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 2008.

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 2008.

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.

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

There was no dividend paid during the quarter. A final dividend for the financial year 2008 was paid on 31 July 2009 at 15% Gross less 25% income tax.

A8. Segmental Information

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

	Second Quarter 2009			Second Quarter 2008		
	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	**2,241,190**	**563,084**	**2,804,274**	**1,385,300**	**611,767**	**1,997,067**
Plantation operations	225,774	563,084	**788,858**	239,593	611,767	**851,360**
Manufacturing	568,951	-	**568,951**	789,700	-	**789,700**
Oleochemicals *Rubber based Products* *Biodiesel*	*514,345* *4,602* *50,004*		*514,345* *4,602* *50,004*	*785,098* *4,602* -		**785,098** **4,602** **-**
Foods and Restaurants	1,311,387		**1,311,387**	260,035	-	**260,035**
Management Services and other businesses	90,489		**90,489**	79,789		**79,789**
Shipping Services	40,377		**40,377**	12,009		**12,009**
Investment Property	4,011		**4,011**	3,984		**3,984**
Other investment income	200		**200**	190		**190**
RESULTS						
Plantation operations	23,189	147,876	**171,065**	77,945	225,972	**303,917**
Manufacturing	(24,520)		**(24,520)**	52,068		**52,068**
Oleochemicals *Rubber based products* *Bio-diesel*	*(16,262)* *(1,277)* *(6,981)*		*(16,262)* *(1,277)* *(6,981)*	*53,080* *(401)* *(611)*		*53,080* *(401)* *(611)*
Foods and Restaurants	109,263		**109,263**	53,586		**53,586**
Subsidiary *Significant Associate (of Subsidiary)*	109,263 -		**109,263** **-**	25,818 27,768		**25,818** **27,768**
Management services and other businesses	2,298		**2,298**	6,729		**6,729**
Shipping Services	7,991		**7,991**	1,942		**1,942**
Investment Property	657		**657**	555		**555**
Other Associated companies	4,172		**4,172**	3,995		**3,995**
Investment related (charge)/income effects	(11,227)		**(11,227)**	13,346		**13,346**
Profit/(Loss) before interest	111,823	147,876	**259,699**	210,166	225,972	**436,138**
Add/(Less):						
Interest income	611	2,866	**3,477**	1,555	6,839	**8,394**
Interest expense	(29,566)	(4,738)	**(34,304)**	(31,152)	(1,835)	**(32,987)**
Profit before Tax from continuing Operations	82,868	146,004	**228,872**	**180,569**	**230,976**	**411,545**

	Malaysia	Papua New Guinea & Solomon Island	Group
	RM'000	RM'000	RM'000
OTHER INFORMATION			
Total segment Assets			
Plantation operations	1,879,771	1,919,787	3,799,558
Manufacturing	787,293	-	787,293
Oleochemicals *Rubber based products* *Biodiesel*	*743,842* *7,217* *36,234*		*743,842* *7,217* *36,234*
Foods and Restaurants	1,696,882		1,696,882
Management services and other businesses	236,678		236,678
Shipping Services	244,331		*244,331*
Investment Property	92,685		*92,685*
Associated companies	17,732		*17,732*
Unallocated corporate assets	633,961		633,961
Total segment liabilities			
Plantation operations	323,531	695,332	1,018,863
Manufacturing	449,243		449,243
Oleochemicals *Rubber based products* *Biodiesel*	*400,857* *1,135* *47,252*		*400,857* *1,135* *47,252*
Foods and Restaurants	670,596		670,596
Management services and other businesses	76,735		76,735
Shipping Services	143,691		143,691
Unallocated Corporate liabilities	190,435	225,941	416,376
Capital expenditure			
Plantation operations	16,007	124,880	140,887
Manufacturing	10,734		10,734
Oleochemicals *Bio-diesel*	*2,610* *8,124*		*2,610* *8,124*
Foods and Restaurants	81,815		81,815
Management services and other businesses	2,940		2,940
Shipping services	40,716		40,716

