



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010

**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ending 31 December 2010

**CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010**

	3 months ended		9 months ended	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Revenue	871,114	1,441,239	4,056,181	4,245,513
Expenses excluding finance cost & tax	(640,090)	(1,325,659)	(3,536,859)	(3,885,020)
Other operating income / (loss)	57,534	41,809	93,127	52,422
Profit from operations	288,558	157,389	612,449	412,915
Finance cost	(19,019)	(15,958)	(57,816)	(50,262)
Interest income	1,002	1,654	4,242	5,131
Share of profit in associates	580	183	1,187	4,355
Profit before taxation	271,121	143,268	560,062	372,139
Income tax expense	(56,816)	(31,956)	(147,069)	(108,275)
Profit from continuing operations	214,305	111,312	412,993	263,864
Discontinued operation				
Profit from discontinued operation, net of tax	151,611	-	151,611	-
Profit for the year	365,916	111,312	564,604	263,864
Profit attributable to:				
Owners of the company	284,658	43,712	361,212	99,015
Minority interest	81,258	67,600	203,392	164,849
Profit for the period	365,916	111,312	564,604	263,864
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	42.59	14.15	67.10	32.06
From discontinued operations	48.54	-	48.54	-



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010**

	3 months ended		9 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	365,916	111,312	564,604	263,864
Foreign currency translation differences for foreign operations	(61,258)	(16,399)	(134,900)	(14,942)
Cash flow hedge	195	-	13,667	-
Total comprehensive income for the period	304,853	94,913	443,371	248,922
Total comprehensive income attributable to:				
Owners of the company	262,910	37,444	310,169	98,805
Minority interest	41,943	57,469	133,202	150,117
Total comprehensive income for the period	304,853	94,913	443,371	248,922

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 SEPTEMBER 2010**

	AS AT END OF CURRENT QUARTER 30.09.2010	AS AT PRECEDING FINANCIAL YEAR 31.12.2009 (AUDITED)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	5,802,871	4,738,700
Prepaid lease payments	17,807	454,932
Investment property	97,863	97,863
Investment in associates	26,588	21,214
Other investments	166,903	39,055
Intangible assets	910,808	898,153
Goodwill (on consolidation)	77,927	72,413
Deferred farm expenditure (agriculture/non-perennial crop)	8,235	6,462
Other intangibles (if any)	824,646	819,278
Deferred tax assets	-	6,816
NON CURRENT ASSETS	7,022,840	6,256,733
Investment/property held for sale	16,315	13,599
Other investments	45,315	33,669
Inventories	577,270	525,883
Trade and other receivables	1,014,428	790,506
Tax recoverable	40,110	48,441
Cash and cash equivalents	366,785	405,227
CURRENT ASSETS	2,060,223	1,817,325
TOTAL ASSETS	9,083,063	8,074,058
EQUITY AND LIABILITIES		
Share capital	159,336	159,336
Share premium	272,184	272,184
Other reserves	1,155,672	1,218,857
Revaluation and other reserves	1,201,362	1,343,424
Treasury shares	(45,690)	(45,690)
Revenue reserves	2,064,953	1,720,988
Shareholders equity	3,652,145	3,371,365
Minority Interest	1,793,114	1,699,037
TOTAL EQUITY	5,445,259	5,070,402
LIABILITIES		
Term loans	1,196,266	1,157,484
Derivative financial instruments	1,358	-
Employee benefits	3,296	3,099
Deferred tax liabilities/(assets)	671,545	450,971
NON CURRENT LIABILITIES	1,872,465	1,611,554
Trade and other payables	589,597	729,334
Derivative financial instruments	13,265	-
Current income tax liabilities	156,833	114,620
Borrowings		
Term Loans due within the year/12 months	801,503	162,338
Short-term borrowings	203,740	385,409
Employee benefits	401	401
CURRENT LIABILITIES	1,765,339	1,392,102
TOTAL LIABILITIES	3,637,804	3,003,656
TOTAL EQUITY AND LIABILITIES	9,083,063	8,074,058
NET ASSETS PER SHARE (RM)	11.46	10.58

