

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134, Interim Financial reporting, issued by the Malaysian Accounting Standard Board (MASB). The Interim Financial Report should be read in conjunction with the Group's audited financial statement for the year ended 31 December 2006.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2006.

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.

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

On receipt of proceed from sale of its Indonesia Plantation companies, the Company repaid its US\$ loan which was utilised to finance the Group's Indonesia Plantation Subsidiaries on the drawn amount of US\$33 million. The loan was repaid as its purpose has expired upon the completion of the disposal of the subsidiaries. Besides this early loan repayment there is no cancellation, repurchase, resale and repayment of debt and equity securities during the quarter other than on loans repayment in accordance with the Group's loans repayment schedules.

A7. Dividend Paid

An interim dividend of 15% (7.5 sen) per share less 27% tax was paid on the 5 October 2007.

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 & Solomon Island	Indonesia	Elimination (Discontinued operation)	Group
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	1,319,872	589,271	27,335	(27,335)	1,909,143
Plantation operations	210,673	589,271	27,335	(27,335)	799,944
Manufacturing	740,675				740,675
<i>Oleochemicals</i>	<i>733,737</i>				<i>733,737</i>
<i>Rubber based products</i>	<i>6,938</i>				<i>6,938</i>
Quick Service Restaurants	338,943				338,943
Management Services	23,959				23,959
Investment Property	5,145				5,145
Other investment income	477				477
RESULTS					
Plantation operations	148,106	206,999	(24,969)	(69,896)	260,240
Manufacturing	38,649				38,649
<i>Oleochemicals</i>	<i>39,873</i>				<i>39,873</i>
<i>Rubber based products</i>	<i>(982)</i>				<i>(982)</i>
<i>Biodiesel</i>	<i>(242)</i>				<i>(242)</i>
Quick Service Restaurants	66,988				66,988
<i>Subsidiary</i>	<i>35,085</i>				<i>35,085</i>
<i>Significant Associate</i>					
<i>(of Subsidiary)</i>	<i>31,903</i>				<i>31,903</i>
Management Services	10,382				10,382
Investment Property	(848)				(848)
Other Associated companies	(344)				(344)
Investment income	276				276
Interest income	3,391	129	119	(117)	3,522
Profit/(Loss) before interest and exceptional item	266,600	207,128	(24,850)	(70,013)	378,865
Add/(Less):					
Interest expense	(47,850)	(883)	(6,539)	6,539	(48,733)
Profit/(Loss) before taxation					

	Malaysia	Papua New Guinea & Solomon Island	Indonesia	Elimination (Discontinued operation)	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations	218,750	206,245	(31,389)	(63,474)	330,132
Profits from sale of discontinued operations				63,474	63,474
Total profit before tax	218,750	206,245	(31,389)		393,606
OTHER INFORMATION					
Total segment assets	3,573,875	932,044	358		4,506,277
Plantation operations	2,245,815	932,044	358		3,178,217
Manufacturing	773,227				773,227
<i>Oleochemicals</i>	716,929				716,929
<i>Rubber based products</i>	9,923				9,923
<i>Biodiesel</i>	46,375				46,375
Quick Service Restaurants	225,647				225,647
Management Services	245,739				245,739
Investment Property	83,447				83,447
Associated companies	484,646				484,646
Unallocated corporate assets	88,413				88,413
Total segment liabilities	1,543,522	139,275	276		1,683,073
Plantation operations	771,873	139,275	276		911,424
Manufacturing	433,645				433,645
<i>Oleochemicals</i>	432,924				432,924
<i>Rubber based products</i>	705				705
<i>Biodiesel</i>	16				16
Quick Service Restaurants	301,844				301,844
Management Services	34,682				34,682
Property investment	1,478				1,478
Unallocated corporate liabilities	156,394	100,951			257,345
Capital expenditure	104,815	71,825	65,219		241,859
Plantation operations	23,935	71,825	65,219		160,979
Manufacturing	49,398				49,398
<i>Oleochemicals</i>	16,207				16,207
<i>Rubber Based products</i>	-				-
<i>Bio-diesel</i>	33,191				33,191
Quick Service Restaurant	31,183				31,183
Others	299				299

