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 2007.

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 2007.

A2. Status on Qualification of Audited Financial Statements

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

A3. Seasonality or Cyclicality of Operations

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

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no significant items which unusually affect assets, liabilities, equity, net income or cash flows during the quarter under review except on the process of General Offer made by New Britain Palm Oil Ltd for shares in Ramu Agri Industries Ltd. The General offer was completed at 100% level of acceptance on 15 October 2008.

A5. Change in Accounting Estimates

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

A6. Debt and Equity Securities

There were no cancellation, resale and repayment of debt and equity securities during the quarter other than on loans repayments in accordance with the Group's loans repayment schedules.

A7. Dividend Paid

An interim dividend for the financial year 2008 was declared by the Directors on 27th November 2008 at 15% Gross less 26% tax. The dividend was paid on 30th January 2009.

A8. Segmental Information

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

	Cumulative 2008			Cumulative 2007		
	Malaysia	**Papua New Guinea & Solomon Island**	**Group**	**Malaysia**	**Papua New Guinea & Solomon Island**	**Group**
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	**2,750,525**	**1,115,624**	**3,866,149**	**1,919,108**	**822,381**	**2,741,489**
Plantation operations	495,228	1,115,624	**1,610,852**	303,102	822,381	**1,125,483**
Manufacturing	1,515,325		**1,515,325**	1,103,754		**1,103,754**
Oleochemicals *Rubber based Products* *Biodiesel*	*1,490,987* *9,181* *15,157*		*1,490,987* *9,181* *15,157*	*1,094,839* *8,915* -		*1,094,839* *8,915* -
Foods and Restaurants	532,752		**532,752**	466,379		**466,379**
Management Services and other businesses	137,224		**137,224**	36,468		**36,468**
Shipping Services	58,826		**58,826**	-		**-**
Investment Property	8,039		**8,039**	7,080		**7,080**
Other investment income	3,131		**3,131**	2,325		**2,325**
RESULTS						
Plantation operations	111,386	331,517	**442,903**	(388)	298,614	**298,226**
Manufacturing	29,818		**29,818**	60,565		**60,565**
Oleochemicals *Rubber based products* *Bio-diesel*	*33,140* *(1,069)* *(2,253)*		*33,140* *(1,069)* *(2,253)*	*62,857* *(1,724)* *(568)*		*62,857* *(1,724)* *(568)*
Foods and Restaurants	105,621		*105,621*	91,269		*91,269*
Subsidiary *Significant Associate (of Subsidiary)*	*48,497* *57,124*		*48,497* *57,124*	*47,603* *43,666*		*47,603* *43,666*
Management services and other businesses	24,184		*24,184*	8,862		*8,862*
Shipping Services	6,835		**6,835**	-		**-**
Investment Property	1,564		**1,564**	(882)		**(882)**
Other Associated companies	4,164	11,346	**15,509**	(568)		**(568)**
Investment income/ acquisition effects	95,544		**95,544**	164,054		**164,054**
Profit/(Loss) before interest	379,116	342,862	**721,978**	322,912	298,614	**621,526**
Add/(Less):						
Interest income	3,650	12,477	**16,127**	6,064	217	**6,281**
Interest expense	(65,231)	(5,197)	**(70,428)**	(67,472)	(1,542)	**(69,014)**
Profit before Tax from continuing Operations	317,535	350,142	**667,677**	**261,504**	**297,289**	**558,793**
Profit from discontinued operation	-	-	**-**	82,252		**82,252**
Total profit before tax	328,880	338,797	**667,677**	343,756	297,289	**641,045**