The Condensed Consolidated Balance Sheets 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 CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

	← ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY →						RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
	NO. OF SHARES	NOMINAL VALUE RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	REVALUATION & OTHER RESERVES RM'000				
At 1 January 2009	308,452,752	154,227	(45,690)	246,413	6,459	1,272,469	1,615,437	3,249,315	1,020,622	4,269,938
Exercise of warrants 1994-2004	9,226,611	4,589	-	24,171	(6,459)	-	-	22,301	-	22,301
ESOS 2004-2009	1,039,750	520	-	1,601	-	-	-	2,121	-	2,121
New/Right Issue of share / Acquisition of minority interest	-	-	-	-	-	-	-	-	(344)	(344)
Share buy back	-	-	-	-	-	-	-	-	(13,351)	(13,351)
Transfer from reserve to retained earnings	-	-	-	-	-	(21)	20	(1)	-	(1)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	332,990	332,990
Currency translation differences	-	-	-	-	-	(210)	-	(210)	(14,732)	(14,942)
Movement in reserves	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) not recognised in income statement	-	-	-	-	-	(210)	-	(210)	(14,732)	(14,942)
Net profit for the period/year	-	-	-	-	-	-	99,015	99,015	164,849	263,864
Total comprehensive income for the period	-	-	-	-	-	(210)	99,015	98,805	150,117	248,922
Dividends for the period/year	-	-	-	-	-	-	(17,544)	(17,544)	(51,359)	(68,903)
Balance as at 30 September 2009	318,719,113	159,335	(45,690)	272,185	-	1,272,239	1,696,928	3,354,997	1,438,874	4,793,871
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)	295	(11,819)	(11,762)	(23,581)
At 1 January 2010, as restated	318,669,739	159,336	(45,690)	272,184	-	1,252,433	1,721,283	3,359,546	1,687,275	5,046,821
Share buy back	-	-	-	-	-	-	-	-	(5,176)	(5,176)
Transfer from reserve to retained earnings	-	-	-	-	-	(28)	28	-	-	-
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	(8,625)	(8,625)
Issuance of new share by subsidiaries	-	-	-	-	-	-	-	-	537	537
Currency translation differences	-	-	-	-	-	(52,154)	-	(52,154)	(82,746)	(134,900)
Cash flow hedges	-	-	-	-	-	1,111	-	1,111	12,556	13,667
Net gain/(loss) not recognised in income statement	-	-	-	-	-	(51,043)	-	(51,043)	(70,190)	(121,233)
Net profit for the period/year	-	-	-	-	-	-	361,212	361,212	203,392	564,604
Total comprehensive income for the period	-	-	-	-	-	(51,043)	361,212	310,169	133,202	443,371
Dividends for the period/year	-	-	-	-	-	-	(17,570)	(17,570)	(14,099)	(31,669)
Balance as at 30 September 2010	318,669,739	159,336	(45,690)	272,184	-	1,201,362	2,064,953	3,652,145	1,793,114	5,445,259

(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)