	Malaysia	Papua New Guinea & Solomon Island	Indonesia	Elimination (Discontinued operation)	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	49,829	30,638	3,392		83,859
Plantation operations	21,704	30,638	3,392		55,734
Manufacturing - Oleochemicals	12,404				12,404
Quick Service Restaurant	15,614				15,614
Others	107				107
Non-cash expenses other than Depreciation	(39,215)	18,347	(49,872)		(70,740)

A9. Valuation of Property, Plant and Equipment

The carrying value of 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. However, in 2006, the Group changed its accounting policy on estate development expenditure in Malaysia from valuation model to cost model by stating the estate development expenditure to its initial cost and the change effect from the adoption of FRS 117 Leases. Other than changes resulting from these changes in accounting policy the carrying value was brought forward without any amendment.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events completed subsequent to the end of the interim period under review.

A11. Changes in the Composition of the Group

The composition of the Group has changed during the quarter under review following the disposal of the Group's Indonesia Plantation companies. Following the disposal, the Group does not have any more plantation presence in Indonesia.

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 2007 are as follows:

	RM'000
Contracted	55,730
Not contracted	37,796

	93,526
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A14. Impairment of Assets

There was no impairment loss recognised by the Company and the Group during the quarter.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENT

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

Group Results and update

The Group's revenue for the cumulative three quarters under review increased by RM588.35 million (44.54%) compared to the corresponding quarters 2006. NatOleo, NBPOL and QSR Brands Bhd contributed significantly to the increased in revenue with increases of 37.63%, 56.41% and 126.42% respectively compared to their contribution in the same period in 2006.

Group's net profit after tax for the cumulative quarters increased by RM186.02 million (145.04%) compared to the same period in 2006. There were significant non operational profits booked in during the third quarter arising from the disposal of the Group's Indonesia Plantation Subsidiaries and also from the disposal of Investment shares in NBPOL.

All significant subsidiaries and its significant associate recorded stronger profit with NBPOL posting best improvement at 173% higher profit from improved production and strong palm products prices.

Malaysia plantation section recorded a profit RM38.69 million contributed by a gain from the disposal of 12 million Investment shares in NBPOL completed during the third quarter. The disposal/discontinuation of the Group's Indonesia plantation operation resulted in a discontinuation gain of RM63.47 million or 34.12% of the increased in profit over the three quarters 2007.

KFC continued with good revenue growth averaging at about 10% for the period to end of the third quarter. This translated to better net result compared to the same period in 2006.

Short term borrowings showed a marked increase during the period arising from trade related financing at NatOleo. Higher transactions value resulting from higher volume of trade and higher unit value requires much higher trade financing line utilizations.

On the Equity front, there were continued conversions of Kulim warrants into new shares.

The Company received funds from sale of Indonesia Plantation Subsidiaries and the sale of 12 million shares in NBPOL during the quarter. As at the reporting date the proceeds were applied as follows;

	US\$ '000	RM '000
Proceed received;		
Net from sale of Indonesia subsidiaries	112,158	383,580
From sale of 12 million NBPOL shares	31,950	110,496
	<u>144,108</u>	<u>494,076</u>
	=====	=====
Proceed applications;		
Loan repayments		(210,988)
Right issue at NatOleo, purchase of investment shares		(84,301)
Applied as working capital/reduction of Short term facilities		(62,227)
		<u>136,560</u>
		=====

(b) **Operational results**

Plantations:

(i) **Plantation Operation - Malaysia**

The Group's ffb production for the 3rd quarter 2007 is at 162,397mt. This is 10.12% lower compared to the ffb production for the corresponding quarter 2006. Cumulative three quarters ffb production is at 364,621mt which is 17.59% lower than the 2006 corresponding quarter's production.

The Group's OER for the cumulative three quarters 2007 is at 18.72% compared to OER of 18.76% for the corresponding quarters 2006.

Total ffb processed by the Group mills for the cumulative three quarters 2007 dropped to 404,298 mt which is 20.02% lower compared to the corresponding quarters 2006. Total ffb processed is inclusive of crops purchased from outside the Group.

