduled hearing has been postponed to the 30 November 2005.**

For updates on material litigation of Kulim, please refer to the website <http://www.announcements.bursamalaysia.com>.

B12. Dividend Proposed

There was no dividend proposed during the Quarter.

B13. Earnings Per Share ("EPS")

		CURRENT QUARTER		CUMULATIVE QUARTERS	
		1 July – 30 Sept 2005	2004	1 January – 30 Sept 2005	2004
		RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share					
Net profit for the period	(RM'000)	3,056	63,621	25,865	127,477
Weighted average no. of shares in issue	('000)	262,254	215,697	262,254	215,697
Basic earnings per share	(sen)	1.17	29.50	9.86	59.10
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.

(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 one (1) year after the issue date of July 13, 2004 and available for exercise within a period of four (4) years there after expiring in July 2009. As at the end of the reporting Quarter there were 47,237,493 warrants outstanding. The potential dilutive effect of these outstanding warrants is computed as disclosed.

(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 9,856,050 options exercisable within the expiry period to October 2009. The potential dilutive effect of these outstanding ESOS 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		PRECEEDING YEAR CORRESPONDING QUARTER	
	MTH-END RATE	AVERAGE RATE	MTH-END RATE	AVERAGE RATE
Indonesia Rupiah (IDR/JP '000)	0.379	0.394	0.415	0.432
Papua New Guinea Kina (PGK/Kina/K)	1.2495	1.22283	1.2695	1.2103
United Kingdom Pound Sterling (GBP)	6.634	6.7908	6.8395	6.7908
United States of America Dollar (USD/US\$)	3.769	3.7845	3.8000	3.8000
EUR	-	-	-	-

By Order of the Board
KULIM (MALAYSIA) BERHAD

IDHAM JIHADI BIN ABU BAKAR, MAICSA 7007381
HASLINDA MOHD NOAH LS 05697
(Secretaries)

Dated : 29 November 2005