**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ending 31 December 2010

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

	AS AT 30.09.2010 (UNAUDITED) RM'000	AS AT 30.09.2009 (UNAUDITED) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit attributable to shareholders	361,212	99,015
Non-cash items	419,755	482,429
Non operating items (investing and financing)	62,255	45,131
Operating profit before changes in working capital	843,222	626,575
Changes in working capital		
Net changes in current assets	(500,986)	(162,627)
Net changes in current liabilities	(313,719)	(117,817)
Cash generated from operations	28,517	346,131
Interest received	2,565	5,131
Interest paid	(64,820)	(50,262)
Tax paid net of refund	128,302	(68,289)
Net cash from operating activities	94,564	232,711
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	(130,041)	(6,111)
Acquisition of subsidiaries	(544,529)	91,318
Additional investments in associates	(3,091)	(6,942)
Purchase of property, plant and equipment	(313,829)	(504,846)
Payment of prepaid lease payment	-	8,927
Deferred farm expenditure	(1,773)	(955)
Purchase of intangible assets	(16,349)	(5,168)
Proceeds from disposal of property, plant and equipment	7,796	(1,361)
Proceeds from discontinued operation	439,882	-
Liquidation of deposit in funds management companies	(11,407)	(33,766)
Net cash flow from investing activities	(573,341)	(458,904)
CASH FLOW FROM FINANCING ACTIVITIES		
Net of proceeds/(repayments) of borrowings	1,293,672	406,866
Proceeds/(repayment) from LT loans	(801,503)	(103,991)
Bank balances pledged to a bank	347	(33,691)
Dividends paid to:		
Shareholders of Kulim (Malaysia) Berhad	(40,996)	(17,545)
Minority shareholders of subsidiaries	(14,099)	(51,359)
Exercise of warrants 2004-2009	-	22,301
ESOS 2004-2009	-	2,121
Issue of shares by subsidiaries	537	200
Net cash flow from financing activities	437,958	224,902
Net increase/(decrease) in cash and cash equivalents	(40,819)	(1,291)
Cash and cash equivalents at beginning of the year	365,383	392,928
Foreign Exchange differences on opening balances	(1,386)	2,578
Cash and cash equivalents at end of the period/year	323,178	394,215
The cash and cash equivalents consists of the followings :-		
Deposit with licenced Banks	60,650	14,679
Cash and Bank Balances	306,135	465,775
	366,785	480,454
Less : Bank overdraft	(42,345)	(32,450)
Amount pledged to banks	(1,262)	(53,789)
	323,178	394,215



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 recognized in the financial statements. They were only recognized on settlement dates.

Derivative financial instruments are initially recognized 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.

Impact on opening balance

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	295	1,721,283
Minority interest	1,699,037	(11,762)	1,687,275

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:

Types of derivatives	Contract value		Fair value		Change in fair value	
	USD '000	RM '000	USD '000	RM '000	USD '000	RM '000
Forward sale and purchase contracts						
- Less than 1 year	53,145	164,218	57,438	177,483	4,293	13,265
- 1 year to 3 years	20,666	63,858	21,105	65,216	439	1,358

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)

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.

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.



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

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 Cyclicity 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

The Company had on 23 July 2010 announced the proposed disposal of Natural Oleochemicals Sdn Bhd, a 91.38% subsidiary of the Company. The sale was completed on the 23 September 2010. The sale brought in significant cash, reduces group gearing and improved net income. There were significant increase in Trade and Other Receivables representing sale proceeds held in stakeholders accounts matured and released in October 2010. Net effect from the disposal is as in the discontinued operation disclosure in the income statement.

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. There were significant reduction in the Group short term borrowing at end of the quarter following the disposal of Natural Oleochemicals Sdn Bhd and together with it the eliminations of their banking and loan facilities.

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:



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2010

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for cumulative 3rd quarter Ended 30 September 2010	Plantation		Oleochemicals	Manufacturing		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Elimination (Discontinued operation)	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Rubber based products	Biodiesel		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000					
Operating revenue	431,446	1,158,094	881,511	6,133	22,366	2,204,427	59,768	147,776	5,690	-	20,481	(881,511)	4,056,181
Segment results	136,108	305,711	8,479	(2,172)	(24,001)	196,522	8,504	3,826	2,539	1,187	(14,588)	(8,479)	613,636
Interest income	2,177	427	-	147	-	-	-	-	-	-	1,491	-	4,242
Finance costs	(25,545)	(19,450)	(7,004)	-	(749)	(7,336)	(3,824)	(662)	-	-	(250)	7,004	(57,816)
Profit before tax from continuing operations	112,740	286,688	1,475	(2,025)	(24,750)	189,186	4,680	3,164	2,539	1,187	(13,347)	(1,475)	560,062
Profit from discontinued operations													154,893
Total profit before tax													714,955