The palms are showing sign of recovery in yields from and further crop recovery is expected in the final quarter 2007.

Malaysian plantation operation achieved CPO and PK cumulative price averages of RM1,720.27 and RM1,081.88 per mt respectively compared to RM1,442.94 and RM911.79 per mt for CPO and PK respectively for the corresponding quarters 2006.

(i) **Plantation Operation - Papua New Guinea & Solomon Islands**

NBPOL produced 157,020mt ffb in the third quarter 2007 which is 2.40% higher compared to the corresponding quarter 2006. Together with crops purchased from outside the Group, NBPOL processed 232,778mt ffb which is 4.14% higher compared to the corresponding quarter 2006. Cumulative three quarters 2007 ffb production and crops processed is at 581,415mt and 871,631mt, an increase of 10.76% and 10.87% for own and processed crops respectively compared to the corresponding quarters in 2006.

NBPOL cumulative average Crude Palm Oil extraction rate for the three quarters 2007 is at 22.43% as compared to 22.00% achieved for the corresponding quarters 2006. Price averages on FOB basis is at K1,747.39 (RM2,127.62) per mt CPO compared to the corresponding quarters in 2006 price average of K1,393.45 per mt (RM1,696.66).

RBDP Olein price average local sales and export on fob basis is at K1,854.38 (RM2,257.89) per mt compared to the corresponding quarters 2006 price average of K1,525.23 (RM1,857.12) per mt.

GPPOL ffb production for the third quarter 2007 was at 24,454 mt and cumulative three quarters production is at 57,978mt. Cumulative OER achieved is at 21.55%.

Manufacturing:

The Group's Oleochemicals division revenue for the third quarter 2007 is at RM275.18 million which is 41.42% higher compared to the corresponding quarter 2006. Its cumulative three quarters 2007 revenue is at RM733.74 million which is 38.34% higher compared to the corresponding quarters in 2006.

Natoleo's PBT for the third quarter 2007 is at RM25.26 million which is 72% higher compared to the corresponding quarter in 2006. Its three quarters 2007 cumulative PBT is at RM39.87 million which is 130.73% higher compared to the corresponding quarters in 2006.

Quick Service Restaurants:

QSR revenue for the third quarter is at RM125.53 million, 8.2% higher compared to the corresponding quarter in 2006. Cumulative three quarters 2007 revenue at RM338.94 million is 6.22% higher compared to the corresponding quarters in 2006. Higher finance costs taken to finance investment acquisition curtailed its profits growth.

KFC's revenue at RM1.24 billion and its PBT at RM105.43 million are 11.69% and 10% higher compared to corresponding quarters last year respectively. KFC is experiencing strong same store growth in several geographical locations in which it operates.

Property Investment:

The Group's office tower, the Menara Ansar in Johor Bahru recorded a deficit of RM0.85 million for the cumulative three quarters 2007 compared to deficit of RM0.44 million for the corresponding quarters in 2006.

B2. Material Changes in the Quarterly Results

PNG's operation is performing very well this quarter with higher production and higher price averages achieved on palm products sales.

QSR Brands Bhd also contributed positively to Group's result in this reporting quarter. Its significant associate is performing better than the corresponding quarter last year.

The oleochemical division is contributing higher operational profit in this reporting quarter. Higher sale volume from increased capacity post expansion completion in 2006 and some improvements on products sale prices have positive impact in delivering higher PBT.

Malaysia plantation operation is affected by lower production and lesser positive effect of strong palm products prices as the Group has sold forward from last year. The disposal of 12 million shares in NBPOL and the disposal/discontinuance of the Group's Indonesia plantation operation contributed to the overall Group profit for the quarter under review.

B3. Current Year Prospects

Palm products prices have stayed at comparatively high levels for several months and these look maintainable for months ahead. The Malaysian plantation is recovering from a period of very low FFB crops. This should contribute to better Malaysia plantation results. The Group's PNG operation is expected to be well rewarded from the strong price trends should this remain at levels currently traded. Solomon operation is progressing within expectation and is expected to strengthen further the Group's result.