	Malaysia	**Papua New Guinea & Solomon Island**	**Group**
	RM'000	**RM'000**	**RM'000**
Depreciation and amortization			
Plantation operations	57,376	43,763	101,139
Manufacturing – Oleochemicals	10,225		10,225
Foods and Restaurants	48,278		48,278
Management Services and other businesses	904		904
Property investment	1,008		1,008
Prepaid lease payment	2,503		2,503
Non-cash expenses other than depreciation	113	101,141	101,254

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 30th June 2009, the Company signed a refinance facility agreement in the form of Al-Ijarah Bit Tamleek facility of RM430 million with two banks being the OCBC Islamic Bank and the CIMB Islamic Bank. The facility is to refinance the 2004 Al-Ijarah RM367.5 million loan facility as well as to refinance the 2005 Syndicated Islamic Revolving facility of RM383 million and also for working capital purposes.

The RM430 million Al-Ijarah refinance Facility was drawn on the 31 July 2009 and balances outstanding on the two loans as mentioned above were repaid on the same date.

On 15 May 2009, Sindora Berhad announced on the disposal of its 40% associate company Willis (Malaysia) Sdn Bhd. The disposal was completed on 15 July 2009 for cash consideration of US$4,000,000.

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

Composition of the Group changed during the 1st quarter following the acquisition of additional shares in KFC Holdings (Malaysia) Bhd (KFCH) by QSR Brands Bhd resulting in changed status for KFCH from a significant associate to a subsidiary of the Group with effect from 2nd January 2009.

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 June 2009 are as follows:

	RM'000
Contracted	346,906
Not contracted	212,201

	559,107
	=======

A14. **Impairment of Assets**

There was impairment in assets value recognised by the Group during the quarter due to revision of revaluation of shipping vessels adopted for the Business Combination/Consolidated Financial Statement in accordance with the FRS3/FRS127 as at 2008 financial year end arising from the acquisition of Sindora Berhad. The amount provided for impairment during the quarter is RM8.8 million.

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

The Group recorded higher revenue at RM2.80 billion for the two quarters under review compared to the corresponding quarters in 2008 revenue of RM2.0 billion, a 40% increase. The increase is entirely contributed by QSR Brands Bhd ("QSR") arising from revenue at KFC Holding Bhd consolidated in its first year into the Group's consolidated revenue. KFC Holdings (Malaysia) Bhd ("KFC") adds in RM1.05 billion to the Group revenue for the two quarters under review. The plantation division revenue decreased by RM62 million or 7.3% compared to the division's revenue in 2008. Lower palm products prices contributed to the significant drop cushioned by the addition of Sindora's revenue as well as NBPOL new acquisition the Ramu Agri Industries.

The Group's Oleochemicals division revenue for the 1st half 2009 amounted to RM514.35 million which is 34.49% lower compared to the corresponding period in 2008.

The Foods and restaurants Group registered a revenue of RM1,311.4 million for the current period, representing an increase of 404.3% over prior year corresponding period revenue of RM260.0 million. Revenue for the current period included that of KFCH group which became its subsidiary with effect from 2 January 2009. On a comparative basis (ie excluding KFC group), QSR turned in a revenue of RM261.7 million representing a marginal growth of 0.7% over that of prior year period.

The Sindora Berhad Group registered a 1.29% increase in revenue from RM85.60 million in the second quarter of 2008 to RM86.70 million this year. Revenue from Plantation and Palm oil mill operations decreased by 13.26 % from RM32.65 million previously to RM28.32 million this quarter. Average selling price of CPO also decreased from RM3,570/ tonne in the second quarter 2008 to RM2,333/ tonne this quarter.

The Sindora Berhad's Intrapreneur Venture Business's (IVB) performance has improved significantly. Revenue has increased by 10.40% from RM52.95 million in the second quarter 2008 to RM58.39 million in the current quarter under review.

IVB profit increased by 40.11% from RM2.01 million during the second quarter of 2008 to RM2.82 million in the quarter under review.