	Malaysia	Papua New Guinea & Solomon Island	Group
	RM'000	RM'000	RM'000
OTHER INFORMATION			
Total segment Assets	**4,766,238**	**1,691,326**	**6,457,564**
Plantation operations	2,348,260	1,691,326	4,039,586
Manufacturing	795,033		795,033
Oleochemicals *Rubber based products* *Biodiesel*	*685,568* *9,071* *100,394*		685,568 *9,071* *100,394*
Foods and Restaurants	243,879		243,879
Management services and other businesses	148,013		148,013
Shipping Services	200,745		*200,745*
Investment Property	83,318		*83,318*
Associated companies	626,084		*626,084*
Unallocated corporate assets	320,906		320,906
Total segment liabilities	**1,625,607**	**583,855**	**2,209,462**
Plantation operations	621,743	378,720	1,000,463
Manufacturing	368,830		368,830
Oleochemicals *Rubber based products* *Biodiesel*	*328,847* *1,340* *38,643*		*328,847* *1,340* *38,643*
Foods and Restaurants	267,405		267,405
Management services and other businesses	100,672		100,672
Shipping Services	109,261		109,261
Unallocated Corporate liabilities	157,696	205,135	362,831
Capital expenditure	**136,802**	**121,754**	**258,556**
Plantation operations	52,340	121,754	174,094
Manufacturing	32,284		32,284
Oleochemicals *Rubber Based products* *Bio-diesel*	*12,031* *663* *19,590*		*12,031* *663* *19,590*
Foods and Restaurants	47,320		47,320
Management services and other businesses	3,595		3,595
Shipping services	1,263		1,263

	Malaysia	Papua New Guinea & Solomon Island	Group
	RM'000	RM'000	RM'000
Depreciation and amortization	**291,133**	**25,724**	**316,857**
Plantation operations	24,379	25,724	50,103
Manufacturing – Oleochemicals	17,345		17,345
Foods and Restaurants	24,151		24,151
Management Services and other businesses	1,369		1,369
Shipping Services	4,141		4,141
Property investment	2,502		2,502
Prepaid lease payment	3,525		3,525
Intangible assets	1,870		1,870
Non-cash expenses other than depreciation	91,924	126,570	218,494

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

On 2nd January 2009 QSR Brands Berhad (QSR) a 61.32% Subsidiary of the Company increased its shareholding in KFC Holdings Berhad (KFCH) from 49.63% to 50.25%. KFCH will be consolidated into the Group accounts commencing January 2009.

A11. Changes in the Composition of the Group

Composition of the Group changed during the quarter following the completion, on 15 October 2008, of the acquisition of Ramu Agri Industries Ltd by New Britain Palm Oil Ltd. The acquisition was completed at 100% level of acceptances.

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 2008 are as follows:

	RM'000
Contracted	21,474
Not contracted	252,519

	273,993
	=======

A14. **Impairment of Assets**

There were no significant impairment losses recognised by the Company and the Group during the quarter.

B. **ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

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

Group Results and update

Group's profit before tax from continued operations for the year to end December 2008 increased by RM109 million (19.49%) compared to the corresponding four quarters in 2007. In particular, stronger Palm Products prices contributed to the better result. In addition, there were significant positive effects from fair value adjustments adopted in the quarter arising from the acquisition of Sindora Berhad. The Group factored in Sindora's assets acquired at their fair value at the approximate acquisition date in accordance with FRS 3, Business Combination. This application resulted in an adjusted negative goodwill of RM93.5 million credited to the Income Statement for the year.

Malaysian Oil palm operation is strengthened by the acquisition of Sindora Berhad completed in April 2008. Operationally the Malaysian plantation sector record a significant reversal and profit of RM111 million from a minor loss position in 2007.

Amid escalating feedstock costs the Oleochemicals sector did well in the earlier part of the year but faced challenges toward the end as it is affected by sales default, currency effects and committed costs on defaulted sales. Despite the difficult events it still comes out with commendable operating profit for the year of RM33 million.

NBPOL comes out with sterling result posting an operating profit of RM332 million, an 11.02% improvement to its 2007 result.

During the year NBPOL completed its acquisition of Ramu- Agri Industries ltd, Papua New Guinea. Ramu presented the Group with 33,000 hectares of land assets for further Oil Palm plantings in fertile areas.

The food and restaurants businesses did very well and surpassed expectations amid challenges of cost escalations and a run on Oil price effect in the first eight months of 2008 followed by Global economic challenges over the third and final quarter of the year.

Over the year in 2008, QSR opened up 19 new stores and KFC opened up 38 new stores in their effort to reach new markets. This in part contributed to strong revenue growth of 7% and 26% for QSR and KFC respectively.

During the year the Group commenced its Bio- Diesel operation. Bio Diesel operation closed its first commencement year with RM2.25 million loss.