QSR Brands Bhd and its significant associate KFC Holdings (Malaysia) Bhd are delivering on higher sales to date and are projected to continue growing with higher revenue generated from KFC's same store sales growth as well as from new stores targeted to be opened over the next twelve months.

The Oleochemicals division is reaping the advantage of its expanded size whilst higher sales prices for its products would see the division continuing with its improve performance.

B4. Profit Forecast/Profit Guarantee

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

B5. Taxation

	CURRENT QUARTER		CUMULATIVE QUARTERS	
	1 Jul to 30 Sept 2007 RM'000	1 Jul to 30 Sept 2006 RM'000	1 Jan to 30 Sept 2007 RM'000	1 Jan to 30 Sept 2006 RM'000
Current Taxation	(39,595)	(8,132)	(85,628)	(33,194)
-Malaysia	(19,816)	(5,127)	(30,457)	(12,938)
-Overseas	(19,779)	(3,005)	(55,171)	(20,256)
Transfer to deferred Taxation	5,401	(1,465)	6,305	(4,581)
-Malaysia	(4,520)	(1,502)	(3,679)	(5,375)
-Overseas	9,921	37	9,984	794
Total	(34,194)	(9,597)	(79,323)	(37,775)

The tax rate is reflective of the official tax rates in the countries that the Group operates. The rate for the quarter is lower compared to the level of profit recorded due to significant contributory items to profits realised during the quarter not attracting taxes.

B6. Sale of Unquoted Investments and/or Properties

	CURRENT QUARTER 1 Jul 2007 - 30 Sept 2007 RM'000	CUMULATIVE QUARTERS 1 Jan 2007 - 30 Sept 2007 RM'000
	Nil	Nil

B7. Financial Assets at Fair Value (Quoted Securities)

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

	THIS YEAR	
	CURRENT QUARTER 1 Jul - 30 Sept 2007 RM'000	CUMULATIVE QUARTERS 1 Jan - 30 Sept 2007 RM'000
Total Purchase consideration	100,804	100,809
Total Sale proceeds	(34,500)	(39,000)
Total Profit/(Loss) on Disposals	-	-

(b) Investment as at 30 Sept 2007.

	Held as Long Term Investments RM'000	Held as Current Assets RM'000	TOTAL RM'000
At cost	37,894	9,901	47,795
At book value	6,495	69,618	76,113
At market value	9,751	69,640	79,391

B8. Status of Uncompleted Corporate Announcement

As at the end of the quarter under review there were no uncompleted Group announcements on corporate proposals.

On 13 November 2007 the Company announced the following corporate proposals to Bursa Malaysia;

- i. secondary listing of New Britain Palm Oil Limited ("Board"), a subsidiary of KULIM, on the Main Market of London Stock Exchange plc ("Proposal LSE Listing"); and;
- ii. acquisition of 59,533,289 ordinary shares of RM1.00 each in SINDORA ("SINDORA Shares"), representing approximately 62.01% of the issued and paid up share capital of SINDORA ("Proposed Acquisition");
- iii. proposed Collaboration with PNG Sustainable Development Program Limited to jointly undertake oil palm feasibility studies in Kamusie, Papua New Guinea ("Collaboration").

For full details on the proposals please review the Group's announcement on the same made via the Bursa Malaysia website dated 13 November 2007.

B9. Borrowings and Debt Securities

	As at 30 Sept 2007 RM'000	As at 31 Dec 2006 RM'000
Term Loans		
Secured - denominated in RM	991,598	934,923
- denominated in USD	50,938	163,278
- denominated in SDR	18,524	22,295
Less : Due within 12 months (reclassified to short term borrowings)	(245,383)	(188,116)
Total - Term Loan	815,677	932,380
Short Term Borrowings (reclassified)	245,383	188,116
Bank overdrafts - secured	-	-
- unsecured	17,190	26,598
Short term bank borrowings - secured	306,039	174,392
- unsecured	17,000	-
Total - Short Term Borrowings	340,229	200,990
Total Borrowings	1,401,289	1,321,486

B10. Financial Instruments with Off Balance Sheet Risk

- (a) As at 30 September 2007, there were outstanding warrants of 31,491,292. Each warrant entitles its registered holder to subscribe to one (1) new ordinary share of RM0.50 each in the Company at a revised exercise price of RM2.43 per share.
- (b) Commodity futures contracts entered into by certain subsidiary companies outstanding as at 23 November 2007 (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	366,620	Dec 2007 to Dec 2009
Purchase Contract	(224,977)	Dec 2007 to Dec 2008

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 the 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. However it is subject to review by management from time to time due to the currency market trend and situation.

