

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) The completion of the Mandatory General Offer (MGO) on QSR Brands Bhd with Kulim holding a 52.03% equity interest in the Company. Please also refer to note (B 8 (ii) & B 11).
- (ii) [There were raised during the Quarter, Loans Facility for QSR Brands Bhd Mandatory General Offer funding at RM351.6 million. Due to the low level acceptance to the General Offer portion, the loans were not drawn and have since been cancelled as they are no longer required.](#)

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 except as stated in note A4(ii).

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	810,884	453,913	78,044	1,342,841
Plantation operations	242,162	453,913	78,044	774,119
Manufacturing	531,616			531,616
<i>Oleochemicals</i>	523,707			523,707
<i>Rubber based products</i>	7,909			7,909
Management Services	24,507			24,507
Property Investment	6,989			6,989
Other investment income - Malaysia - UK	4,415 1,195			5,610
RESULTS				
Plantation operations	44,492	110,342	(26,888)	127,946
Manufacturing	15,093			15,093
<i>Oleochemicals</i>	15,216			15,216
<i>Rubber based products</i>	(123)			(123)
Management Services	3,303			3,303
Property investment	601			601
Associated companies	6,796			6,796
Investment income	1,195			1,195
Interest income	1,713	436	337	2,486
Profit/(Loss) before interest and exceptional item	73,193	110,778	(26,551)	157,420
Add/(Less):				
Interest expense	(30,990)	(2,265)	(1,297)	(34,552)
Exceptional item	5,991	4,461	(17,209)	(6,757)
Profit/(Loss) before taxation	48,194	112,974	(45,057)	116,111

	Malaysia	Papua New Guinea	Indonesia	Group
	RM'000	RM'000	RM'000	RM'000
<u>OTHER INFORMATION</u>				
<u>Total segment assets</u>	2,811,764	746,284	285,822	3,843,870
Plantation operations	2,172,934	746,284	285,822	3,205,040
Manufacturing	485,135			485,135
Oleochemicals	473,698			473,698
Rubber based products	11,437			11,437
Property development	0			0
Management Services	63,174			63,174
Property investment	90,521			90,521
<i>Associated companies</i>	82,612			82,612
<i>Unallocated corporate assets</i>	416,954			416,954
<u>Total segment liabilities</u>	1,165,386	58,688	29,683	1,253,757
Plantation operations	895,213	58,688	29,683	983,584
Manufacturing	224,790			224,790
<i>Oleochemicals</i>	224,125			224,125
<i>Rubber based products</i>	665			665
Property development	-			-
Management Services	43,954			43,954
Property investment	1,429			1,429
Unallocated corporate liabilities	122,641	108,108	0	230,749
Capital expenditure	136,430	111,647	51,977	300,054
Plantation operations	24,951	111,647	51,977	188,575
Manufacturing - Oleochemicals	111,286			111,286
Others	193			193
Depreciation and amortization	27,065	36,768	11,792	75,625
Plantation operations	17,166	36,768	11,792	65,726
Manufacturing - Oleochemicals	9,734			9,734
Others	165			165
Non-cash expenses other than Depreciation	14,628			14,628

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

- i) The Group announced on the 27 January 2006 on a disposal of three subsidiaries in Sumatra Indonesia for a gross consideration of US\$60 million made up of sale of shares and assumption of shareholders advances on the following subsidiaries;

PT Multrada Multi Maju
PT Padang Bolak Jaya
PT Trimitra Sumberperkasa

Details on the proposal are as per the announcement made through Bursa Malaysia dated 27 January 2006.

- ii) The Group announced on 9 February 2006 on the signing of Joint-Venture Agreement with Peter Cremer GmbH for the production and marketing of methyl ester, glycerine and all its by-products in connection with the proposed Bio- Diesel project (See also note B 8 (iv)).

- iii) The Company commences its share buy back proposal on the 4 January 2006. As at the date of this report a total of 364,900 Kulim shares were repurchased at a cost of RM961,453.

- iv) On the 17 February 2006, the Group announced through the Bursa Malaysia on the time schedule for the distribution of Dividend in Specie.

Under the announced schedule, the Johor Land Shares to be distributed under the Capital Distribution account will be credited into the entitled shareholders' CDS account maintained with the Bursa Malaysia Depository Sdn Bhd within ten (10) market days from the entitlement Date of 8 March 2006.