The acquisitions of Sindora and Ramu completed during the year brought into the Group significant new business segments in particular shipping services as well as Non Oil Palm agriculture. These new business sectors bring in new challenges as well as new opportunity for the Group's profitable growth.

During the year there were 10,075,637 warrants and 1,287,800 ESOS exercised and converted into new shares to end December 2008.

Post balance Sheet date QSR Brands Bhd crossed its equity holding in KFC Holding Bhd from 49.63% to 50.25% turning KFCH into a Group's Subsidiary with effect from January 2009.

Operational results

Plantations:

(i) Plantation Operation - Malaysia

The Group's ffb production for the 4th quarter 2008 is at 177,184mt. This is 12.25% higher compared to the ffb production for the corresponding quarter 2007.

The Group's cumulative ffb production for four quarters to end December 2008 is at 604,044mt. This is 15.61% higher compared to the ffb production for the corresponding quarters 2007.

The Group's OER for the cumulative four quarters 2008 is at 19.13% compared to OER of 18.75% for the corresponding quarters 2007.

Total ffb processed by the Group mills for the cumulative four quarters 2008 is at 740,244mt which is 31.94% higher compared to the corresponding quarters 2007. Total ffb processed is inclusive of crops purchased from outside the Group.

Group ffb produced includes those produced and processed by Sindora Berhad.

Sindora's ffb produced and processed since acquisition date are 57,017mt and 131,743 mt respectively. Processed crops included ffb purchased from outside the Group.

Malaysian plantation operation achieved CPO and PK cumulative price averages of RM2,543 and RM1,587 per mt for 2008 compared to RM1,774 and RM1,180 per mt for CPO and PK respectively for 2007.

(ii) Plantation Operation - Papua New Guinea & Solomon Islands

NBPOL produced 180,103 mt ffb in the 4th quarter 2008 which is 0.81% higher compared to the corresponding quarter 2007. Together with crops purchased from outside the Group, NBPOL processed 258,066 mt ffb which is 3.55% lower compared to the corresponding quarter 2007.

The NBPOL Group's cumulative ffb production for four quarters to end December 2008 is at 751,498mt. This is 1.13 % lower compared to the ffb production for the corresponding quarters 2007. Total ffb processed over four quarters is at 1,131,117 mt which is almost unchanged compared to the ffb processed over the corresponding quarters 2007. OER achieved is at 23.34% and is 3.22% better than the corresponding quarters OER in 2007.

GPPOL ffb production for the 4th quarter 2008 is at 20,404mt which is 16.65% higher than the corresponding quarter in 2007. Its cumulative four quarters production is at 90,755mt which is 26.41% higher compared to the corresponding quarters in 2007. Its cumulative OER achieved at 22.76% is 3.43% higher compared to the corresponding cumulative quarters OER in 2007.

Ramu Agri-Industries Ltd NBPOL's newly acquired unit in PNG, is incorporated into the Group's operating performance with effect from the fourth quarter. It has three major operating sectors which are in Sugar, Cattle and its newest addition the Oil Palm.

As at the end of the year Ramu has 6,167 hectares planted with Oil Palm of which 2,146 hectares of the planted area are in their early maturity age and is producing 15 mt per hectare in 2008. Its OER is at 24.6%.

Sugar plantings which have been the traditional business of Ramu is producing 395,090 mt sugar cane and it produced 36,621 mt of processed sugar over nine months in 2008. Sugar cane planted area is 8,193 hectares and in addition it is supplied sugar cane by out-growers forming approximately 10% of its Sugar produced.

Ramu's other major business sector is Cattle rearing with about 16,000 Heads of cattle. At present cattle is a loss making operation. It is in the management's plans to convert more areas out of the 11,000 hectares currently deployed for grazing into Oil Palm plantings. This would leave smaller Cattle grazing areas in the future to be nurtured into a more efficient and profitable contributor to the Group's result.

NBPOL Group achieved palm products price averages of USD926 per mt for 2008 compared to USD686 per mt achieved in 2007.

Manufacturing:

The Group's Oleochemicals division revenue for the 4th quarter 2008 is at RM281.93 million which is 22.86% lower compared to the corresponding quarter in 2007.