The Foods and restaurants Group registered a profit before tax of RM102.9 million in the current period as against previous year corresponding period of RM48.4 million. Profit before tax for the current period included that of KFC group. On a comparative basis (ie excluding the KFC group), QSR recorded a profit before tax of RM17.1 million representing a decline of 17.3% over that of prior year period.

The plantation division record lower profit in view of weaker palm products prices contracted during the quarter compared to prices achieved for the corresponding quarter in 2008.

The Foods and restaurants Group continued to expand its network to broaden customers reach where 8 new Pizza Hut outlets were opened in Malaysia in the period under review. KFC generated better results with improved sales at its restaurants with a pre-tax profit of RM85.8 million as compared to RM83.3 million in the prior year's corresponding period. This represented a 3.0% increase in year-on-year profitability.

The Oleochemical division reported an adverse result for the period with an operational loss of RM16.26 million compared to an operational profit of RM53.08 million for the corresponding period in 2008.

The Sindora Berhad Group Consolidated pre-tax profit decreased by 60.03% from RM9.49 million to RM3.79 million. The lower profit was mainly due to lesser contribution from the Plantation Business which recorded a decrease in profit from RM8.51million in 2008 to RM1.51 million in the quarter under review.

Overall the Kulim Group recorded PBT of RM228.87 million for the cumulative two quarters in 2009 compared to PBT of RM411.55 million for the corresponding quarters in 2008, a decline of 44.39%.

Operational results

Plantations:

(i) Plantation Operation - Malaysia

The Group's ffb production for the 2nd quarter 2009 is at 137,018mt. This is 6.33% higher compared to the ffb production for the corresponding quarter 2008.

The group cumulative ffb production for two quarters ending June 2009 is at 268,905mt. This is 3.30% lower compared to the ffb production for the corresponding quarters 2008.

The Group's OER for the cumulative two quarters 2009 is at 19.85% compared to OER of 19.34% for the corresponding quarters 2008.

Total ffb processed by the Group mills for the cumulative two quarters 2009 is at 372,115mt which is 19.39% higher compared to the corresponding quarters 2008. Total ffb processed is inclusive of crops purchased from outside the Group.

Malaysian plantation operation achieved CPO and PK cumulative price averages of RM2,065 and RM1,063 per mt for two quarters in 2009 compared to RM2,787 and RM 1,969 per mt for CPO and PK respectively for the corresponding quarters in 2008.

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

NBPOL Group produced 230,941 mt ffb in the 2nd quarter 2009 which is 15.37% higher compared to the corresponding quarter in 2008. Together with crops purchased from outside the Group, NBPOL Group processed 344,852 mt ffb which is 12.58% higher compared to the corresponding quarter in 2008.

The Group's cumulative ffb production for two quarters ending June 2009 is at 470,252mt. This is 18.33% higher compared to the ffb production for the corresponding quarters 2008. Total two quarters ffb processed is at 767,199 mt.

Contribution to NBPOL Group FFB production from Guadalcanal Plains Palm Oil Limited for the 2nd quarter 2009 is at 27,753mt which is 5.28% higher than the contribution to the corresponding quarter in 2008. Its cumulative own ffb production for two quarters to end June 2009 is at 52,840mt. This is 13.75% higher compared to the ffb production for the corresponding quarters 2008.

Contribution to NBPOL Group FFB production from RAMU for the 2nd quarter 2009 is at 7,864mt compared to no contribution to the corresponding quarter in 2008. It's cumulative own ffb production for two quarters to end June 2009 is at 18,272mt.

NBPOL Group OER for the cumulative two quarters 2009 is at 22.75% compared to 23.1% for the corresponding quarters in 2008.

NBPOL achieved price average of USD730/mt CPO compared to USD983/mt for the corresponding period in 2008.

Manufacturing:

The Group's Oleo chemicals division revenue for the 2nd quarter 2009 is at RM275.50 million which is 39.7% lower compared to the corresponding quarter in 2008. Lower turnover is mainly contributed by lower fatty acids sales volume and lower prices secured.

NatOleo's main product the fatty acids prices declined by 32.77% whilst sales volume declined by 23% during the quarter compared to the corresponding quarter in 2008. The price of glycerine also declined significantly by 74% whilst its sales volume is marginally higher compared to the corresponding quarter in 2008.

