



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER TO 31 MARCH 2012



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER TO 31 MARCH 2012**

	3 months ended		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	1,662,961	1,657,480	1,662,961	1,657,480
Expenses excluding finance cost & tax	(1,392,412)	(1,276,258)	(1,392,412)	(1,276,258)
Depreciation and amortisation	(95,733)	(87,006)	(95,733)	(87,006)
Other operating income / (loss)	38,945	102,629	38,945	102,629
Profit from operations	213,761	396,845	213,761	396,845
Finance cost	(27,023)	(20,050)	(27,023)	(20,050)
Interest income	955	2,933	955	2,933
Share of profit in associates	1,621	1,487	1,621	1,487
Profit before taxation	189,314	381,215	189,314	381,215
Income tax expense	(45,738)	(104,401)	(45,738)	(104,401)
Profit for the year	143,576	276,814	143,576	276,814
Profit attributable to:				
Owners of the company	68,705	127,099	68,705	127,099
Minority interest	74,871	149,715	74,871	149,715
Profit for the period	143,576	276,814	143,576	276,814
Basic earnings per ordinary share (sen):	Sen 5.62	Sen 10.12	Sen 5.62	Sen 10.12
Diluted earnings per ordinary share (sen):	5.62	10.12	5.62	10.12

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2011

**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ending 31 December 2012

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER TO 31 MARCH 2012**

	3 months ended		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	143,576	276,814	143,576	276,814
Foreign currency translation differences for foreign operations	5,913	22,766	5,913	22,766
Cash flow hedge	3	(1,117)	3	(1,117)
Available for sale reserve	5,543	(1,311)	5,543	(1,311)
	-	-	-	-
Total comprehensive income for the period	155,035	297,152	155,035	297,152
Total comprehensive income attributable to:				
Owners of the company	75,329	136,922	75,329	136,922
Minority interest	79,706	160,230	79,706	160,230
Total comprehensive income for the period	155,035	297,152	155,035	297,152

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2011



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012**

	AS AT END OF CURRENT QUARTER 31.03.2012	AS AT PRECEDING FINANCIAL YEAR 31.12.2011 (Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	7,753,962	7,667,603
Investment property	98,042	98,296
Investment in associates	26,601	24,334
Other investments	51,868	52,479
Intangible assets:	1,104,591	1,107,300
Goodwill (on consolidation)	287,178	288,100
Deferred farm expenditure (agriculture/non-perennial crop)	9,689	9,501
Other intangibles (if any)	807,724	809,699
Non-current assets	9,035,064	8,950,012
Investment/property held for sale	17,169	13,032
Other investments	125,549	97,369
Inventories	928,259	934,732
Trade and other receivables	915,406	873,889
Tax recoverable	33,769	6,502
Cash and cash equivalents	565,966	644,702
Current assets	2,586,118	2,570,226
TOTAL ASSETS	11,621,182	11,520,238
EQUITY AND LIABILITIES		
Share capital	315,509	315,509
Share premium	116,015	116,013
Other reserves:	1,430,499	1,424,074
Revaluation and other reserves	1,412,740	1,406,315
Warrant reserve	113,945	113,945
Treasury shares	(96,186)	(96,186)
Revenue reserves	2,501,331	2,436,500
Equity Attributable to Equity Holders of the Company	4,363,354	4,292,096
Minority Interest	2,708,309	2,628,603
Total equity	7,071,663	6,920,699
Term loans	2,107,386	2,049,101
Employee benefits	2,699	2,700
Deferred tax liabilities	1,048,418	1,040,424
Non current liabilities	3,158,503	3,092,225
Trade and other payables	805,369	797,120
Derivative financial instruments	2,100	2,104
Current income tax liabilities	155,197	135,946
Borrowings:		
Term Loans due within the 12 months	165,637	313,782
Short-term borrowings	262,352	258,061
Employee benefits	361	301
Current liabilities	1,391,016	1,507,314
TOTAL LIABILITIES	4,549,519	4,599,539
TOTAL EQUITY AND LIABILITIES	11,621,182	11,520,238
NET ASSETS PER SHARE (RM)	3.46	3.40

