KULIM (MALAYSIA) BERHAD (23370-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2010

CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2010

	3 months ended		6 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Revenue	1,673,610	1,487,828	3,185,068	2,804,274
Expenses excluding finance cost & tax	(1,535,833)	(1,368,948)	(2,896,768)	(2,559,361)
Other operating income / (loss)	6,180	(7,630)	35,593	10,614
Profit from operations	143,957	111,250	323,893	255,527
Finance cost	(23,725)	(16,080)	(38,797)	(34,304)
Interest income	2,404	2,222	3,240	3,477
Share of profit in associates	418	2,157	607	4,172
Profit before taxation	123,054	99,549	288,943	228,872
Income tax expense	(39,791)	(26,045)	(90,254)	(76,319)
Net profit for the period / year	83,263	73,504	198,689	152,553
Profit attributable to:				
Owners of the company	14,658	30,896	76,554	55,303
Minority interest	68,605	42,608	122,135	97,250
Profit for the period	83,263	73,504	198,689	152,553
Earnings per share	Sen	Sen	Sen	Sen
1. Basic	4.69	10.01	24.51	17.92
2. Fully Diluted	-	9.98	-	17.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2010

	3 months ended		6 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Profit for the period	83,263	73,504	198,689	152,553
Foreign currency translation differences for foreign operations	(15,095)	91,296	(73,642)	1,457
Cash flow hedge	12,056	-	13,473	-
Total comprehensive income for the period	80,224	164,800	138,520	154,010
Total comprehensive income attributable to:				
Owners of the company	19,626	80,056	47,260	58,404
Minority interest	60,598	84,744	91,260	95,606
Total comprehensive income for the period	80,224	164,800	138,520	154,010

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31.12.2009

KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	AS AT 30.06.2010 RM'000	AS AT 31.12.2009 (AUDITED) RM'000
ASSETS		
Property, plant and equipment	5,703,936	4,738,700
Prepaid lease payments	380,708	454,932
Investment property	3,360	97,863
Investment in associates	22,917	21,214
Other investments	83,106	39,055
Intangible assets	907,039	898,153
Goodwill (on consolidation)	77,753	72,413
Deferred farm expenditure (agriculture/non-prennial crop)	7,495	6,462
Other Intangibles (if any)	821,791	819,278
Deferred tax assets	-	6,816
NON CURRENT ASSETS	**7,101,066**	**6,256,733**
Investment/property held for sale	114,399	13,599
Other Investments	18,417	33,669
Inventories	674,814	525,883
Trade and other receivables	823,612	790,506
Derivative financial instruments	6,307	-
Tax recoverable	43,699	48,441
Cash and cash equivalents	306,002	405,227
CURRENT ASSETS	**1,987,250**	**1,817,325**
TOTAL ASSETS	**9,088,316**	**8,074,058**
EQUITY AND LIABILITIES		
Share capital	159,336	159,336
Share premium	272,184	272,184
Other reserves	1,177,449	1,218,857
Revaluation and other reserves	1,223,139	1,264,547
Treasury shares	(45,690)	(45,690)
Revenue reserves	1,797,935	1,720,988
Shareholders equity	3,406,904	3,371,365
Minority Interest	1,762,121	1,699,037
TOTAL EQUITY	**5,169,025**	**5,070,402**
LIABILITIES		
Term loans	1,197,899	1,157,484
Derivative financial instruments	1,384	-
Employee benefits	3,247	3,099
Deferred tax liabilities/(assets)	648,405	450,971
NON CURRENT LIABILITIES	**1,850,935**	**1,611,554**
Trade and other payables	606,208	729,334
Derivative financial instruments	13,517	-
Current income tax liabilities	135,172	114,620
Borrowings		
Term Loans due within the year/12 months	845,688	162,338
Short-term borrowings	467,370	385,409
Employee benefits	401	401
CURRENT LIABILITIES	**2,068,356**	**1,392,102**
TOTAL LIABILITIES	**3,919,291**	**3,003,656**
TOTAL EQUITY AND LIABILITIES	**9,088,316**	**8,074,058**
NET ASSETS PER SHARE (RM)	**10.69**	**10.58**