At 30 September 2007, the settlement dates on open forward contracts range between 1 and 12 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: USD94,354,264	USD	322,571	1USD = RM3.4187
Trade receivables: EUR	EUR		1EUR = nil
Future sales of goods over the following 6 months:	USD	Nil	
Future purchase of equipments EUR Nil	EUR	Nil	1 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 as at 30 September 2007 on open contracts which hedge anticipated future foreign currency sales amounted to RM633,819. 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

Status of the legal suits against/by Kulim in relation to the above acquisition are as follows:-

1) **KLHC SUIT NO. D5-22-899-2005**

1. Firstcrest Global Limited (No. Syarikat: 650678)
2. Cogent Management Limited (No. Syarikat: 650679)
3. Batemans Capital Limited (No. Syarikat : 650739)
4. Eagle Option Sdn. Bhd. (No. Syarikat: 672334-M)

v.

1. Indexia Assets Limited (No. Syarikat : 434721)
2. Naunton International Limited (No. Syarikat: 480530)
3. Yates Ventures Limited (No. Syarikat: 371504)
4. Kulim (Malaysia) Berhad (No. Syarikat: 23370-V)
5. UOB Kay Hian Pte. Ltd. (No. Syarikat :197000447-W)

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.

Kulim has applied to strike out the Writ and Statement of Claim and also to strike out the amendments made without Leave to the Statement of Claim by the Plaintiff.

On 22 March 2006 the Court of Appeal had dismissed with costs the appeals filed by Firstcrest, Cogent, Batemans, Chain Valley and Eagle Option against orders of the High Court dismissing their applications for injunctions to restrain the sale of 29,290,610 ("12.2% Block") shares of QSR Brands Bhd to Kulim. Federal Court had on 14 April 2006 granted leave on limited grounds to Firstcrest Global Limited, Cogent Management Limited, Batemans Capital Limited, Chain Valley Management Limited and Eagle Option Sdn Bhd ("Applicants") to appeal against the decisions of the High Court on 22 July 2005 and of the Court of Appeal on 22 March 2006, which upheld the decision of the High Court to dismiss the application for injunction by the Applicants against Kulim and various vendors in respect of the shares in dispute amounting to 12.2% of the issued and paid up capital of QSR Brands Berhad ("12.2% Block"). Kulim's application for taxation of costs at the Court of Appeal was heard on 21 September 2007 and is now fixed for decision on 10 December 2007.

On 26 April 2006 the Applicants obtained ex parte leave from the Court of Appeal to commence Committal Proceedings against Kulim and all Directors of Kulim in respect of an alleged breach of an undertaking by Kulim for pledging the 12.2% Block to CIMSEC but have not taken any further steps.

On 24 April 2006 the Federal Court had unanimously dismissed the application by Firstcrest Global Limited, Cogent Management Limited, Batemans Capital Limited, Chain Valley Management Limited and Eagle Option Sdn Bhd ("Applicants") for interim preservation orders to restrain Kulim from exercising voting rights attached to the shares in dispute amounting to 12.2% of the issued and paid up capital of QSR Brands Bhd ("12.2% Block) and to have all dividends and distributions payable on the said 12.2% Block paid into a stakeholders' account. Therefore, there is no restriction on Kulim's right to vote on the 12.2% Block.

However, the Federal Court has ordered that Kulim shall not, with effect from 24 April 2006, directly or indirectly, either by itself or through its servants, agents, nominees or otherwise, sell, transfer, dispose, mortgage or pledge the 12.2% Block until the said appeal is disposed. CIMSEC Nominees (Tempatan) Sdn Bhd ("CIMSEC"), the nominees of the present mortgagees of the 12.2% Block and the present chargees and mortgagees are not affected by the said order. The Appeals proper were heard before the Federal Court 5, 6 June 2006 and on 7 June 2006 the Federal Court dismissed the appeals with costs. Kulim's application for taxation of costs at the Federal Court will be heard on 7 December 2007.