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2011



KULIM (MALAYSIA) BERHAD
Company No. 23370-Y

Interim report for the financial year ending 31 December 2012

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	← ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY →				NON-DISTRIBUTABLE		DISTRIBUTABLE		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	RETAINED EARNINGS RM'000	TOTAL RM'000		
Balance as at 1 January 2011	318,669,739	159,336	(45,690)	272,184	-	1,206,688	1,972,850	3,565,368	1,977,374	5,542,742
Foreign exchange translation differences	-	-	-	-	-	6,350	-	6,350	16,416	22,766
Cash flow hedges	-	-	-	-	-	5,249	-	5,249	(6,366)	(1,117)
Fair value of available-for-sale financial assets	-	-	-	-	-	(1,776)	-	(1,776)	465	(1,311)
Total other comprehensive income for the year	-	-	-	-	-	9,823	-	9,823	10,515	20,338
Profit for the year	-	-	-	-	-	-	127,099	127,099	149,715	276,814
Total comprehensive income for the year	-	-	-	-	-	9,823	127,099	136,922	160,230	297,152
Increase in minority interest	-	-	-	-	-	-	-	-	13	13
Arising from acquisition from minority interest	-	-	-	-	-	-	-	-	(13,592)	(13,592)
Share split (Every 1 share into 2 shares)	318,669,739	-	-	-	-	-	-	-	-	-
Bonus issue (1 bonus share for every 1 share)	637,339,478	159,336	-	(159,336)	-	-	-	-	-	-
Warrant exercised	-	-	-	-	86,726	-	(86,726)	-	-	-
Dividend to minority interest of subsidiaries	-	-	-	-	-	-	-	-	(17,287)	(17,287)
Treasury shares acquired	-	-	(44,591)	-	-	-	-	(44,591)	-	(44,591)
Balance as at 31 March 2011	1,274,678,956	318,672	(90,281)	112,848	86,726	1,216,511	2,013,223	3,657,699	2,106,738	5,764,437
Balance as at 1 January 2012	1,262,037,256	315,509	(96,186)	116,013	113,945	1,406,315	2,436,500	4,292,096	2,628,603	6,920,699
Foreign exchange translation differences	-	-	-	-	-	3,286	-	3,286	2,627	5,913
Cash flow hedges	-	-	-	-	-	2	-	2	1	3
Fair value of available-for-sale financial assets	-	-	-	-	-	3,336	-	3,336	2,207	5,543
Total other comprehensive income for the year	-	-	-	-	-	6,624	-	6,624	4,835	11,459
Profit for the year	-	-	-	-	-	-	68,705	68,705	74,871	143,576
Total comprehensive income for the year	-	-	-	-	-	6,624	68,705	75,329	79,706	155,035
Warrant exercised	470	-	-	2	-	(199)	-	(199)	-	(199)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	(3,874)	(3,874)	-	(3,874)
Arising from acquisition from minority interest	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2012	1,262,037,726	315,509	(96,186)	116,015	113,945	1,412,740	2,501,331	4,363,354	2,708,309	7,071,663