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31.12.2009

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010

		ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY								
		NON-DISTRIBUTABLE				DISTRIBUTABLE				
	NO. OF SHARES	NOMINAL VALUE RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	REVALUATION & OTHER RESERVES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
At 1 January 2009	308,452,752	154,227	(45,692)	246,413	6,459	1,272,469	1,615,437	3,249,313	1,020,622	4,269,935
Exercise of warrants 1994-2004	9,226,611	4,589	-	24,171	(6,459)	-	-	22,301	-	22,301
ESOS 2004-2009	600,900	300	-	925	-	-	-	1,225	-	1,225
New/Right issue of share / Acquisition of minority interest	-	-	-	-	-	-	-	-	(346)	(346)
Share buy back	-	-	-	-	-	-	-	-	(6,336)	(6,336)
Transfer from reserve to retained earnings	-	-	-	-	-	(21)	20	(1)	-	(1)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	332,990	332,990
Currency translation differences	-	-	-	-	-	6,058	-	6,058	(4,601)	1,457
Movement in reserves	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) not recognised in income statement	-	-	-	-	-	6,058	-	6,058	(4,601)	1,457
Net profit for the period/year	-	-	-	-	-	-	55,303	55,303	97,250	152,553
Total comprehensive income for the period	-	-	-	-	-	6,058	55,303	61,361	92,649	154,010
Dividends for the period/year	-	-	-	-	-	-	-	-	(40,164)	(40,164)
Balance as at 30 June 2009	318,280,263	159,116	(45,692)	271,509	-	1,278,506	1,670,760	3,334,199	1,399,415	4,733,614
Balance as at 1 January 2010 as previously reported	318,669,739	159,336	(45,690)	272,184	-	1,264,547	1,720,988	3,371,365	1,699,037	5,070,402
Effect arising from adoption of FRS 139	-	-	-	-	-	(12,114)	393	(11,721)	(11,752)	(23,473)
At 1 January 2010, as restated	318,669,739	159,336	(45,690)	272,184	-	1,252,433	1,721,381	3,359,644	1,687,285	5,046,929
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	662	662
Issuance of new share by subsidiaries	-	-	-	-	-	-	-	-	215	215
Currency translation differences	-	-	-	-	-	(30,307)	-	(30,307)	(43,335)	(73,642)
Cash flow hedges	-	-	-	-	-	1,013	-	1,013	12,460	13,473
Net gain/(loss) not recognised in income statement	-	-	-	-	-	(29,294)	-	(29,294)	(30,875)	(60,169)
Net profit for the period/year	-	-	-	-	-	-	76,554	76,554	122,135	198,689
Total comprehensive income for the period	-	-	-	-	-	(29,294)	76,554	47,260	91,260	138,520
Dividends for the period/year	-	-	-	-	-	-	-	-	(17,301)	(17,301)
Balance as at 30 June 2010	318,669,739	159,336	(45,690)	272,184	-	1,223,139	1,797,935	3,406,904	1,762,121	5,169,025

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	AS AT 30.06.2010 (UNAUDITED) RM'000	AS AT 30.06.2009 (UNAUDITED) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit attributable to shareholders	76,554	55,303
Non-cash items	388,209	261,708
Non operating items (investing and financing)	37,234	30,827
Operating profit before changes in working capital	501,997	347,838
Changes in working capital		
Net changes in current assets	(264,644)	(107,102)
Net changes in current liabilities	85,420	(32,370)
Cash generated from operations	322,773	208,366
Interest received	1,563	3,477
Interest paid	(38,797)	(34,304)
Tax paid net of refund	139,290	(685)
Net cash from operating activities	424,829	176,854
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	(51,167)	-
Acquisition of subsidiaries	(576,255)	91,373
Purchase of property, plant and equipment	(681,485)	(303,492)
Deferred farm expenditure	(1,033)	(321)
Purchase of intangible assets	(1,087)	-
Proceeds from disposal of property, plant and equipment	7,038	-
Proceeds from disposal of investments	-	(225)
Liquidation of deposit in funds management companies	15,372	46,693
Net cash flow from investing activities	(1,288,617)	(165,972)
CASH FLOW FROM FINANCING ACTIVITIES		
Net of proceeds/(repayments) of borrowings	1,668,466	342,914
Proceeds/(repayment) from LT loans	(845,688)	(320,682)
Bank balances pledged to a bank	349	12,847
Dividends paid to:		
Shareholders of Kulim (Malaysia) Berhad	(23,426)	(16,768)
Minority shareholders of subsidiaries	(17,301)	-
Exercise of warrants 2004-2009	-	22,301
ESOS 2004-2009	-	1,226
Issue of shares by subsidiaries	215	-
Net cash flow from financing activities	782,615	41,838
Net increase/(decrease) in cash and cash equivalents	(81,173)	52,720
Cash and cash equivalents at beginning of the year	365,383	392,928
Foreign Exchange differences on opening balances	(651)	2,387
Cash and cash equivalents at end of the period/year	283,559	448,035
The cash and cash equivalents consists of the followings :-		
Deposit with licenced Banks	75,608	46,172
Cash and Bank Balances	230,394	433,594
	306,002	479,766
Less : Bank overdraft	(21,183)	(29,380)
Amount pledged to banks	(1,260)	(2,351)
	283,559	448,035

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

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 2009.

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 2009.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

On 1 January 2010, the Group adopted the following FRSs:-

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 2	Share-based Payment - Vesting conditions and cancellations
Amendment to FRS 7	Financial instruments: Disclosures
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 117	Leases
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investment in Associates
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 14	FRS 119 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Other than for the application of FRS 8, FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

(a) FRS 8: Operating Segments (FRS 8)

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statement (FRS 101)

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income.

(c) Amendment to FRS 117: Leases (FRS 117)

Amendment to FRS 117 sets out the new requirement where leasehold land which is in substance is a finance lease will be reclassified to property, plant and equipment. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

(d) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139)

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. **Significant Accounting Policies (continued)**

(d) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139) (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are included in trade and other receivables in the balance sheet.