The Oleochemicals division reported adverse result for the quarter with a loss of RM37 million. There were sales contracts committed at higher prices earlier in the year being defaulted towards end of the year. These defaults and the related effects to them contributed to the loss position.

The Group's Oleochemicals division revenue for the cumulative four quarters to end December 2008 is at RM1.49 billion which is 36.18% higher compared to the corresponding quarters in 2007.

Its PBT for the four quarters to end December 2008 is at RM33.14 million which is 47.28% lower compared to the corresponding four quarters in 2007.

Foods and Restaurants:

QSR revenue for the 4th quarter 2008 is at RM140.91 million, 10.57% higher compared to the corresponding quarter in 2007. QSR's PBT at RM27.4 million is higher by RM3.1 million (12.82%) compared to the corresponding quarter in 2007.

QSR revenue for the cumulative four quarters to end December 2008 is at RM532.75 million which is 14.23% higher compared to the corresponding quarters in 2007.

Its PBT for the four quarters to end December 2008 is at RM105.62 million which is 15.72% higher compared to the corresponding four quarters in 2007.

QSR significant associate the KFC Holdings Berhad's revenue for the 4th quarter grew by 22% to RM602 million. Its PBT decreased by 8.86% to RM40.58 million. KFCH's cumulative four quarters 2008 revenue is at RM2.18 billion which is 25.97% higher compared to the year 2007.

Its operating profit is 8.8% higher compared to the corresponding four quarters in 2007.

Property Investment:

The Group's office tower, the Menara Ansar in Johor Bahru recorded surplus of RM599 thousand compared to RM34 thousand deficit for the corresponding quarter in 2007. For the cumulative four quarters in 2008 it recorded a surplus of RM1.56 million compared to a deficit of RM882 thousand for the corresponding four quarters in 2007.

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

The Oil Palm sector recorded decline in revenue and profits in the fourth quarter compared to earlier quarters due to significant downward Palm products price movements. The Oleochemicals sector is hit by sales defaults and unfavourable currency position taken and together with other related cancellation costs effects they resulted in significant loss position for the quarter. The application of FRS 3, Business Combination fair value adjustment for the acquisition of Sindora Berhad impacted significantly the quarterly result with its resulting negative goodwill credited to the income statement.

B3. **Current Year Prospects**

Palm products prices have recovered from its recent lows and currently CPO is hovering around RM1,900/mt. Should this price level stays it should have positive effects going forward for the Group's Oil Palm sector.

The addition of Sindora Berhad and Ramu Agri Industries for full year in 2009 is expected to be favourable to the Group's result. Meanwhile fertilizer costs which although have stabalised, they are still at comparatively high levels. This would affect operating cost and margin, however lower energy costs compared to those in 2008 would act as a cushion on costs.

The Oleochemicals business is expected to remain favourable over the next twelve months in declining feedstock costs scenario. It is in part still affected by the depreciating Ringgit for the remaining committed sales sold forward during the year in 2008.

The Food and restaurants operations are expected to benefit from costs decline from its high in 2008. Worries on the state of Global economies and its impact to our own economy and the group's food and restaurants businesses in particular may still curtail their performance as consumers may turn cautious over their discretionary spending.

The Group is cautiously optimistic for a favourable outcome to a challenging business and operating environment in 2009.

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 Oct to 31 Dec 2008 RM'000	1 Oct to 31 Dec 2007 RM'000	1 Jan to 31 Dec 2008 RM'000	1 Jan to 31 Dec 2007 RM'000
Current Taxation	(13,988)	(36,261)	(131,084)	(107,553)
-Malaysia	4,855	(11,906)	(32,637)	(26,442)
-Overseas	(18,843)	(24,355)	(98,447)	(81,111)
Transfer to deferred Taxation	20,378	1,017	-	(18,418)
-Malaysia	20,378	706	-	(16,889)
-Overseas	-	311	-	(1,529)
Total	**6,390**	**(35,244)**	**(131,084)**	**(125,971)**

Effective tax rate for the Group for the quarter is nil due to certain Malaysian sectional result and profit contribution not attracting taxes and due to reversal adjustment to previous quarter provisions. There was also the deferred tax adjustment impact to accommodate the FRS 112, taxes. The effective tax rate for the year for the Group Companies is positively impacted and lower than the official tax rate.