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED 31 MARCH 2012		
	AS AT 31.03.2012	AS AT 31.03.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	189,314	381,215
Adjustments for :	189,314	381,215
Non-cash item	124,205	73,648
Operating profit before changes in working capital	313,519	454,863
Changes in working capital:		
Inventories	6,473	11,738
Payables	(41,517)	(253,453)
Receivables	20,379	(173,754)
Cash generated from operations	298,854	39,394
Income tax paid	(45,761)	58,841
Net cash generated from operating activities	253,093	98,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-	(18)
Interest received	955	-
Purchase of equity interest in subsidiary from minority shareholders	-	2,933
Payment of:		
- deferred farm expenditure	(188)	(715)
Purchase of:		
- equity interest in:		
- associates	(646)	36,261
- other investments	-	130,619
- other investments	(66,195)	-
- property, plant and equipment	(190,631)	(348,996)
- intangible assets	-	(1,262)
Proceeds from:		
- disposal of other investment:		
- non-current	40,787	17,557
- disposal of property, plant and equipment	3,171	190
Net cash (used in)/generated from investing activities	(212,747)	(163,431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- minority shareholders of subsidiaries	-	(17,287)
Proceeds from term loans	205,125	797,232
Repayment of term loans	(290,695)	(757,386)
Proceeds from the issue of shares:		
- Warrants	2	86,726
Purchase of treasury shares	(1)	(44,591)
Issue of shares to minority shareholders of subsidiaries	-	13
(Addition) / Withdrawal of fixed deposits pledged	40,285	(44,826)
Interest paid	(27,023)	(20,050)
Net cash used in financing activities	(72,307)	(169)
Net (decrease in cash and cash equivalents	(31,961)	(65,365)
Effect of exchange reserve rate fluctuations on cash held	(6,490)	(561)
Cash and cash equivalents at 1 January	556,718	429,125
Cash and cash equivalents at 31 March	518,267	363,199

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

Cash and bank balances	474,152	358,752
Deposits with licensed banks	91,814	64,477
	565,966	423,229
Less:		
Deposits pledged	(44,150)	(44,826)
Bank overdraft	(3,549)	(15,204)
	518,267	363,199



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 International Accounting Standards Board (IASB). The Interim Financial Report should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2011.

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 2011.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2011. 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 2011.

On 1 January 2012, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
FRS 124	Related Party Disclosures
Amendments to FRS 1	Severe Hyperinflation and removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any material impact on the financial performance or position of the Group.



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

At the date of authorization of these interim financial statements, the following FRSS, Amendments to FRSS and IC Interpretations were issued but not yet effective and have not been applied by the Group:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 101: Presentation of items of other comprehensive income	1 July 2012
FRS 9: Financial instruments	1 January 2013
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of Interests in Other Entities	1 January 2013
FRS 13: Fair value Measurement	1 January 2013
FRS 119: Employee Benefits	1 January 2013
FRS 127: Separate Financial Statements	1 January 2013
FRS 128: Investment in Associate and Joint Venture	1 January 2013
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these interim financial statements for the period ended 31 March 2012 could be different if prepared under the MFRS Framework.



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

There were no significant items which unusually affect assets, liabilities, equity, net income or cash flows during the quarter under review.

A6. Change in Accounting Estimates

There were no changes in the accounting estimated reported in prior interim period or financial year that have material effect in the current financial quarter for the current financial period.

A7. Debt and Equity Securities

There were no cancellation, resale and prepayment 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.

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 1st Quarter Ended 31 March 2012	Plantation		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Shipping services	Other IV				
Operating revenue	160,891	537,145	857,395	49,426	50,905	2,137	-	5,062	1,662,961
Segment results	33,350	114,638	63,130	14,831	441	679	1,621	(13,308)	215,382
Interest income	207	98	-	-	-	-	-	650	955
Finance costs	(8,631)	(8,136)	(4,391)	(5,381)	(278)	-	-	(206)	(27,023)
Profit before tax	24,926	106,600	58,739	9,450	163	679	1,621	(12,864)	189,314

Results for 1st Quarter Ended 31 March 2011	Plantation		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Shipping services	Other IV				
Operating revenue	164,385	604,243	779,752	38,143	60,612	2,760	-	7,585	1,657,480
Segment results	44,772	281,755	66,629	6,024	4,941	1,449	1,487	(8,725)	398,332
Interest income	2,190	28	-	-	-	-	-	715	2,933
Finance costs	(5,647)	(8,601)	(2,904)	(2,189)	(391)	-	-	(318)	(20,050)
Profit before tax	41,315	273,182	63,725	3,835	4,550	1,449	1,487	(8,328)	381,215