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held to maturity financial asset, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Financial liabilities

Financial liabilities are classified as financial at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial guarantee contracts

The company has provided various financial guarantees to banks for the guarantee of credit facilities granted to its various subsidiaries. The Company monitors the performance of its subsidiaries closely to ensure they meet all of their financial obligations. In view that there is minimal risk of default, the Company has not carried the value of the financial guarantee in its books.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. **Significant Accounting Policies (continued)**

(d) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139) (continued)

Following the adoption of FRS 139, the changes to accounting policies relating to recognition and measurement of the Group's financial instruments are as follows:

(i) Investments in non-current equity

Prior to 1 January 2010, non-current investments in equity were stated at cost less allowance for diminution in value which was other than temporary in nature.

With adoption of FRS 139, such investment are now categorised as available for sale financial assets and measured as follows:

(a) Quoted shares - at fair value through profit or loss
(b) Unquoted shares - at cost

(ii) Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge some of its exposure to fluctuations in palm oil prices. In order to protect against the impact of falling prices, the Group enters into hedging transactions.

Prior to 1 January 2010, outstanding financial derivatives as at balance sheet date were not recognised in the financial statements. They were only recognised on settlement dates.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values. On the date a derivatives contract is entered into, the Group designates the contract as a hedge against specific future sales. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged.

<u>Impact on opening balance</u>

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognized as adjustments of the opening balance of retained profits or other appropriate reserves. Comparative are not adjusted.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

(d) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139) (continued)

Impact on opening balance (continued)

	Previously stated RM'000	Effect of FRS139 RM'000	As restated RM'000
Equity			
Revaluation & other reserves	1,264,547	(12,114)	1,252,433
Retained earnings	1,720,988	393	1,721,381
Minority interest	1,699,037	(11,752)	1,687,285

Disclosure of derivatives

The Group plantation sector at overseas subsidiaries which is NBPOL, is using derivative financial instruments to hedge some of its exposure to fluctuations in palm oil prices. In order to protect against the impact of falling prices, the Group enters into hedging transactions.

Derivative financial instruments measured at their fair values together with their corresponding contract amounts:

	Contract value		Fair value		Change in fair value	
Types of derivatives	USD '000	RM '000	USD '000	RM '000	USD '000	RM '000
Forward sale and purchase contracts						
- Less than 1 year	46,786	152,990	50,920	166,508	4,134	13,518
- 1 year to 3 years	27,102	88,624	27,525	90,008	423	1,384

Derivative financial instruments are initially recognised and subsequently measured at fair value. The fair values of contract price for forward sales and purchase contracts is estimated based on quotes from the market makers of these instruments and represent the estimated amounts the group would expect to receive or pay to terminate the agreement at balance sheet date. As the derivative financial instruments are deemed highly effective hedge transaction, all gains and losses relating to their re-measurement to fair value ("change in fair value") are recognised in the hedge reserve within equity and subsequently brought into account in the income statement in the same period as the physical sales transaction occurs to which the hedge relate.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

(d) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139) (continued)

Disclosure of derivatives (continued)

As at 30 June 2010, the foreign currency contracts which have been entered into by the Group are as follows :

Types of derivatives	Contract value RM '000	Fair value RM '000	Change in fair value RM '000
Forward foreign currency contracts			
US Dollar - less than 1 year	568,727	562,420	6,307

Forward foreign currency contracts of the Group have been measured at fair value and the changes in the fair value are recognised in profit or loss. The adoption of FRS 139 resulted in the Group recognising an unrealise gain of RM6.3 million in the current quarter ended 30 June 2010.

Derivative financial instruments are subject to market and credit risk as follows:

Market risk

i. Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar foreign exchange risk arises from future commercial transactions, recognised assets and liabilities (borrowings) and net investments in foreign operations. The Group, except for its oleochemical business, does not hedge foreign currency translation risk.

ii. Commodity risk

NBPOL derives a significant proportion of her revenues from sale of palm oil products and uses derivatives financial instruments for the purchase and sale of Malaysian/Sumatran palm oil to guarantee a minimum price for sale of its own palm oil, for which there is no forward market, and to close out positions previously taken out. NBPOL does not produce Malaysian / Sumatran palm oil however the group has determined its palm oil to be highly correlated with the price of Malaysian / Sumatran palm oil.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

(d) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139) (continued)

iii. Cash flow and interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. It is not the group's policy to hedge cash flow and interest rate risk.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. The group has no significant concentration of credit risk and it is not the group's policy to hedge credit risk. The group has policies in place to ensure that sales of products and services are made to customer with an appropriate credit history and has policies that limit the amount of credit exposure to any one customer. No credit limits were exceeded during the reporting periods and management does not expect any losses from non-performance by counterparties.

A3. Status on Qualification of Audited Financial Statements

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

A4. Seasonality or Cyclicality of Operations

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

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter NBPOL completed the acquisition of CTP (PNG) Limited. The acquisition made at a cost of US$175 million affect assets, liabilities, Group borrowings and cash flow significantly. These effects have been reflected in the consolidated Balance Sheet as at 30.06.2010. Group loan in USD increased from US$78.4 million as at end first quarter 2010 to US$275.13 million as at end second quarter 2010.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A6. 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.

A7. 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.

A8. Dividend Paid

There was no dividend paid during the quarter. A final dividend for the financial year ended 31 December 2009 of 15% less 25% income tax was paid on 30 July 2010.