The matter is fixed for case management in the High Court on 23 November 2007.

- 2) KLHC SUIT NO. D5-22-942-2005
1. Chain Valley Management Limited (No. Syarikat 650672)
 2. Eagle Option Sdn. Bhd. (No. Syarikat: 672334-M)

v.

1. Indexia Assets Limited (No. Syarikat : 434721)
2. Kulim (Malaysia) Berhad (No. Syarikat: 23370-V)
3. UOB Kay Hian Pte. Ltd. (No. Syarikat :197000447-W)

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.

Kulim has applied to strike out the Writ and Statement of Claim and also to strike out the amendments made without Leave to the Statement of Claim by the Plaintiff.

On 22 March 2006 the Court of Appeal had dismissed with costs the appeals filed by Firstcrest, Cogent, Batemans, Chain Valley and Eagle Option against orders of the High Court dismissing their applications for injunctions to restrain the sale of 29,290,610 (“12.2% Block”) shares of QSR Brands Bhd to Kulim. Federal Court had on 14 April 2006 granted leave on limited grounds to Firstcrest Global Limited, Cogent Management Limited, Batemans Capital Limited, Chain Valley Management Limited and Eagle Option Sdn Bhd (“Applicants”) to appeal against the decisions of the High Court on 22 July 2005 and of the Court of Appeal on 22 March 2006, which upheld the decision of the High Court to dismiss the application for injunction by the Applicants against Kulim and various vendors in respect of the shares in dispute amounting to 12.2% of the issued and paid up capital of QSR Brands Berhad (“12.2% Block”). Kulim’s application for taxation of costs at the Court of Appeal was heard on 21 September 2007 and is now fixed for decision on 10 December 2007.

On 26 April 2006 the Applicants obtained ex parte leave from the Court of Appeal to commence Committal Proceedings against Kulim and all Directors of Kulim in respect of an alleged breach of an undertaking by Kulim for pledging the 12.2% Block to CIMSEC but have not taken any further steps.

On 24 April 2006 the Federal Court had unanimously dismissed the application by Firstcrest Global Limited, Cogent Management Limited, Batemans Capital Limited, Chain Valley Management Limited and Eagle Option Sdn Bhd ("Applicants") for interim preservation orders to restrain Kulim from exercising voting rights attached to the shares in dispute amounting to 12.2% of the issued and paid up capital of QSR Brands Bhd ("12.2% Block") and to have all dividends and distributions payable on the said 12.2% Block paid into a stakeholders' account. Therefore, there is no restriction on Kulim's right to vote on the 12.2% Block.

However, the Federal Court has ordered that Kulim shall not, with effect from 24 April 2006, directly or indirectly, either by itself or through its servants, agents, nominees or otherwise, sell, transfer, dispose, mortgage or pledge the 12.2% Block until the said appeal is disposed. CIMSEC Nominees (Tempatan) Sdn Bhd ("CIMSEC"), the nominees of the present mortgagees of the 12.2% Block and the present chargees and mortgagees are not affected by the said order. The Appeals proper were heard before the Federal Court 5, 6 June 2006 and on 7 June 2006 the Federal Court dismissed the appeals with costs.

Kulim's application for taxation of costs at the Federal Court will be heard on 7 December 2007.

The matter is fixed for case management in the High Court on 23 November 2007.

3) KLHC SUIT NO. D2-24-315-2005

QSR Brands Bhd

v.

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

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 was dismissed with costs.

Plaintiff and Defendants have agreed to withdraw the suit with no order as to costs.

4) KLHC SUIT NO D3-22-1469-2005

1. Sim Chee Kuan
2. Yap See Ching
3. Ong King Kok
4. Hazman Bin Ahmad

v.

1. Datuk Haji Ishak bin Ismail
2. Wisdom Innovative Tecnology Sdn Bhd
3. Kulim (Malaysia) Berhad
4. Bursa Malaysia Berhad
5. Suruhanjaya Sekuriti

Four individual shareholders of QSR are 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.