Fatty acids and glycerines prices in the 2nd quarter improved by 18% and 11% respectively compared to the 1st quarter 2009.

Foods and Restaurants:

QSR consolidated revenue for the 2nd quarter 2009 is at RM677.17 million. QSR consolidated PBT for the quarter is at RM54.05 million. There is no comparative as this is the first financial year in which QSR consolidated its subsidiary the KFC Holdings (Malaysia) Bhd into its result.

QSR Company revenue for the 2nd quarter 2009 is higher by 0.7% compared to the corresponding quarter in 2008. QSR recorded 17.3% lower PBT compared to the corresponding quarter in 2008.

KFC Holdings (Malaysia) Berhad revenue for the 2nd quarter 2009 grew by 5.96% compared to the corresponding quarter in 2008.

Sindora Berhad, Intraprenuer Venture Businesses (IVB)

Sindora Berhad IVB's improved performance is due to higher pre-tax profit registered by EA Technique (M) Sdn Bhd and Pro Office Solutions Sdn Bhd. Both companies managed to increase revenue and profit through the expansion of existing activities and addition of new clients.

Investment Property (Menara Ansar):

The Menara Ansar in Johor Bahru recorded surpluses for the two cumulative quarters of RM657 thousand compared to surpluses of RM555 thousand for the corresponding quarter in 2008.

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

The Oil Palm sector recorded lower revenue and profits for the quarter compared to the corresponding quarter in 2008 due to significant Palm products price decline over the quarter. QSR is reporting in a consolidated form for the first time following its additional KFCH shares acquisition completed on 2nd January 2009. The additional purchases transform KFCH from an associate to a subsidiary. The revenue and result of KFCH which is reported in full as consolidated operational results before minority interest's share change the Group's comparatives for the quarter materially.

The Oleochemicals division recorded an operational profit of RM10.65 million in the 2nd quarter 2009 compared to an operational loss of RM26.91 million in the 1st quarter 2009. In spite of lower sales volume by 9.28%, sales price for both glycerine and fatty acids increased by 17.55% and 11.26% respectively in the quarter.

The Sindora Berhad Group recorded 49.33% decrease in pre-tax profit of RM3.79 million compared to RM7.48 million in the preceding quarter. The lower pre-tax profit was mainly due to lower contribution from plantations Business.

B3. **Current Year Prospects**

Palm products prices weakened compared to traded prices as at the end of last quarter and at the beginning of the 2nd quarter which recorded a high of above RM2,700/mt. At date of this report CPO is traded at around RM2,400/mt after recording a low of about RM2,000/mt. With costs having stabilised and plantations yield expected to be within expectation the Plantation division performance will be significantly driven by future price levels.

The Oleochemicals business will remain competitive with increasing capacity from regional Oleochemicals producers.

In the light of the current economic uncertainties the Group's Food and restaurants division will continue to focus on value to customers by offering value for money products to align with its customers spending ability.

The QSR Brands Bhd Board is optimistic of sustaining the Group's performance in the balance of the year. The Foods and restaurant Group has laid down plans to increase revenue and profitability by increasing the restaurants network, enhancing customer experience, developing new and improved products, expanding business activities, developing better cost efficiencies and improving productivity at all the restaurants and manufacturing facilities.

The Sindora Berhad Group is expected to sustain its financial achievement in anticipation that both the Intrapreneur Venture and the Plantation businesses will continue registering stable performance in 2009. Intrapreneur Venture Business is expected to record better performance due to business expansion of the subsidiaries especially EA Technique (M) Sdn Bhd. Concurrently the Plantation Business is anticipated to register strong performance in tandem with higher productivity and sustainable CPO prices in the second half of the year.