A9. Segmental Information

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

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 3 months ended 30 June 2010	Plantation		Manufacturing				Intrapreneur Ventures (IV)					
	Malaysia	Papua New Guinea & Solomon island	Oleochemicals	Rubber based products	Biodiesel	Foods and Restaurants	Shipping services	Other IV	Inv property	Associated companies	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	143,887	383,513	312,606	1,839	21,371	733,210	16,733	52,261	1,897	-	6,293	1,673,610
Segment results	33,888	88,493	(18,647)	(612)	(21,168)	66,437	(1,322)	2,579	1,101	418	(6,792)	144,375
Interest income	1,772	10	-	3	-	-	-	3	-	-	616	2,404
Finance costs	(9,389)	(7,332)	(2,400)	-	(333)	(2,318)	(1,585)	(514)	-	-	146	(23,725)
Profit before tax	26,271	80,721	(21,047)	(609)	(21,501)	64,119	(2,907)	2,068	1,101	418	(6,030)	123,054

Results for 3 months ended 30 June 2009	Plantation		Manufacturing				Intrapreneur Ventures (IV)					
	Malaysia	Papua New Guinea & Solomon island	Oleochemicals	Rubber based products	Biodiesel	Foods and Restaurants	Shipping services	Other IV	Inv. property	Associated companies	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	121,383	293,979	275,495	2,339	49,656	677,167	19,789	43,963	1,976	-	2,081	1,487,828
Segment results	18,085	48,857	10,646	(177)	(4,012)	56,981	3,226	(3,073)	500	2,157	(19,783)	113,407
Interest income	62	2,014	-	4	-	119	-	-	-	-	23	2,222
Finance costs	(7,697)	(2,490)	(2,107)	-	(257)	(3,046)	(1,861)	(514)	-	-	1,892	(16,080)
Profit before tax	10,450	48,381	8,539	(173)	(4,269)	54,054	1,365	(3,587)	500	2,157	(17,868)	99,549

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 6 months ended 30 June 2010	Plantation: Malaysia	Plantation: Papua New Guinea & Solomon Island	Manufacturing: Oleochemicals	Manufacturing: Rubber based products	Manufacturing: Biodiesel	Foods and Restaurants	Intrapreneur Ventures (IV): Shipping services	Intrapreneur Ventures (IV): Other IV	Inv. property	Associated companies	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	274,172	687,958	590,250	4,302	22,295	1,457,931	34,560	95,337	3,816	-	14,447	3,185,068
Segment results	66,050	163,890	(777)	(1,542)	(23,847)	128,682	(2,181)	3,926	1,682	607	(11,990)	324,500
Interest income	1,942	412	-	3	-	-	-	3	-	-	880	3,240
Finance costs	(16,580)	(9,432)	(4,475)	-	(718)	(4,560)	(1,585)	(514)	-	-	(933)	(38,797)
Profit before tax	51,412	154,870	(5,252)	(1,539)	(24,565)	124,122	(3,766)	3,415	1,682	607	(12,043)	288,943

Results for 6 months ended 30 June 2009	Plantation: Malaysia	Plantation: Papua New Guinea & Solomon Island	Manufacturing: Oleochemicals	Manufacturing: Rubber based products	Manufacturing: Biodiesel	Foods and Restaurants	Intrapreneur Ventures (IV): Shipping services	Intrapreneur Ventures (IV): Other IV	Inv. property	Associated companies	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	225,776	563,084	514,345	4,602	50,004	1,311,387	40,377	81,595	4,011	-	9,093	2,804,274
Segment results	36,790	147,876	(16,262)	(1,277)	(6,981)	109,263	7,991	(3,222)	657	4,172	(19,308)	259,699
Interest income	240	2,866	-	4	-	310	-	-	-	-	57	3,477
Finance costs	(15,566)	(4,738)	(4,404)	-	(526)	(6,693)	(1,861)	(514)	-	-	(2)	(34,304)
Profit before tax	21,464	146,004	(20,666)	(1,273)	(7,507)	102,880	6,130	(3,736)	657	4,172	(19,253)	228,872

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Assets and Liabilities As at 30 June 2010	Plantation		Manufacturing				Intrapreneur Ventures (IV)					
	Malaysia	Papua New Guinea & Solomon Island	Oleochemicals	Rubber based products	Biodiesel	Foods and Restaurants	Shipping services	Other IV	Inv. property	Associated companies	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	1,778,262	2,843,644	709,227	4,493	83,193	2,165,235	343,419	70,185	3,360	22,917	164,837	8,188,772
Unallocated corporate assets	256,513					643,031						899,544
Total assets	2,034,775	2,843,644	709,227	4,493	83,193	2,808,266	343,419	70,185	3,360	22,917	164,837	9,088,316
Segment liabilities	46,566	1,582,844	397,295	1,191	123,577	750,817	248,616	64,695	-	-	55,285	3,270,886
Unallocated corporate liabilities	144,778	456,208	3,068	-	-	44,289	-	-	-	-	62	648,405
Total liabilities	191,344	2,039,052	400,363	1,191	123,577	795,106	248,616	64,695	-	-	55,347	3,919,291