A11. Changes in the Composition of the Group

As at the end of the Quarter under review the Company held 52.03% equity interest in QSR Brands Bhd. This would have changed the composition of the Group significantly with QSR becoming a subsidiary, except that there is still ownership issue to be deliberated on by the Appeal Court arising out of suits by other interested parties on vendor's shares sold to the Company. Included in the 52.03 % stake acquired by the Company is a 12.24% equity interest awaiting deliberation and decision by the Court of Appeal. The status of QSR Brands Bhd within the Group will very much depended on the decision of the Court of Appeal over this 12.24% equity stake. (See also 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 31 December 2005 are as follows:

	RM'000
Contracted	32,540
Not Contracted	39,722

	72,262
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A14. Impairment of Assets

There was no impairment loss recognised by the Company and the Group during the Quarter except on a discontinued Palm Oil Mill due to the relocation of a CPO milling operation to an upgraded factory. This impairment was accounted for in the 4th Quarter's result at RM1,308,247. 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 increased by RM18.06 million (5.5%) for the Quarter under review. For the cumulative four Quarters 2005, revenue decreased by RM111.43 million (7.66%). The decreased is contributed significantly by the lower palm products prices secured for the four cumulative Quarters 2005 compared to 2004. Malaysia's full year 2005 cumulative price averages achieved was at RM1,433.35 and RM1,002.48 per mt CPO and PK respectively compared to RM1,676.23 and RM1,068.56 per mt CPO and PK achieved respectively in 2004.

The Group's after tax profit decreased by RM18.38 million (46.26%) and RM136.07 million (68.76%) to RM21.35 million and RM61.81 million for the 4th Quarter and four cumulative Quarters 2005 respectively compared to the same period 2004. Weaker Palm products prices contributed significantly to lower Group profit for Malaysia and PNG Oil Palm operation.

Further acquisition related costs (inclusive of fund raising costs) on QSR Brands Bhd was accounted for during the Quarter at RM3.84 million bringing the total cost related to the QSR's acquisition accounted for during the year to RM9.47 million.

The Group had continued on an extensive rehabilitation on estates as well as adopting an aggressive planting schedule in Indonesia. At the end of the quarter under review the planted area is 29,723 ha with 7219 Ha immature and 1,796 Ha in the 1st to the 3rd year of harvesting.

The Group's Indonesia operation is still in loss position with recorded loss of RM45.06 million for the cumulative four Quarters 2005. This affect the Group's overall results significantly. Weaker Indonesian Rupiah attributed RM17.21million to the loss. Operationally, the still low per hectare FFB yields, high spending to rehabilitate the plantation for higher output, higher charge from bigger areas coming into maturity which are still in early production age, higher input costs on diesel and fertilizers have translated into the operational loss position.

The Oleochemicals division is still 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 in weaker products prices scenario further affect results of this division.

(b) **Operational results**

Plantations :

(i) **Plantation Operation Malaysia**

The Group's FFB production for the 4th Quarter 2005 was at 129,237mt which is 15.34% lower compared to FFB production for the corresponding Quarter 2004. Continuing rains and flooding in certain section of plantations areas hampered FFB harvesting toward end of the year.

FFB production for the cumulative four Quarters 2005 at 550,270 mt is 2.79% lower compared to the same period 2004. The Group's cumulative Oil Extraction Rate for the four Quarters 2005 is at 19.39% compared to 19.33% for 2004.

Malaysian Plantation operation achieved CPO and PK price averages of RM1,433.35 and RM1,002.48 per mt respectively for the cumulative four Quarters 2005, compared to RM1,676.23 and RM1,068.56 per mt for CPO and PK respectively for the same period 2004.

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

NBPOL recorded 148,898 mt FFB production in the 4th Quarter 2005 which is 29% higher compared to the same Quarter 2004. For the cumulative four Quarters 2005, NBPOL produced 628,572 mt FFB which is 3.4% higher compared to 2004 production. Together with purchase crops, NBPOL processed 226,880/954,613 mt FFB which is 15.21%/5.66% higher for the Quarter and cumulative Quarters 2005 respectively compared to 2004.

NBPOL average Crude Palm Oil extraction rate for the cumulative Quarters 2005 is at 22.33% as compared to 22.53% for the

corresponding cumulative Quarters 2004. NBPOL cumulative price averages CIF Rotterdam is at K1,330.73 per mt CPO which approximate to RM1,664.33 per mt.