Results for cumulative 3rd quarter Ended 30 September 2009	Plantation		Oleochemicals	Manufacturing		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Elimination (Discontinued operation)	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Rubber based products	Biodiesel		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000					
Operating revenue	335,813	825,259	785,525	7,173	69,268	2,005,534	59,441	124,464	5,923	-	27,113	-	4,245,513
Segment results	63,216	217,464	(16,964)	(1,664)	(8,041)	168,788	7,234	4,033	1,016	4,355	(22,167)	-	417,270
Interest income	344	4,188	-	4	-	414	-	-	-	-	181	-	5,131
Finance costs	(23,052)	(7,120)	(6,492)	-	(949)	(9,177)	(2,808)	(661)	-	-	(3)	-	(50,262)
Profit before tax	40,508	214,532	(23,456)	(1,660)	(8,990)	160,025	4,426	3,372	1,016	4,355	(21,989)	-	372,139



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2010

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for current 3rd quarter Ended 30 September 2010	Plantation		Oleochemicals	Manufacturing		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Elimination (Discontinued operation)	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Rubber based products	Biodiesel		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000					
Operating revenue	157,274	470,136	291,262	1,831	71	746,496	25,208	52,439	1,874	-	6,034	(881,511)	871,114
Segment results	70,058	141,822	9,257	(630)	(154)	67,840	10,685	(100)	857	580	(2,598)	(8,479)	289,138
Interest income	234	15	-	145	-	-	-	(3)	-	-	611	-	1,002
Finance costs	(8,966)	(10,018)	(2,529)	-	(31)	(2,776)	(2,238)	(148)	-	-	683	7,004	(19,019)
Profit before tax from continuing operations	61,326	131,819	6,728	(485)	(185)	65,064	8,447	(251)	857	580	(1,304)	(1,475)	271,121
Profit from discontinued operations													154,893
Total profit before tax													426,014

Results for current 3rd quarter Ended 30 September 2009	Plantation		Oleochemicals	Manufacturing		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Elimination (Discontinued operation)	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Rubber based products	Biodiesel		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000					
Operating revenue	110,036	262,176	271,180	2,571	19,264	694,147	19,064	42,869	1,912	-	18,020	-	1,441,239
Segment results	26,427	69,588	(702)	(387)	(1,061)	59,525	(757)	7,256	359	183	(2,859)	-	157,572
Interest income	104	1,322	-	-	-	104	-	-	-	-	124	-	1,654
Finance costs	(7,487)	(2,382)	(2,088)	-	(423)	(2,484)	(948)	(146)	-	-	-	-	(15,958)
Profit before tax	19,044	68,528	(2,790)	(387)	(1,484)	57,145	(1,705)	7,110	359	183	(2,735)	-	143,268



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2010

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Assets and Liabilities As at 30 September 2010	Plantation		Oleochemicals	Manufacturing		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Rubber based products	Biodiesel		Shipping services	Other IV				
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000				
Segment assets	2,217,484	2,887,368	-	5,325	85,243	2,233,637	380,005	72,957	97,863	26,588	174,020	8,180,490
Unallocated corporate assets	258,863					643,710						902,573
Total assets	2,476,347	2,887,368	-	5,325	85,243	2,877,347	380,005	72,957	97,863	26,588	174,020	9,083,063
Segment liabilities	63,103	1,569,349	-	2,510	125,812	801,181	276,849	66,700	-	-	60,756	2,966,260
Unallocated corporate liabilities	155,881	471,240	-	-	-	44,349	-	-	-	-	75	671,545
Total liabilities	218,984	2,040,589	-	2,510	125,812	845,530	276,849	66,700	-	-	60,831	3,637,805

Assets and Liabilities As at 31 December 2009	Plantation		Oleochemicals	Manufacturing		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Rubber based products	Biodiesel		Shipping services	Other IV				
	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



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

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 material events subsequent to the end of the Interim Period were as follows:-

- i) There was a prepayment of a sum of RM135 million on the Company's RM430 million Al Ijarah loan facility. The prepayment is in accordance with the loan commitment that proceeds raised from any significant assets disposal made by the Company, in this instance proceeds from the disposal of Natural Oleochemicals Sdn Bhd., be utilized towards reducing the loan facility.
- ii). QSR Brands Berhad, a Subsidiary of the Company, had on 19 November 2010 announced that it has received a preliminary proposal from AmInvestment Bank Berhad and Newfields Advisors Sdn Bhd on Behalf of Idaman Saga Sdn Bhd, to acquire the entire business and undertakings of QSR Brands Bhd.