Assets and Liabilities As at 31 December 2009	Plantation		Manufacturing				Intrapreneur Ventures (IV)					
	Malaysia	Papua New Guinea & Solomon Island	Oleochemicals	Rubber based products	Biodiesel	Foods and Restaurants	Shipping services	Other IV	Inv. property	Associated companies	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	2,476,055	1,885,973	673,249	5,131	19,973	1,482,817	314,361	54,981	97,863	22,310	149,654	7,182,367
Unallocated corporate assets	253,587					638,104						891,691
Total assets	2,729,642	1,885,973	673,249	5,131	19,973	2,120,921	314,361	54,981	97,863	22,310	149,654	8,074,058
Segment liabilities	482,379	663,859	354,712	305	35,303	714,677	215,793	41,146	-	-	44,511	2,552,685
Unallocated corporate liabilities	147,928	256,782	1,494	-	-	44,710	-	-	-	-	57	450,971
Total liabilities	630,307	920,641	356,206	305	35,303	759,387	215,793	41,146	-	-	44,568	3,003,656

A10. **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.

A11. **Material Events Subsequent to the End of the Interim Period**

The Company had on 21 July 2010 announced the proposed disposal of the Company's 91.38% stake in Natural Oleochemical Sdn. Bhd. for a cash consideration of RM450 million. The Share Sale agreement is undergoing process for its completion.

A12. **Changes in the Composition of the Group**

On 25 February the Company announced that New Britain Palm Oil Limited a 50.68% owned subsidiary had on 24 February agreed to acquire 80% of the shares in CTP (PNG) limited. CTP has over 25,000 hectares of established and producing Oil Palm plantations in Papua New Guinea.

The acquisition has been completed and CTP is consolidated into NBPOL and the Group with effect from 1 May 2010

A13. **Changes in Contingent Liabilities or Contingent Assets**

Since the last Balance Sheet date, there were no material changes in contingent liabilities and contingent assets.

A14. **Capital Commitment**

Authorised capital expenditures not provided for in the financial statements as at 30 June 2010 are as follows:

	RM'000
Contracted	201,497
Not contracted	231,650
	433,147

A15. **Impairment of Assets**

There were no significant impairment losses recognised by the Company and the Group during the quarter. There were write off provision of RM20.25 million made on the effect from the Nexsol (M) Sdn Bhd and Nexsol (S) limited rationalisation exercise via share exchange with the partners as announcement made dated 30 April 2010.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A16. Related Party Disclosures

Significant transaction within the Group between Kulim (M) Berhad and its subsidiaries are as follows:-

	3 months ended		6 months ended	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	30	90	120	180
- Sales of oil palm fresh fruit bunches	10,432	6,240	20,869	11,727
- Purchasing and sales commission received	882	698	1,712	1,455
- Planting advisory and agronomy fee received	14	43	58	87
- Computer charged received	6	17	35	35
- Inspection fee received	10	15	25	30
- Rental payable	157	105	314	262

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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

Group Results and update

The Group recorded higher revenue at RM3.185 billion for the quarter under review compared to the corresponding quarter in 2009 revenue of RM2.80 billion, a 13.58% increase.

The Group recorded PBT of RM288.9 million for the second quarter 2010 compared to PBT of RM228.87 million for the corresponding quarter in 2009, a 26.25% increase.

During the quarter NBPOL completed her acquisition of CTP (PNG) limited at a cost of US$175 million. The acquisition is funded by a loan facility of US$200 million.

On 23 July 2010 the Company announced through Bursa Malaysia that she is disposing of her 91.38% equity interest in Natural Oleochemicals Sdn Bhd to PGEO Sdn. Bhd. for cash consideration of RM450 million. The proceeds from the disposal will enhance cash position of the Company and strengthen the Group Balance Sheet.

Operational results

Plantations:

(i) **Plantation Operation - Malaysia**

The Group's ffb production for the 2nd quarter 2010 is at 137,124mt. This is almost unchanged compared to the ffb production for the corresponding quarter in 2009 of 137,018mt.

The group's cumulative ffb production for two quarters ending June 2010 is at 251,913mt. This is 6.32% lower compared to the ffb production for the corresponding quarters 2009.

The Group's OER for the cumulative two quarters 2010 is at 20.38% compared to OER of 19.85% for the corresponding quarters 2009.

Total ffb processed by the Group mills for the cumulative two quarters 2010 is at 373,593mt which is 0.40% higher compared to the corresponding quarters 2009. Total ffb processed is inclusive of crops purchased from outside the Group.

Malaysian plantation operation achieved CPO and PK cumulative price averages of RM2,476 and RM1,414 per mt for two quarters in 2010 compared to RM2,065 and RM 1,063 per mt for CPO and PK respectively for the corresponding quarters in 2009.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the Performance of the Company and Its Principal Subsidiaries (continued)

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

NBPOL Group produced 350,083 mt ffb in the 2nd quarter 2010 which is 31.33% higher compared to the corresponding quarter in 2009. Together with crops purchased from outside the Group, NBPOL Group processed 397,540 mt ffb which is 5.59% higher compared to the corresponding quarter in 2009.

The Group's cumulative ffb production for two quarters ending June 2010 is at 568,799mt. This is 5.07% higher compared to the ffb production for the corresponding quarters 2009. Total two quarters ffb processed is at 770,464 mt which is 2.83% higher compared to the corresponding two quarters in 2009.