This suit and the appeals arising therefrom have been discontinued.

5) KLHC APPLICATION FOR JUDICIAL REVIEW NO. R2-25-220-2005
CIVIL APPEAL NO. W-02-1216-05
QSR Brands Berhad

v.

1. Securities Commission of Malaysia
2. Kulim (Malaysia) Berhad

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 an appeal to the Federal Court which appeal was fixed for hearing on 15 August 2006.

On 27 March 2006 QSR obtained leave to commence Committal Proceedings against all the Directors of Kulim in respect of the issue of the Offer Document. On 6 July 2006, Kulim's application to set aside the leave to commence committal proceedings was allowed with costs.

Plaintiff and Kulim have agreed to withdraw with no order as to costs.

6) **KLHC SUIT NO . D2-22-105-2006**
Kulim (Malaysia) Berhad

v.

QSR Brands Bhd

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 had filed an appeal to the Court of Appeal.

This suit and the appeals arising therefrom have been discontinued.

7) **KLHC Suit No. D7-22-848-2006 (S3-22-90-2006)**
Firstcrest Global Limited and 4 others

v.

1. **Kulim (Malaysia) Berhad**
2. **Cimsec Nominees (Tempatan) Sdn Bhd ("CIMSEC")**
3. **CIMB Berhad**
4. **Bumiputra-Commerce Bank Berhad**
5. **OCBC Bank (Malaysia) Berhad, and OCBC Ltd (Labuan Branch)**

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 (Malaysia) 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.

On 20 March 2006 Kulim's solicitors filed an application to strike out the action or alternatively that the action be transferred and heard together with Kuala Lumpur High Court Suit No. D5-22-899-2005 and Kuala Lumpur High Court Suit No. D5-22-942-2005 with all further proceedings in the action therein be stayed pending such transfer and further directions to be obtained from the Judge having conduct of the Suit Nos. D5-22-899-2005 and D5-22-942-2005. This application was set for hearing on 23 May 2006 but was adjourned at the request of the Plaintiff.

On 6 September 2006, the Plaintiff's solicitors has applied to withdraw the matter and agreed to pay costs of the action to the Defendants to be taxed. The Defendants' solicitors applied that the withdrawal shall be without liberty to file afresh. The Court then decided that the matter be struck off without liberty to file afresh and the Plaintiffs to pay costs to the Defendants. The Plaintiff has appealed against the said Order in respect of that part of the order denying the Plaintiffs liberty to file afresh and the appeal is fixed for Hearing on 13 December 2007.

8) KLHC SUIT NO. D5-22-852-2006

1. QSR Brands Berhad
2. Chai Sing Hong
3. Razmi bin Alias
4. Lim Kuan Yew
5. Ahmad Aznan bin Mohd Nawawi
6. Toh Chun Wah

v.

1. Kulim (Malaysia) Berhad
2. Cimsec Nominees (Tempatan) Sdn Bhd
3. Ahamad bin Mohamad
4. Tan Sri Dato' Muhammad Ali bin Hashim
5. Jamaludin bin Md Ali
6. Sheik Sharufuddin bin Sheik Mohd
7. Wong Seng Lee
8. Kua Hwee Sim
9. Mohammad bin Alwi
10. Idham Jihadi bin Abu Bakar

On 7 June 2006, Kulim has been served with an unsealed writ instituted by QSR and 5 former directors of QSR in respect of the proceedings and resolutions passed at the Extraordinary General Meeting ("EGM") of QSR held on 7 June 2006. The Defendants are, inter alia, Kulim, some of its directors, and CIMSEC Nominees (Tempatan) Sdn Bhd.

In addition, on 8 June 2006, Kulim's Solicitors were served with the unsealed application for inter alia interim orders restraining the Defendants either by themselves or agents from implementing, giving effect, causing to be implemented or giving effect the resolutions passed at the said EGM including the resolutions appointing the 3rd to 10th Defendants as directors of QSR, the 3rd to 10th Defendants holding out, representing themselves, acting, carrying out duties and functions as directors of QSR.