B4. **Profit Forecast/Profit Guarantee**

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

B5. **Taxation**

	CURRENT QUARTER		CUMULATIVE QUARTERS	
	1 Apr to 30 June 2009 RM'000	**1 Apr to 30 June 2008 RM'000**	**1 Jan to 30 June 2009 RM'000**	**1 Jan to 30 June 2008 RM'000**
Current Taxation	(31,420)	(38,212)	(81,676)	(89,266)
-Malaysia	(17,789)	(8,817)	(34,437)	(26,392)
-Overseas	(13,631)	(29,395)	(47,239)	(62,874)
Transfer to deferred Taxation	5,375	(17,915)	5,357	(18,946)
-Malaysia	5,375	(17,915)	5,357	(18,946)
-Overseas	-	-	-	-
Total	**(26,045)**	**(56,127)**	**(76,319)**	**(108,212)**

Effective tax rate from the Group's perspective is higher than the Malaysian applicable tax rate due to losses at significant subsidiaries that could not be matched against taxable profits at other Group companies, higher profit contribution from offshore unit that is subjected to higher tax rate and some disallowances at significant subsidiaries.

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

	CURRENT QUARTER 1 April 2009 - 30 June 2009 RM'000	**CUMULATIVE QUARTERS 1 Jan 2009 - 30 June 2009 RM'000**
Total carrying amount	-	-
Total sale proceeds	-	-
Total profit/(Loss) on disposals	-	-

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

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

	CURRENT QUARTER 1 Apr - 30 June RM'000	**CUMULATIVE QUARTERS 1 Jan - 30 June RM'000**
Total Purchase consideration	-	141
Total Sale proceeds	20,673	(26,690)
Total Profit/(Loss) on Disposals	(59)	232

(b) Investment as at 30 June 2009.

	Held as Long Term Investments RM'000	**Held as Current Assets RM'000**	**TOTAL RM'000**
At cost	50,553	2,939	53,492
At book value	6,941	1,051	7,992
At market value	10,048	1,340	11,388

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 and up to the date of this report Sindora made 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 "KFCH" 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 26 September 2008 the Company had mutually agreed with KFCH to further extend the condition precedents fulfillment period until until 25 December 2008.

On 24 December 2008, the Company announced that they have mutually agreed with KFCH to further extend the condition precedents fulfillment period until 25 March 2009.

On 25 March 2009 the Company had mutually agreed with KFCH to further extend the condition precedents fulfillment period until 25 September 2009. Out standing issues for completion are procedural in nature over land transfer matters.

b) The Company had on 27 February 2009 proposed leased of up to twenty (20) acres or 871,200 square feet of an area of land within Tanjung Langsat Port identified as PLO 46, Tanjung Langsat Industrial Complex, Mukim of Sungai Tiram, District of Johor Bahru, State of Johor by Johor Shipyard and Engineering Sdn. Bhd. from Tanjung Langsat Port Sdn. Bhd. (a wholly owned subsidiary of Johor Corporation) for a period of 30 years for a total lease rental of up to RM21.78 million or RM25 per square feet.

The Company had mutually agreed with the parties to the Agreement for Lease dated 29 May 2008:

(i) Extend the condition precedents fulfillment period to 28 August 2009;
(ii) Extend the delivery of Plot 1 to 17 months from the date of the Agreement for Lease; and
(iii) Extend the delivery of Plot 2 to 21 months from the date of the Agreement for Lease

c) On 3 March 2009, the Company had entered into a conditional Exchange of Land Agreement with Sime Darby Plantation Sdn. Bhd. (SDPSB), a wholly-owned subsidiary of Sime Darby Berhad.

In consideration for the payment by SDPSB to Sindora of a cash sum of RM6.0 million, the Company agreed to exchange its oil palm estate known as Ladang Sungai Simpang Kiri with a land area of approximately 2,371.6564 hectares located in the Mukim of Chaah Bahru, District of Batu Pahat, State of Johor Darul Takzim for an oil palm estate known as Sungai Tawing Estate with a land area of approximately 2,225.7675 hectares located in the Mukim of Paloh, District of Kluang, State of Johor Darul Takzim, owned by SDPSB. The proposal is pending for approval by relevant authorities.

On 2 June 2009, the Company announced that they had mutually agreed with SDPSB to further extend the conditions precedent period until 2 August 2009.