NBPOL Company's ffb production is 0.55% higher and 3.41% higher respectively for the two cumulative quarters and for quarter two respectively.

Contribution to NBPOL Group FFB processed from Guadalcanal Plains Palm Oil Limited for the 2nd quarter 2010 is at 94,732mt which is 241.34% higher than the contribution to the corresponding quarter in 2009. Her cumulative own ffb production for two quarters to end June 2010 is at 63,946mt. This is 21.02% higher compared to the ffb production for the corresponding quarters 2009.

Contribution to NBPOL Group FFB production from RAMU for the 2nd quarter 2010 is at 16,531mt which is 110.21% higher compared to the corresponding quarter in 2009. It's cumulative own ffb production for two quarters to end June 2010 is at 37,206mt which is 103.62% higher compared to the corresponding quarters in 2009.

NBPOL Group OER for the cumulative two quarters 2010 is at 22.33% compared to 22.75% for the corresponding quarters in 2009.

NBPOL achieved price average of USD792/mt CPO compared to USD730/mt for the corresponding quarter in 2009. NBPOL completed the acquisition of CTP (PNG) Limited bringing in approximately 25,000 hectares of additional Oil Palm planted areas into the Group.

Manufacturing:

The Group's Oleo chemicals division revenue for the 2nd quarter 2010 is at RM312.61 million which is 13.47% higher compared to the corresponding quarter in 2009. The Group's Oleo chemicals division revenue for the cumulative 2 quarters 2010 is at RM590.25 million which is 14.76% higher compared to the corresponding quarter in 2009.

Natural Oleo Chemicals recorded a loss before tax in the 2nd quarter 2010 of RM21.05 million compared to a profit of RM8.5 million in the 2nd quarter 2009. NatOleo recorded a loss of RM5.25 million for the cumulative two quarters 2010 compared to a loss of RM20.67 million in 2009. Included in the result for the quarter is a gain on currency forward contract of RM6.3 million as disclosed in note A2(d).

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the Performance of the Company and Its Principal Subsidiaries (continued)

Foods and Restaurants:

QSR group registered a revenue of RM1,457.9 million for the cumulative two quarters 2010, representing an increase of 11.2% over prior year corresponding period of RM1,311.4 million.

QSR group registered a profit before tax of RM124.1 million in the two quarters 2010 as against previous year corresponding quarters of RM102.9 million.

KFC Holding (Malaysia) Berhad (KFCH) achieved revenue of RM1,206.9 million for the two financial year-to-date, representing a growth of 10.9% over prior year corresponding quarters of RM1,088.1 million. The KFC restaurants segment registered a 10.7% revenue growth to RM898.4 million (2009 : RM811.3 million) whilst the Integrated Poultry segment recorded a 8.8% revenue growth to RM254.7 million (2009 : RM234.0 million).

KFCH registered a profit before tax of RM102.2 million for the cumulative two quarters 2010 compared to the corresponding quarters in 2009 of RM85.8 million.

Intrapreneuer Ventures (IV)

The revenue from the IV section ex shipping services grew to RM95.34 million for the quarter under review, a 16.84% increase compared to the corresponding quarter in 2009. The section recorded an improved performance with profit before tax of RM3.42 million for the quarter.

The shipping section revenue declined to RM34.56 million, 14.41% lower compared to the corresponding quarter in 2009. The section recorded a loss of RM2.18 million, 3.77% lower compared to the corresponding quarters in 2009. The weaker performance were due to three of its vessels being dry-docked and one vessel securing lower charter rate compared to the corresponding quarter in 2009.

Property Investment:

The Company's office tower, the Menara Ansar in Johor Bahru recorded a surplus for the two quarters 2010 of RM1.68 million compared to a surplus of RM657 thousand for the corresponding quarters in 2009. The freeze in depreciation charge reflective of its status as held for sale contributed to the significant surplus compared to the corresponding quarters in 2009.

B2. Material Changes in the Quarterly Results

The Oil Palm sector recorded higher revenue and profits for the quarter due to better Palm products prices compared to the corresponding quarter last year. The Oleo chemicals division recorded higher loss during the quarter from higher input costs and weaker products prices secured. In addition there was a charge of RM20.25 million in the quarter arising from the Bio- Diesel ownership swaps for Nexsol (S) Ltd. and Nexsol (M) Sdn. Bhd.

The Foods and Restaurant Group registered a profit before tax of RM64.1 million in the current quarter as against RM54.05 million in the previous quarter 2009. The better profit achieved in the current quarter was primarily due to the higher turnover and better cost efficiencies from the KFC and Pizza Hut restaurants segment.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B3. Current Year Prospects

Palm products prices rebounded after recording a recent low of below RM2,400 /mt to currently traded price range of RM2,600/mt - RM2,700/mt CPO. This will have positive impact on result for the year and will cushion the effect of expected lower FFB production from Malaysian plantations, attributed to replanting and inclement weather, over the subsequent remaining quarters. New acquisition, the priming of palm areas at RAMU and contribution from CTP at NBPOL, as well as new maturing areas coming into harvest is projected to increase FFB and Palm products produced at NBPOL and impact the Group result positively.