The Board of QSR Brands Berhad will deliberate on the offer and has until the 1 December 2010 to state its position after which date the offeror reserves the right to withdraw the offer.

Please refer to QSR Brands Berhad announcements for further details on the preliminary proposal.

- iii). There was announced through Bursa Malaysia on 25 November 2010 of a Non Binding Offer received by the Company to acquire the Company's entire equity interest in QSR Brands Bhd and consequently if materialize a general takeover offer will be extended to the minority shareholders of QSR Brands Berhad and a down stream takeover offer will also be extended to the shareholders of KFC Holdings (Malaysia) Berhad. The Board will deliberate on the offer and make further announcement(s) in due course.

A12. Changes in the Composition of the Group

The composition of the Group changed significantly following the completion of the disposal of Natural Oleochemicals Sdn Bhd (NASB). NASB formed the main manufacturing segment of the Group.

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.

**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ending 31 December 2010

A14. Capital Commitment

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

	RM'000
Contracted	77,726
Not contracted	199,194
	276,920

A15. Impairment of Assets

There were no significant impairment losses recognised by the Company and the Group during the quarter. The Group is deliberating on her Bio Diesel operating entity, the Nexsol (M) Sdn Bhd, long term viability and depending on the outcome there is a potential for some impairment on the Bio Diesel operating assets.

A16. Related Party Disclosures

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

	3 months ended		9 months ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	129	100	304	303
- Sales of oil palm fresh fruit bunches	2,543	6,942	23,412	18,668
- Purchasing and sales commission received	596	671	2,355	2,126
- Planting advisory and agronomy fee received	58	43	130	130
- Computer charged received	23	17	52	52
- Inspection fee received	20	15	45	45
- Rental payable	157	157	471	471



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

Group revenue, excluding the revenue of the disposed OleoChemicals Group, recorded an increase of 19.04 % to RM4.056 billion compared to the cumulative quarters in 2009. The Plantation sector recorded significant revenue increase of 36.9% compared to the corresponding quarters in 2009. The foods and restaurants business contributed 9.9% higher revenue compared to the corresponding quarters in 2009.

The Group recorded PBT from continuing operation of RM560 million which is an increase of 50.54% over the corresponding quarters in 2009. Plantation operation turned in 57.41% better result whereas foods and restaurants results improved by 16.43% compared to the corresponding quarters in 2009. The shipping sector under Sindora Intrapreneur Ventures too recorded 17.56% better result.

The disposal of Oleochemicals Group completed during the quarter resulted in a discontinuation gain of RM151.61 million net of tax.

The Group's plantation sector recorded an average OER for three cumulative quarters 2010 of 21.65%.

There were announcement made by the company during the quarter on share split and bonus and warrants issues. These are being attended to for shareholders approval.

Operational results

Plantations:

(i) Plantation Operation - Malaysia

The Group's ffb production for the 3rd quarter 2010 is at 158,568mt. This is almost unchanged compared to the ffb production for the corresponding quarter in 2009 of 159,921mt.

The group's cumulative ffb production for three quarters ending September 2010 is at 410,481mt. This is 4.28% lower compared to the ffb production for the corresponding quarters in 2009.

The Group's OER for the cumulative three quarters 2010 is at 20.26% compared to OER of 19.78% for the corresponding quarters in 2009.

Total ffb processed by the Group mills for the cumulative three quarters 2010 is at 598,192mt which is 1.14% higher compared to the corresponding quarters in 2009. Total ffb processed is inclusive of crops purchased from outside the Group.

Malaysian plantation operation achieved CPO and PK cumulative price averages of RM2,511 and RM1,488 per mt for three quarters in 2010 compared to RM2,130 and RM 1,024 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 300,368 mt ffb in the 3rd quarter 2010 which is 25.46% higher compared to the corresponding quarter in 2009. Together with crops purchased from outside the Group, NBPOL Group processed 418,374 mt ffb which is 23.44% higher compared to the corresponding quarters in 2009.