The newly acquired Solomon Island Plantation rehabilitation works on plantings as well as reconstruction of the palm oil mill is progressing as scheduled. The Group expects Solomon Island plantations to start generating its Palm Products toward the end of 2nd Quarter 2006.

(iii) Plantation Operation - Indonesia

FFB production for the Indonesia operation for the 4th Quarter, 2005 was at 64,858 mt. This is 112.84% higher compared to the FFB productions for the corresponding Quarter 2004. FFB production for the four cumulative Quarters 2005 was at 198,253 mt which is 31.78% higher compared to the corresponding Quarters 2004.

The addition of FFB from the newly acquired plantation through EPA Management Sdn Bhd for a full year 2005 contributed to the higher FFB production. The coming into maturity of new planted areas further contributed to higher FFB produced particularly in the final Quarter of the year. The Group expects FFB production to continue to grow over the next few years.

The erection of the Group's new Palm Oil mill at Kalimantan is progressing as scheduled with its anticipated commissioning by the end of third quarter 2006.

Manufacturing:

The Oleochemicals division turnover for 4th Quarter 2005 was at RM131.72 million which is 2.49% lower compared to the corresponding Quarter 2004. For the cumulative Quarters 2005 turnover is at RM518.74 million which is almost unchanged compared to the corresponding Quarters 2004. Sales of Oleochemicals products increased in volume by 9,132 mt or 4.69% over 2004.

Operational result for the Quarter improved by 33% compared to the same Quarter 2004. The cumulative Quarters 2005 results are 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 costs impact adversely on the Group's Oleochemicals division performance for the cumulative four Quarters 2005.

Property Investment

The Group's office tower, the Menara Ansar in Johor Bahru has recorded an operation surplus of RM0.60 million for the cumulative four Quarters in 2005 as compared to a deficit of RM0.30 million for the corresponding Quarters in 2004. Rental rates are still below expectation reflective of the existing commercial building rental rates in Johor Bahru.

B2. Material Changes in the Quarterly Results

Palm products prices have remained stable during the Quarter under review but significantly lower compared to the corresponding Quarter 2004. This had directly affected contributions from the Oil Palm operation sector.

The Group's Indonesia operation record an operational deficit of RM5.24 million for the Quarter contributed mainly by a higher input costs and generally higher spending to put agricultural practices to better position for future performance.

The Indonesian Rupiah strengthened during the Quarter compared to the closing rate at end September 2005 with reversal of forex loss of RM7.31 million.

Certain incidental costs related to the acquisition of QSR Brands Bhd also affected the Group profit for the Quarter under review.

B3. Current Year Prospects

CPO prices are currently stable and traded at around RM1,440 per mt. Price outlook for the coming months looks maintainable with continued bias for the upside. Barring the unforeseen, Malaysia and PNG is expected to maintain comparatively good operational performance for the financial year 2006.

Operationally, the Indonesia plantations are expected to continue improving with higher FFB production and, with stable Palm Products prices it is expected to contribute to lower loss position. Indonesia plantings are done in larger scale, this will bring large areas into yields and maturity progressively as they turn mature. For the short term their contribution may be insufficient to carry their mature costs resulting in losses. This position is expected to reverse as palms move into prime harvest.

The Indonesian currency position will continue to have significant impact on Group's result. Currently it is about 6% stronger than the closing rate as at 31 December 2005.

The Group's Oleochemical division's plant capacity expansion from 150,000 mt p.a. to 380,000 mt p.a. was completed at the later part of the Quarter. This would present the Group with better competitive advantage in products costing and the ability to offer higher volume of products. The Group expects the year 2006 to be a challenging but interesting time for the Oleochemicals division for a more significant presence in this sector.

The expected resolution of QSR Brands Bhd acquisition in the year 2006 would contribute positively to the Group's performance. The QSR investment funding costs may however result in a negative contribution at the early years.

The Bio - Diesel plant is expected to commence construction during the year 2006. The Bio - Diesel venture is expected to contribute positively to the Group's result once plants are completed and operation commences.