The matter which was fixed for hearing on 15 June 2006 was adjourned to 21 June 2006 for the hearing of the Plaintiffs' application for injunctions and orders to:-

- (a) restrain the Defendants either by themselves or agents from implementing, giving effect, causing to be implemented or giving effect the resolutions passed at the said EGM including the resolutions appointing the 3rd to 10th Defendants as directors of QSR,
- (b) restrain the 3rd to 10th Defendants holding out, representing themselves, acting, carrying out duties and functions as directors of QSR. The 1st to 10th Defendants are to be restrained and an injunction be issued restraining them from restraining the 2nd to 6th Plaintiffs from carrying out their duties and functions as directors of QSR in any manner howsoever.

Kulim's application for cross-injunctions and orders are that the 2nd to 5th Plaintiffs be restrained from acting, holding themselves out as directors of QSR and/or interfering and/or intermeddling with the management affairs of QSR; that the 2nd to 6th Plaintiffs be restrained from preventing and/or obstructing the 3rd to 10th Defendants from discharging their duties as directors of QSR; from changing and/or altering the composition of the Board of Directors of QSR now comprising of the 3rd to 10th Defendants together with the 6th Plaintiff; be restrained whether by themselves and/or by their servants, agents or otherwise howsoever from proceeding with the purported adjourned QSR EGM on 23 June 2006 at 10.00 a.m. at 3rd Floor, Wisma KFC, 17 Jalan Sultan Ismail, 50250 Kuala Lumpur.

The Plaintiffs' application for injunction was dismissed and Kulim's application for cross-injunction was granted on 22 June 2006. The Plaintiffs have filed an appeal.

This suit and the appeals arising therefrom have been discontinued.

9. JOHOR BAHRU HIGH COURT PETITION NO. 26-3-2006
Chian Soon Juee

v.

Kulim, Ahamad bin Mohamad, Cimsec and 23 ors

Kulim's Solicitors were served on 2 June 2006 with an unsealed copy of Petition under Section 181 of the Companies Act, 1965 for oppression of a minority shareholder filed in the Johor Bahru High Court. The Petitioner sought, inter alia, certain declarations and an injunction to restrain the holding of the EGM of QSR which had been requisitioned by Kulim and two other shareholders and to be held on 7 June 2006.

The Petitioner also filed an application by Summons in Chambers for interim injunction pending the trial of the matter to, inter alia, restrain the holding of the meeting, from giving effect to the Notice of EGM dated 11 May 2006 and from implementing or giving effect to any resolutions passed at the said EGM. The matter was heard inter partes on 6 June 2006 and was dismissed with costs. The Petitioner's application for interim stay pending appeal to the Court of Appeal was also dismissed by the High Court.

This suit and the appeals arising therefrom have been discontinued.

B12. Dividend Proposed

An interim dividend of 15% (7.5 sen) per share less 27% tax was proposed on the 21 September 2007 and the dividends were paid on the 5 October 2007.

B13. Earnings Per Share (“EPS”)

		CURRENT QUARTER		CUMULATIVE QUARTERS	
		1 Jul - 30 Sept 2007	2006	1 Jan - 30 Sept 2007	2006
		RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share					
Net profit for the period	(RM'000)	160,312	21,073	236,353	100,344
Weighted average no. of shares in issue	('000)	280,040	264,358	280,040	264,358
Basic earnings per share	(sen)	57.25	7.97	84.40	37.96
Diluted Earnings per share	(sen)	53.02	7.30	78.17	34.76

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 31,491,292 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 4,856,550 options exercisable within the expiry period to August 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)	0.3737	0.3827	0.3980	0.3920
Papua New Guinea Kina (PGK/Kina/K)	1.1820	1.2176	1.2485	1.2723
United Kingdom Pound Sterling (GBP)	6.9210	6.9228	6.9160	6.7193
United States of America Dollar (USD/US\$)	3.4135	3.4739	3.6870	3.7438
EUR	4.7609	4.8234	4.6670	4.8450
Singapore Dollar (S\$)	2.3155	2.3190	2.3200	2.3020

By Order of the Board
KULIM (MALAYSIA) BERHAD

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

Dated : 28th November 2007