On 31 July 2009, the Company announced that they had mutually agreed with SDPSB to further extend the conditions precedent fulfillment period until 2 September 2009.

On 14 august 2009, Sindora Berhad announced that all of the conditions precedent on the above Exchange of Land Agreement was completed on 13 August 2009.

d) On 6 May 2009, the Company had entered into a conditional Subscription & Shareholders Agreement with Orkim Sdn Bhd and its existing shareholders namely, Wan Izani bin Wan Mahmood and khoo Chin Yew for the proposed subscription of 7,524,019 new ordinary shares of RM1.00 each in Orkim equivalent to 22.04% of the enlarged issue and paid-up share capital of Orkim for a total consideration of RM9,999,000 or approximately RM1.33 per Orkim Share.

Subsequently, on the same date, E. A. Technique (M) Sdn. Bhd., a 51% - owned subsidiary of Sindora, had entered into a conditional Subscription and Share Purchase Agreement with Orkim and its existing shareholders namely, Wan Izani and khoo for a total cash consideration of RM16,649,172 as detailed below:-

- proposed subscription of 3,475,981 new Orkim Shares equivalent to 9.24% of the enlarged issued and paid-up share capital of Orkim for a cash consideration of RM6,501,000 representing approximately RM1.87 per Orkim Share; and
- proposed acquisition of 7,806,286 Orkim Share equivalent to 20.75% of the enlarged issued and paid-up share capital of Orkim for a cash consideration of RM10,148,172 representing approximately RM1.30 per Orkim Share. The proposal is expected to be completed by first quarter 2011.

On 29 May 2009, the Company announced that the proposed Subscription has been completed on 28 May 2009.

On 3 August 2009, the company announced that E.A Technique had mutually agreed with Orkim, Wan Ezani and Khoo to further extend the conditions precedent fulfillment period until 6 September 2009.

e) On 11 May 2009 the Company issued an offer letter to dispose its entire 35% shareholding in MM Vitaoils Sdn. Bhd. ("MMV") to En Mazlan Muhammad ("MM") the controlling shareholder and Managing Director of MMV for a cash consideration of RM13.5 million. On 12 May 2009, the Company received an acceptance from MM to acquire the entire 2,374,750 shares of RM1.00 each in MMV for RM13.5 million cash or approximately RM5.68 per share. The proposal is expected to be completed before 31 December 2009.

f) The Company had on 15 May 2009 proposed disposal of 400,000 ordinary shares of RM1.00 each in Willis (Malaysia) Sdn Bhd, a 40% owned associate company of Sindora, for a total cash consideration of USD4,000,000 or equivalent to RM14,208,000. The Company entered into two conditional Share Sale Agreements with:

- Willis Europe B.V. to dispose 190,000 ordinary shares of RM1.00 each in Willis for a total cash consideration of USD1,900,000 or equivalent to RM 6,748,800, and
- Abdullah Bin Md. Zahid to dispose 210,000 ordinary shares of RM1.00 each on Willis for a total cash consideration of USD2,100,000 or equivalent to RM 7,459,200.
- The proposed disposal has been completed on 15 July 2009.

iii. Announcement made by KFC Holdings (Malaysia) Bhd., a subsidiary of QS Brands Berhad, as subsidiary of the Company Company;

a) On 7 August 2009, KFCH announced the establishment of a wholly owned subsidiary in Mauritius, i.e., Mauritius Food Corporation Pvt Ltd ("Mauritius") via its wholly owned subsidiary, KFC India Holdings Sdn Bhd (formerly known as Orient Palm Sdn Bhd). The paid-up share capital of Mauritius is USD2.00 comprising 2 ordinary shares.

Mauritius will be the investment holding company for the operating companies to be established in Mumbai and Pune, India.

b) KFC had on 2 November 2007 announced the purchase of a piece of freehold land measuring approximately 41,294.90 square feet identified as Parcel C9 being part of land previously held under Lot 413, Mukim of Tebrau, District of Johor Bahru, via its wholly-owned subsidiary, KFC (Peninsular Malaysia) Sdn Bhd for a cash consideration of RM3,241,648.