B4. Profit Forecast/Profit Guarantee

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

B5. Taxation

	CURRENT QUARTER		CUMULATIVE QUARTERS	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Current Taxation	2,086	(6,687)	(38,613)	(69,406)
-Malaysia	11,150	(1,185)	(691)	(30,471)
-Overseas	(9,064)0	(5,502)	(37,922)	(38,935)
Transfer to deferred Taxation	(11,138)	(10,278)	(15,823)	(14,393)
-Malaysia	(870)	(761)	(5,555)	(4,876)
-Overseas	(10,268)	(9,517)	(10,268)	(9,517)
Share of tax in associated Company	508	(930)	(2,003)	(3,197)
Total	(8,544)	(17,895)	(58,439)	(86,996)

The effective tax rate on the Group's profit for the 4th Quarter and the Group's tax rate for the cumulative four Quarters 2005 are higher than the statutory tax rate due to certain charges to Group results that are not tax allowable deductions and the unrealized forex loss and loss on the 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 October - 31 December RM'000	CUMULATIVE QUARTERS 1 January - 31 December 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 Oct - 31 December RM'000	CUMULATIVE QUARTERS 1 January - 31 December RM'000
Total Purchase consideration	164,818	389,735
Total Sale proceeds	122	(40,743)
Total Profit/(Loss) on Disposals	(122)	10,970

- (b) Investment as at 31 December 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	403,798	615	404,413
At market value	404,053	630	404,683

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.

Court approval being the last approval required to complete the proposal was received on the 16 December 2005.

[As announced through the Bursa Malaysia on the 17th February 2006, the proposal is in the process of being implemented with distribution to complete within ten \(10\) market days from the Entitlement date of the 8th March 2006.](#)

- ii) Proposed acquisition of Equity interest in QSR Brands Berhad ("QSR") - Mandatory General Offer.

The Mandatory General Offer was carried out and concluded on the 12 December 2005. At the close, shareholders holding 3,127,014 shares and warrants holders holding 333,376 warrants accepted the offers with acceptance representing 1.30% and 5.12% on shares and outstanding warrants of QSR respectively at a total costs of RM10,676,531.

Together the MGO purchased shares and the earlier purchases of QSR shares from the vendors, from direct business transaction and from market purchases brought the Company's shareholding in QSR to 52.03%.

- iii) Proposed acquisition Of Industrial Land

[The Group announced on the Signing of a Sale and Purchase Agreement on 30th December 2005 for the purchase of an Industrial Land at Tanjung Langsat, Johor for Bio - Diesel plant site. The announcement is in progress toward completion of payment in accordance with the Sale and Purchase Agreement.](#)

- iv) Proposal Cash Disposal of the followings:
-100% equity interests in PT Multirada Multi Maju
-100% equity interests in PT Trimitra Sumber Perkasa
-100% equity interests in PT Padang Bolak Jaya

The proposal as announced by the Company on the 27th January 2006 through Bursa Malaysia is in progress to completion of conditions precedent. Completion which is targeted by 1st March 2006 may be slightly delayed to early April 2006.

- v) Proposed Joint Venture with Peter Cremer (Singapore) GmbH for production and marketing of methyl esters, glycerine and all its by-products in connection with the proposed Bio-Diesel project.

The proposal as announced by the Company on the 9th February 2006 through Bursa Malaysia has a completion period of six month within which the parties thereto are to satisfy the terms and conditions for its formation as stipulated in the Joint -Venture agreement.

B9. Borrowings and Debt Securities

	As at 31.12.2005	As at 31.12.2004
	RM'000	RM'000
Term Loans		
Secured - denominated in RM	832,233	427,500
- denominated in USD	160,661	87,461
Less : Due within 12 months (reclassified to short term borrowings)	(108,743)	(41,124)
Total - Term Loan	884,151	473,837
Short Term Borrowings		
Current portion of Term Loans		
Bank overdrafts - secured	-	-
- unsecured	-	4,244
Short term bank borrowings - secured	141,593	89,251
- unsecured	-	-
Total - Short Term Borrowings	141,593	93,495
Total Borrowings	1,025,744	567,332

B10. Financial Instruments with Off Balance Sheet Risk

- (a) As at 31 December 2005, there were outstanding warrants of 47,234,773. 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 February 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	71,591	March 2006 to Dec 2007
Purchase Contract	(14,189)	March 2006 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 31 December 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: USD40,167,499	USD	149,527	1USD = RM3.7226
Trade receivables: EUR 55,100	EUR	255	1EUR = RM4.628
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 31 December 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

MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, we are not aware of any material litigation, claims or arbitration involving Kulim and its subsidiaries either as a plaintiff or defendant:-

- (a) 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 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 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. The Appeal has yet to be heard.

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 will be heard on 17 February 2006.