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

	CURRENT QUARTER 1 Oct 2008 - 31 Dec 2008 RM'000	CUMULATIVE QUARTERS 1 Jan 2008 - 31 Dec 2008 RM'000
Total carrying amount	495	495
Total sale proceeds	600	600
Total profit / (Loss) on disposals	105	105

B7. **Financial Assets at Fair Value (Quoted Securities)**

(a) The particulars of purchase or disposal of quoted securities (substantially on short term money market trust funds) are as follows :-

	CURRENT QUARTER 1 Oct - 31 Dec RM'000	CUMULATIVE QUARTERS 1 Jan - 31 Dec RM'000
Total Purchase consideration	31,137	108,490
Total Sale proceeds	(32,305)	(191,326)
Total Profit/(Loss) on Disposals	256	1,495

(b) Investment as at 31 December 2008.

	Held as Long Term Investments RM'000	Held as Current Assets RM'000	TOTAL RM'000
At cost	36,871	30,062	66,933
At book value	5,841	27,368	32,209
At market value	5,841	27,377	33,218

B8. **Status of Uncompleted Corporate Announcement**

The Company and its subsidiaries announced on the following corporate events not yet completed at the last report date and their status at the date of this report are as follows:

i. Announcement made by Kulim (Malaysia) Berhad.

On 13th November 2007 the Company announced on a proposed Collaboration with PNG Sustainable Development Program Limited to jointly undertakes oil palm feasibility studies in Kamusie, Papua New Guinea ("Collaboration").

Collaboration agreement with PNG Sustainable Development Program Limited was signed on 5th December 2007.

At the date of this report there were no significant developments over this matter.

ii. Announcement made by Sindora Berhad (Sindora), a subsidiary of the Company;

As at end of its previous group quarterly report Sindora made two uncompleted corporate proposals announcement as follows;

A) The Company had on 27 December 2007 announced in respect of the conditional Sale & Purchase Agreement entered into between the Company and KFC Holdings (Malaysia) Bhd to dispose a piece of land (including all factory, building, structures, infrastructure and facilities built or erected on the land) measuring 20.533 acres that forms part of a leasehold industrial land (expiring on 30 January 2041) held under document of title HS(D) 2276, PTD 1384, Mukim Hulu Sungai Johor, Kota Tinggi, Johor for RM6.15 million cash.

Subsequently, on 24 December 2008 the Company had mutually agreed with KFCH to further extend the condition precedents fulfillment period until 25th March 2009.

The proposal on the Conditional Sale and Purchase of land between Sindora Berhad and KFC Holdings (Malaysia) Berhad is awaiting for its completion.

B) The Company had on 12 August 2008 received a letter of acceptance dated 11 August 2008 from Encik Mazlan Bin Muhammad ("MM") pertaining to the disposal of 2,375,000 ordinary shares of RM1.00 each ("Sale Shares") representing 35% equity interest in MM Vitaoils Sdn Bhd ("MMV") for a total cash consideration of RM14,500,000 ("Disposal Consideration") or approximately RM6.11 per share. Details of the proposed disposal were as follows:

- The Disposal Consideration was arrived on willing-buyer willing-seller basis after taking into consideration the audited profit after tax and net tangible asset of MMV based on the audited financial statements for the financial year ended 31 December 2007 of RM 5,191,76 and RM22,364,524 respectively.

- The Disposal Consideration shall be received from MM in the following manner:

  (1) A sum of RM50,000 shall be paid as deposit by MM to SB upon MM's acceptance of offer to purchase the sale shares. The payment was made on 11 August 2008, and

  (2) The balance Disposal Consideration of RM14,450,000 shall be paid by MM to SB within 60 days from the date of deposit payment.

- Upon full payment of the balance Disposal Consideration, SB's representative on the Board of Directors of MMV shall tender their resignation with immediate effect. Accordingly, the Shareholders' Agreement dated 20 May 2005 entered into between SB, MM and Hayati Binti Jantan shall also be terminated with immediate effect.

  On 10 October 2008 the Company announced that they have agreed to extend the Completion and payment of the balance Disposal Consideration in respect of the Proposed Disposal to 31 October 2008.