As announced on 23 July 2010 the Company is disposing Natural Oleo Chemicals Sdn Bhd. On completion, the proceeds from the sale of Oleochemicals division are expected to contribute to significant savings in borrowing costs for the Company and the Group.

The Foods and Restaurants Group is optimistic of sustaining the Group's current performance for the full financial year 2010. The Group will continue to implement its plan of increasing revenue and profitability and developing better cost efficiencies and improving productivity at all its restaurants and manufacturing facilities.

Intrapreneur Venture Business ("IV") remains challenged due to world economic uncertainties. However, the strong fundamentals within the IV will ensure it remain competitive and sustainable. EA Technique and its newly acquired associate company, Orkim Sdn Bhd are expected to contribute positively to the Group's bottom line with the delivery on staggered basis beginning the first quarter of 2010 of all their 10 newly constructed vessels. All of these vessels, scheduled to be fully delivered by the end of 2010, are already secured with long term charter contracts. This is clear evidence that the diversified business model of the IV is able to balance and cushion the worst impact economic of the ups and downs.

Based on the above generally positive outlook, we are confident that 2010 will see an improvement over 2009.

B4. Profit Forecast/Profit Guarantee

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

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B5. Taxation

	3 MONTHS ENDED		6 MONTHS ENDED	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Current Taxation				
-Malaysia	(20,423)	(17,789)	(42,358)	(34,437)
-Overseas	(25,169)	(13,631)	(45,759)	(47,239)
	(45,592)	(31,420)	(88,117)	(81,676)
Transfer to deferred Taxation				
-Malaysia	5,801	5,375	(2,137)	5,357
-Overseas	-	-	-	-
	5,801	5,375	(2,137)	5,357
Total	(39,791)	(26,045)	(90,254)	(76,319)

The effective tax rate for the quarter is reflective of the official tax rates applicable to the Group Companies at their respective geographical locations.

B6. Sale of Unquoted Investments and/or Properties

	3 MONTHS ENDED 30.06.2010 RM'000	6 MONTHS ENDED 30.06.2010 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 (substantially on short term money market trust funds) are as follows :-

	3 MONTHS ENDED 30.06.2010 RM'000	6 MONTHS ENDED 30.06.2010 RM'000
Total Purchase consideration	95	265
Total Sale proceeds	(149)	(15,902)
Total Profit/(Loss) on Disposals	149	265

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

(b) Investment as at 30 June 2010.

	Held as Long Term Investments RM'000	Held as Current Assets RM'000	TOTAL RM'000
At cost	68,566	20,185	88,751
At book value	35,432	18,297	53,729
At market value	35,278	18,417	53,695

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.

a) 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.

b) On 12th March 2010 the Company announced on a proposed disposal of a property known as Menara Ansar to Al-Aqar KPJ Reit for a total sale consideration of RM105,000,000 to be satisfied partly by cash consideration of RM63,000,140 and RM41,999,860 by the issuance of 42,857,000 new units in Al-Aqar at an issue price of RM0.98 per unit.

The proposed disposal is in the process for its completion expected before the end of the 3rd quarter 2010.

c) On 23rd July 2010 the company announced on a proposed disposal of 91.38% equity interest in Natural Oleochemicals Sdn. Bhd. to PGEO Group Sdn Bhd , a subsidiary of Wilmar International Limited,for a cash consideration of RM450 million. The commitments as in the Share Sale Agreement is being attended to for their completion.

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.

B8. Status of Uncompleted Corporate Announcement (continued)

There were several extensions of the condition precedents fulfilment period that had been mutually agreed by both parties and announced accordingly. The latest announcement was made on 25 March 2010 to further extend the condition precedents fulfilment period until 25 September 2010.

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.

Later, on 17 November 2009 the parties to the Agreement of Lease had mutually agreed as follows:-

(i) Extend the condition precedents for fulfilment period to 28 August 2010;
(ii) Extend the delivery of Plot 1 to 29 months from the date of the Agreement for Lease; and
(iii) Extend the delivery of Plot 2 to 33 months from the date of the Agreement for Lease

The proposal is pending approval by the relevant authorities.

c) 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 issued 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 ("SSPA") 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.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. Status of Uncompleted Corporate Announcement (continued)

On 9 July 2010, the Company announced that its Proposed Acquisition in Orkim was completed on even date. As a result, Sindora Group's direct and indirect (via EA Technique) shareholding in Orkim has increased to 20.00% and 17.76% respectively.

d) 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.

However, MM failed to settle the full amount by 31 December 2009. The deadline for full settlement of the disposal consideration was extended to 30 June 2010. Currently both parties are in the midst of negotiation for a review of the disposal consideration.

e) The Company had on 11 June 2010 entered into a Sale & Purchase Agreement (SPA) with MIT Insurance Brokers Sdn Bhd (MIT) and its existing shareholders namely, Jeyaratnam A/L Velupillai, Dato' Abdul Kadir Bin Mohd Deen, Dr Jagjit Singh A/L Bhagwan Singh and Dato' Mohd Shahrom Bin Mohamad for the proposed subscription of 1,125,000 shares in MIT equivalent to 90% of the issued and paid-up share capital of MIT for a total consideration of RM 2,025,000 or approximately RM1.80 per MIT Share.