- (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 seeking a declaration that the Indexia Principal and Supplementary Agreements are void ab initio 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 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. The Appeal has yet to be heard.

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 will be heard on 17 February 2006.

- (c) 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.

QSR sought to restrain, *inter alia*, the holding of the extraordinary general meetings requisitioned called the 3rd, 4th, 5th and 6th Defendants for the purpose of removing certain QSR directors and to restrain Kulim from voting until Kulim issued the offer document. 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.

- (d) Four individual shareholders of QSR filed a suit 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 claiming, inter alia, for the freezing of the transfer of the 48,003,000 QSR Shares sold to Kulim under the Wisdom Agreement, that Datuk Ishak and Wisdom and parties acting in concert with them 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.

The ex parte injunction of 11 October 2005 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. 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. However the 48,003,000 QSR Shares were credited to Kulim’s CDS account prior to the grant of the ex parte stay order.

The Appeal proper in respect of the Setting Aside Order has yet to be heard.

Kulim has filed for leave to appeal the decision of the Court of Appeal granting the stay order to the Federal Court which application is pending but for which no date has been fixed as yet.

- (e) 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. On 17 November 2005 the High Court dismissed the application for leave. QSR filed an appeal against the decision of the High Court refusing leave which appeal was heard on 7 December 2005 and dismissed with costs. QSR has filed for leave to appeal the decision of the Court of Appeal to the Federal Court which application is pending but for which no date has been fixed as yet.

On 15 November 2005 QSR announced it has filed an ex parte application for leave to commence Committal Proceedings against all the Directors of Kulim in respect of the issue of the Offer Document. 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 8 March 2006.

- (f) On 25 January 2006 Kulim filed a Writ of Summons vide Kuala Lumpur High Court Suit No. D2-22-105-2006 against QSR seeking inter alia, a declaration that the proposed private placement of up to 10% of the issued and paid up capital of QSR which was announced by QSR on 30 December 2005 (“**Proposed Private Placement**”) is ultra vires Article 4(iv) of the Articles of Association of QSR and orders to restrain the implementation of the Proposed Private Placement until Kulim’s representatives have been appointed to the Board of QSR and have had opportunity to consider the Proposed Private Placement and until related legal suits have been disposed off. The application of Kulim for an interlocutory injunction to restrain inter alia the implementation of the Proposed Private Placement and other corporate proposals adverse to the interest of Kulim was granted on 15 February 2006. QSR has filed an appeal to the Court of Appeal on the same day.

- (g) On 15 February 2006 Kulim was served a Writ of Summons in respect of Kuala Lumpur High Court Suit No. S3-22-90-2006. The Writ was filed by Firstcrest Global Limited and 4 others against Kulim, Cimsec Nominees (Tempatan) Sdn Bhd (“CIMSEC”), CIMB Berhad, Bumiputra-Commerce Bank Berhad, OCBC Bank Berhad, and OCBC Ltd (Labuan Branch). The Plaintiffs are seeking, inter alia, declarations that Kulim is holding 29,260,610 QSR shares (“12.2% Block”) as trustee for the Plaintiffs and seeking an injunction against Kulim and CIMSEC to prevent the disposal or dealing with the 12.2% Block. Kulim has instructed its solicitors to resist the Plaintiffs’ claim.

For updates on material litigation of Kulim, shareholders and warrant holders of QSR are advised to 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 Oct - 31 Dec		1 January - 31 Dec	
		2005	2004	2005	2004
		RM’000	RM’000	RM’000	RM’000
a) Basic earnings per share					
Net profit for the period	(RM’000)	11,256	40,866	37,119	168,343
Weighted average no. of shares in issue	(’000)	262,491	215,826	262,491	215,826
Basic earnings per share	(sen)	4.29	18.93	14.14	78.00

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 47,234,773 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 8,612,350 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/RP '000)	0.3850	0.390	0.4090	0.4250
Papua New Guinea Kina (PGK/Kina/K)	1.2960	1.2505	1.2070	1.1841
United Kingdom Pound Sterling (GBP)	6.5226	6.8985	7.3169	6.9649
United States of America Dollar (USD/US\$)	3.7860	3.7886	3.8000	3.8000
EUR	4.4867	4.7188	5.1729	4.7239

By Order of the Board
KULIM (MALAYSIA) BERHAD

IDHAM JIHADI BIN ABU BAKAR, MAICSA 7007381
SALMAH BINTI ABD WAHAB, LS 02140
(Secretaries)

Dated :