KFC is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Damansara Realty (Johor) Sdn. Bhd., a member of Johor Corporation Group of Companies.

c) KFC had on 27 December 2007 announced the purchase of a piece of land (including all factories, buildings, 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 a cash consideration of RM6,150,000.

KFC is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Sindora Berhad, a member of Johor Corporation Group of Companies.

d) KFC had on 10 July 2008 announced the purchase of a part of the land measuring 1.18 acres held under HS(D) 367670 PTD104984, in the Mukim of Tebrau, Daerah Johor Bahru, Johor, via its wholly-owned subsidiary, SPM Restaurants Sdn Bhd for a cash consideration of RM4,034,963.

KFC is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Damansara Realty (Johor) Sdn Bhd, a member of Johor Corporation Group of Companies.

e) KFC had on 5 November 2008 announced the purchase of a piece of agricultural land measuring 400 acres in area being part of Lot PTD 9374 HS(D) 41897, Mukim Bukit Batu, District of Kulaijaya, State of Johor Darul Takzim, via its wholly-owned subsidiary, Ayamas Food Corporation Sdn Bhd for a cash consideration of RM10,400,000.

KFC is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Johor Corporation.

B9. **Borrowings and Debt Securities**

	As at 30 June 2009	**As at 31 Dec 2008**
	RM'000	**RM'000**
Term Loans		
Secured - denominated in RM	1,010,209	1,043,527
- denominated in USD	169,970	156,043
- denominated in SDR	11,628	-
Less : Due within 12 months (reclassified to short term borrowings)	(95,900)	(300,126)
Total - Term Loan	**1,095,906**	**899,444**
Short Term Borrowings (reclassified)	**95,900**	**300,126**
Other Short Term Borrowings		
Revolving credits - secured	3,780	20,000
- unsecured	-	72,500
Bank overdrafts - unsecured	29,380	37,351
Short term bank borrowings – secured	401,430	136,252
Total - Short Term Borrowings	**434,590**	**266,103**
Total Borrowings	**1,626,396**	**1,465,673**

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

(a) There were outstanding warrants exercisable by 30 June 2009 due date. 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. There were 49,324 warrants not returned by the exercise due date of 30 June 2009 and these will have expired and is no longer exercisable.

(b) Commodity futures contracts entered into by certain subsidiary companies outstanding as at 21 August 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	286,008	Oct 2009 to Dec 2010
Purchase Contract	(65,265)	Oct 2009 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 50% of such foreign currency receipts where company is able to enjoy premium market swap point and up to 50% 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 June 2009, 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: USD45,868,677	USD	161,535	1USD = RM3.5217
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 gain as at 30 June 2009 on open contracts which hedge foreign currency sales amounted to RM397,866. 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**

There was no dividend payment proposed during the quarter.

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

	CURRENT QUARTER 1 Apr - 30 June		**CUMULATIVE QUARTERS 1 Jan - 30 June**	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
a) Basic earnings per share				
Net profit for the period	30,896	89,942	55,303	188,134
Weighted average no. of shares in issue	308,688	299,739	308,688	299,739
Basic earnings per share	10.01	30.01	17.92	62.77
Diluted Earnings per share	9.98	29.14	17.86	60.96

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. The warrants expired at the end of the reporting quarter and there were nil warrants outstanding and exercisable thereafter except on those exercised within the due date and awaiting process for their conversion.

(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 1,353,450 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
Papua New Guinea Kina (PGK/Kina/K)	1.3515	1.2798	1.2515	1.2406
United Kingdom Pound Sterling (GBP)	5.8600	5.4105	6.5120	6.5667
United States of America Dollar (USD/US$)	3.5300	3.4865	3.2645	3.2898
EUR	4.9830	4.9175	5.2070	5.1555
Singapore Dollar (S$)	2.4333	2.4076	2.3578	2.3255
Solomon Islands Dollar (SBD)	0.5240	0.5211	0.4670	0.4637

By Order of the Board
KULIM (MALAYSIA) BERHAD

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

Dated : 27 August 2009