  On 14 November 2008 the Company announced that they have agreed to extend the Completion and payment of the balance Disposal Consideration in respect of the Proposed Disposal to 15 December 2008.

  On 16 January 2009 Sindora announced that the proposed disposal is aborted.

B9. **Borrowings and Debt Securities**

	As at 31 Dec 2008	As at 31 Dec 2007
	RM'000	**RM'000**
Term Loans		
Secured - denominated in RM	961,747	957,465
- denominated in USD	156,487	52,795
- denominated in SDR	11,628	14,826
Less : Due within 12 months (reclassified to short term borrowings)	(240,853)	(358,539)
Total – Term Loan	**889,009**	**666,547**
Short Term Borrowings (reclassified)	**240,853**	**358,539**
Other Short Term Borrowings		
Bank overdrafts - secured	-	-
- unsecured	31,224	14,835
Short term bank borrowings – secured	291,135	251,268
- unsecured	-	-
Total – Short Term Borrowings	**322,359**	**266,103**
Total Borrowings	**1,452,221**	**1,291,189**

B10. **Financial Instruments with Off Balance Sheet Risk**

(a) As at 31 December 2008, there were outstanding warrants of 9,226,611. 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 21 February 2009 (being a date not earlier than 7 days from the date of issue of the quarterly report) are as follows:

	RM'000	Maturity Period
Sale Contract	136,704	Dec 2008 to Dec 2009
Purchase Contract	(69,701)	Dec 2008 to Dec 2009

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 100% 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 31 December 2008, 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: USD107,992,103	USD	347,457	1USD = RM3.2174
Trade receivables: EUR		EUR	1EUR = nil
Future sales of goods over the following 6 months:	USD	Nil	
Future purchase of equipments	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 loss as at 31 December 2008 on open contracts which hedge foreign currency sales amounted to RM24,360,140. These net exchange differences are deferred until the related sales proceeds are received, at which time they are included in the measurement of such transactions.

B11. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Status of the pending legal suits against 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 sale and purchase agreement between Kulim as purchaser and Wisdom, Indexia, Yates and Naunton as vendors 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 the vendors' Shares held in QSR ("QSR Shares") which had purportedly been sold to Firstcrest Global Limited ("FGL"), Cogent Management Limited ("CML") and Batemans Capital Limited ("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 matter is pending full trial after the Plaintiffs' application for an inter partes interim injunction was dismissed by the High Court, the Court of Appeal and the Federal Court.

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 sale and purchase agreement between Kulim as purchaser and Indexia as vendor is 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 shares held in QSR ("QSR Shares") which had been sold to Chain Valley Management Limited ("CVM"). The matter is pending full trial after the Plaintiffs' application for an inter partes interim injunction was dismissed by the High Court, the Court of Appeal and the Federal Court.

B12. **Dividend Proposed**

The Directors declared an interim dividend of 15% less 26% income tax on 27 November 2008. The dividend was paid on the 30 January 2009.

B13. **Earnings Per Share ("EPS")**

	CURRENT QUARTER 1 Oct - 31 Dec		CUMULATIVE QUARTERS 1 Jan - 31 Dec	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
a) Basic earnings per share				
Net profit for the period	112,258	170,003	364,017	426,823
Weighted average no. of shares in issue	300,085	282,829	300,085	282,829
Basic earnings per share	37.41	60.14	121.30	150.91
Diluted Earnings per share	37.27	57.00	120.87	144.66

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 9,226,611 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 1,954,350 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)	0.2900	0.3218	0.3737	0.3827
Papua New Guinea Kina (PGK/Kina/K)	1.2080	1.2189	1.1820	1.2176
United Kingdom Pound Sterling (GBP)	4.9610	5.7912	6.9210	6.9228
United States of America Dollar (USD/US$)	3.4430	3.3791	3.4135	3.4739
EUR	4.8520	4.8674	4.7609	4.8234
Singapore Dollar (S$)	2.3820	2.3376	2.3155	2.3190
Solomon Islands Dollar (SBD)	0.4554	0.5004	0.4339	0.4757

By Order of the Board
KULIM (MALAYSIA) BERHAD

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

Dated : 27 February 2009