The proposed acquisition was completed on 23 July 2010.

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

a) KFCH 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.

KFCH 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.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. Status of Uncompleted Corporate Announcement (continued)

iv. Announcement made by KFC Holdings (Malaysia) Bhd. (KFCH), a subsidiary of QSR Brands Berhad, a subsidiary of the Company; (continued)

b) KFCH 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.

KFCH 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.

c) KFCH 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.

The company had on 18 September 2009 announced that KFCH and Damansara Realty (Johor) Sdn Bhd, the Vendor, have mutually agreed that the Sale and Purchase Agreement be varied with the execution of the Supplemental Sale and Purchase Agreement on 18 September 2009.

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

d) KFCH 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.

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

e) The Company had on 22 April 2010 announced the purchase of a vacant commercial land measuring 2 acres, situated at part of PTD 84134, Mukim Tebrau, District of Johor Bahru, Johor Darul Takzim for a cash consideration of RM5,924,160.00 (RM68.00 per sq ft) from Johor Land Berhad.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. **Status of Uncompleted Corporate Announcement (continued)**

v. Announcement made by KFC Holdings (Malaysia) Bhd. (KFCH), a subsidiary of QSR Brands Berhad, a subsidiary of the Company; (continued)

f) The Company had on 22 June 2010 announced the following proposals :-

i) Proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each held in KFC Holdings (Malaysia) Bhd ("KFCH") into two (2) ordinary shares of RM0.50 each in KFCH ("KFCH share(s)") ("proposed share split") ;

ii) Proposed bonus issue of 396,549,364 new KFCH shares ("bonus share(s)") on the basis of one (1) bonus share for every one (1) existing KFCH share held after the proposed share split ("proposed bonus issue") ;

iii) Proposed amendments to the Memorandum and Articles of Association of KFCH pursuant to the proposed share split ; and

iv) Proposed issue of 31,723,949 free warrants in KFCH ("warrant(s)") on the basis of one (1) free warrant for every twenty-five (25) existing KFCH shares held after the proposed share split and proposed bonus issue.

The proposals have obtained all the relevant approvals from the following:-

i) Bursa Securities, for which the approval-in-principle for the Proposed Share Split, for the admission of the Warrants to the Main Market of Bursa Securities as well as for the listing of and quotation for the subdivided Shares, Bonus Shares, Warrants and new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities was obtained on 22 July 2010;

ii) the shareholders of the Company, which was obtained on 24 August 2010; and

iii) the Controller of Foreign Exchange, (via BNM) for the issuance of the Warrants to the non-resident entitled shareholders of the Company pursuant to the Proposed Free Warrants Issue was obtained on 23 July 2010.

B9. Borrowings and Debt Securities

		As at 30-Jun-10 RM'000	As at 31-Dec-09 RM'000
Term Loans			
Secured:	- denominated in RM	1,011,809	1,002,351
	- denominated in USD	739,802	34,292
	- denominated in Kina	135,381	128,286
Unsecured:	- denominated in RM	141,615	149,919
	- denominated in USD	3,312	2,134
	- denominated in SDR	11,628	-
Finance lease liabilities - secured		40	2,840
Less:	- due within 12 months (reclassified to short term borrowings)	(845,688)	(162,338)
Total - Term Loan		**1,197,899**	**1,157,484**
Short term borrowings (reclassified)		**845,688**	**162,338**
Other short term borrowings			
Revolving credits:	- Secured	3,780	-
	- Unsecured	-	82,092
Bank overdrafts:	- Secured	21,183	32,217
	- Unsecured	-	6,018
Short term bank borrowings:	- Secured	442,407	263,328
	- Unsecured		
Finance lease liabilities - secured		-	1,754
Total - Short term borrowings		**467,370**	**385,409**
Total Borrowings		**2,510,957**	**1,705,231**

B10. Material Litigation, Claims and Arbitration

There were no material litigations, claims and arbitration outstanding.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B11. Dividend Proposed

There was no dividend payment proposed during the quarter.

B12. Earnings Per Share ("EPS")

	3 MONTHS ENDED		6 MONTHS ENDED	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Net profit for the period	14,658	30,896	76,554	55,303
Weighted average no. of shares in issue	312,349	308,688	312,349	308,688
Basic earnings per share	4.69	10.01	24.51	17.92
Diluted Earnings per share	-	9.98	-	17.86

B13. Currency Translation

The exchange rates adopted for each unit of the currencies applicable to the Group for the financial quarters are as follows:-

	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)	1.1965	1.2592	1.3515	1.2798
United Kingdom Pound Sterling (GBP)	4.9205	5.1913	5.8600	5.4105
United States of America Dollar (USD/US$)	3.2715	3.3504	3.4292	3.4361
EUR	3.9835	4.4494	4.9830	4.9175
Singapore Dollar (S$)	2.3283	2.3844	2.433	2.4076
Solomon Islands Dollar (SBD)	0.3892	0.3910	0.5240	0.5211

By Order of the Board
KULIM (MALAYSIA) BERHAD

IDHAM JIHADI BIN ABU BAKAR, MAICSA 7007381
NURALIZA BINTI A. RAHMAN, LS 0008565
(Secretaries)

Dated : 30 August 2010