The Group's cumulative ffb production for three quarters ending September 2010 is at 1,027,582mt. This is 31.61% higher compared to the ffb production for the corresponding quarters in 2009. Total three quarters ffb processed is at 1,432,645 mt which is 29.48% higher compared to the corresponding three quarters in 2009.

NBPOL Company's ffb production is 4.82% lower and 1.81% lower for the third quarter and cumulative three quarters of the year respectively.

Contribution to NBPOL Group FFB processed from Guadalcanal Plains Palm Oil Limited for the 3rd quarter 2010 is at 34,253mt which is 14.07% higher than the contribution to the corresponding quarter in 2009. Her cumulative own ffb production for three quarters to end September 2010 is at 95,341mt. This is 19.31% higher compared to the ffb production for the corresponding quarters in 2009.

Contribution to NBPOL Group FFB production from RAMU for the 3rd quarter 2010 is at 17,004mt which is 9.63% higher compared to the corresponding quarter in 2009. It's cumulative own ffb production for three quarters to end September 2010 is at 54,210mt which is 60.47% higher compared to the corresponding quarters in 2009.

NBPOL new acquisition the CTP group as renamed Kula Plantation Pty Ltd, contributed 223,033 mt ffb for the five months period since the completion date. Kula processed 293,621 mt ffb over this period.

NBPOL Group OER for the cumulative three quarters 2010 is at 21.72% compared to 22.64% for the corresponding quarters in 2009.

NBPOL achieved cumulative price average for 2010 to end September of USD809/mt CPO compared to USD655/mt for the corresponding quarter 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)

Foods and Restaurants:

The food and restaurants (F&R) group registered a revenue of RM2,204.4 million for the cumulative three quarters 2010, representing an increase of 9.9% compared to the corresponding three quarters in 2009 of RM2,005.5 million.

The F&R group registered a profit before tax of RM189.2 million for the three cumulative quarters 2010 compared to the corresponding quarters in 2009 of RM160.0 million.

Within the F&R group, the KFC Holding (Malaysia) Berhad (KFCH) achieved a revenue of RM1,838.4 million for the three cumulative quarters 2010, representing a growth of 9.9% over the corresponding quarters in 2009 of RM1,673.2 million. The KFC restaurants segment registered a 9.3% revenue growth to RM1,366.2 million (million) whilst the Integrated Poultry segment recorded a 10.6% revenue growth to RM396.2 million.

KFCH registered a profit before tax of RM158.4 million for the cumulative three quarters 2010 compared to the corresponding quarters in 2009 of RM135.3 million.

Intrapreneur Ventures (IV)

The revenue from the IV section ex shipping services grew to RM147.78 million for the cumulative three quarters under review, an 18.73% increase compared to the corresponding quarters in 2009. The section recorded a profit before tax of RM3.16 million for the cumulative three quarters 2010. This is 6.19% lower compared to the corresponding quarters in 2009.

The shipping section revenue increased to RM59.77 million, 0.55% higher compared to the corresponding quarters in 2009. The section recorded a profit of RM4.68 million for the three quarters 2010, a 5.73% higher compared to the corresponding quarters in 2009.

Property Investment:

The Company's office tower, the Menara Ansar in Johor Bahru recorded a surplus for the cumulative three quarters 2010 of RM2.54 million compared to a surplus of RM1.016 million for 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 F&R sector sustained revenue growth in the quarter contributed to better result for the quarter.

**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 strengthened significantly since the last report date and currently traded at above RM3,300 per mt. This will have positive impact on plantation operation result for the final quarter of the year and into early quarters of 2011.

The disposal proceeds received from the disposal of Natural Oleochemicals Sdn Bhd will contribute to significant savings on 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.

Under the Intrapreneur Venture Business ("IV"), the shipping operations under 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, have secured long term charter contracts.

Based on the above generally positive outlook, the Board is confident of a better result for the final quarter 2010.

B4. Profit Forecast/Profit Guarantee

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

B5. Taxation

	3 MONTHS ENDED		9 MONTHS ENDED	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Current Taxation				
-Malaysia	(23,823)	(19,708)	(66,181)	(54,145)
-Overseas	(28,923)	(11,009)	(74,682)	(58,248)
	(52,746)	(30,717)	(140,683)	(112,393)
Transfer to deferred Taxation				
-Malaysia	(4,070)	(1,239)	(6,206)	4,118
-Overseas	-	-	-	-
	(4,070)	(1,239)	(6,206)	4,118
Total	(56,816)	(31,956)	(147,069)	(108,275)

The effective tax rate (etr) for the quarter is lower than the official tax rates applicable to the Group Companies at their respective geographical locations. The reversal for Natural Oleochemicals taxes contributed to the lower etr for the quarter. The cumulative three quarters taxes is reflective of the etr applicable to the Group companies.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B6. Sale of Unquoted Investments and/or Properties**

	3 MONTHS ENDED 30.09.2010 RM'000	9 MONTHS ENDED 30.09.2010 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 30.09.2010 RM'000	9 MONTHS ENDED 30.09.2010 RM'000
Total Purchase consideration	90,152	90,417
Total Sale proceeds	(68,526)	(84,428)
Total Profit/(Loss) on Disposals	152	417

- (b) Investment as at 30 September 2010.

	Held as Long Term Investments RM'000	Held as Current Assets RM'000	TOTAL RM'000
At cost	161,297	46,963	208,261
At book value	128,225	45,076	173,301
At market value	129,988	45,315	175,303



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

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.

As announced via Bursa on 22 September 2010 the proposal for the sale has been aborted and the Company is in the process of identifying an alternative buyer for the office tower.

- 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 sale was completed on the 23 September 2010.

- d) On 25 November 2010, the Company announced of a Non- Binding offer received from Carlyle Asia Investment Advisors Limited, on behalf of its affiliated investment funds that is managed by the Carlyle Group to acquire Kulim’s entire equity interest in QSR Brands Bhd for RM6.70 per share. The offer will also extend to all outstanding shares of QSR on a fully-diluted basis, including any shares issued pursuant to conversion of any outstanding warrants.

It was also announced that in the event the transaction materializes, a takeover offer will be extended to the minority shareholders of QSR Brands Berhad and a downstream takeover offer will also be extended to the shareholders of KFC Holdings (Malaysia) Berhad, in accordance with the requirements of the Malaysian Code of Takeovers and Mergers.

The Board of Directors of Kulim will deliberate on the offer and make announcements in due course.



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)

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.

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 22 September 2010 to further extend the condition precedents fulfilment period until 25 March 2011.

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:-



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)

- 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 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.

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.

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.



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)

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

B9. Borrowings and Debt Securities

	As at 30-Sep-10 RM'000	As at 31-Dec-09 RM'000
Term Loans		
Secured: - denominated in RM	1,024,121	1,002,351
- denominated in USD	681,665	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	47	2,840
Less: - due within 12 months (reclassified to short term borrowings)	(801,503)	(162,338)
Total - Term Loan	1,196,266	1,157,484
Short term borrowings (reclassified)	801,503	162,338
Other short term borrowings		
Revolving credits: - Secured	64,480	-
- Unsecured	-	82,092
Bank overdrafts: - Secured	41,140	32,217
- Unsecured	1,204	6,018
Short term bank borrowings: - Secured	-	263,328
- Unsecured	96,916	-
Finance lease liabilities - secured	-	1,754
Total - Short term borrowings	203,740	385,409
Total Borrowings	2,201,509	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		9 MONTHS ENDED	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Net profit for the period	284,658	43,712	361,212	99,015
Weighted average no. of shares in issue	312,349	308,890	312,349	308,890
Basic earnings per share	91.13	14.15	115.64	32.06

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)	1.2065	1.2642	1.3105	1.2593
United Kingdom Pound Sterling (GBP)	4.8830	5.1726	5.5710	5.2660
United States of America Dollar (USD/US\$)	3.0865	3.2579	3.4900	3.4665
EUR	4.2070	4.5611	5.0890	4.9705
Singapore Dollar (S\$)	2.3443	2.3924	2.4593	2.4206
Solomon Islands Dollar (SBD)	0.3708	0.3715	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 : 29 November 2010