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2012

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Assets and Liabilities As at 31 March 2012	Plantation		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Shipping services	Other IV				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	3,463,436	4,695,949	2,728,499	417,609	84,241	94,602	26,601	58,377	11,569,314
Unallocated corporate assets	-	-	-	-	-	-	-	51,868	51,868
Total assets	3,463,436	4,695,949	2,728,499	417,609	84,241	94,602	26,601	110,245	11,621,182
Segment liabilities	582,301	1,194,097	946,763	302,457	93,776	-	-	381,707	3,501,101
Unallocated corporate liabilities	174,130	780,071	83,880	-	-	-	-	10,337	1,048,418
Total liabilities	756,431	1,974,168	1,030,643	302,457	93,776	-	-	392,044	4,549,519

Assets and Liabilities As at 31 December 2011	Plantation		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Shipping services	Other IV				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	3,405,097	4,665,389	2,686,468	404,011	129,295	94,602	24,334	58,563	11,467,759
Unallocated corporate assets	-	-	-	-	-	-	-	52,479	52,479
Total assets	3,405,097	4,665,389	2,686,468	404,011	129,295	94,602	24,334	111,042	11,520,238
Segment liabilities	467,744	1,243,225	951,745	300,422	139,098	-	-	456,881	3,559,115
Unallocated corporate liabilities	167,376	781,605	82,515	-	-	-	-	8,928	1,040,424
Total liabilities	635,120	2,024,830	1,034,260	300,422	139,098	-	-	465,809	4,599,539



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 Company had on 10 January 2012 announced, in reference to the announcement made by New Britain Palm Oil Limited ("NBPOL"), a 50.68% owned subsidiary of Kulim, on 9 January 2012 in relation to the Notice of General Meeting for the Proposed Authority for a non pre-emptive issuance of up to five percent of the Company's current issued share capital.

The company had on 25 April 2012 announced that with the acquisition of the remaining 20% holding in Kula Palm Oil Limited ("KPOL") by NBPOL and the issuance of 3,337,147 new ordinary shares allotted to The Independent Public Business Corporation of Papua New Guinea ("IPBC") for consideration of the acquisition, the shareholding of Kulim in NBPOL is reduced from 50.68% to 49.54%.

This eventually renders NBPOL to be an associate company of Kulim, instead of a subsidiary, with effect from the date of the allotment of the new ordinary shares.

Further on that, on 18 May 2012 NBPOL announced to acquire the remaining 18.7% in Poliamba Limited, from the New Ireland Development Corporation ("NIDC") ultimately reduce the % of Kulim in NBPOL to 48.97%.

Related to conditional offer by Massive Equity Sdn Bhd to acquire all assets and liabilities of QSR Brands Bhd and KFC Holdings (M) Bhd. The Company had on 18 May 2012 announced, entered into a Guarantee and Indemnity Agreement ("G & I") with Triple Platform Sdn Bhd ("TPSB") where Kulim, as the Guarantor agrees to provide in favour of TPSB a guarantee and indemnity upon the terms and conditions of the G & I in respect of QSR G & I.

The Company also proposed Special Dividend RM 0.93 sen per share pursuant to the deemed disposal of Kulim's investment in QSR Brands Bhd ("QSR") and KFC Holdings (Malaysia) Bhd ("KFC").

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during current quarter.

A13. Changes in Contingent Liabilities or Contingent Assets

Since the last Statement of Financial Position date, there were no material changes in contingent liabilities and contingent assets.

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134****A14. Capital Commitment**

Authorised capital expenditures not provided for in the financial statements as at 31 March 2012 are as follows:

	RM'000
Contracted	77,453
Not contracted	327,233
	404,686

A15. Impairment of Assets

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

A16. Related Party Disclosures

Significant transactions between Kulim (Malaysia) Berhad group and its related companies are as follows:-

	3 months ended		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	56	78	56	78
- Purchasing and sales commission received	421	532	421	532
- Planting advisory and agronomy fee received	30	43	30	43
- Computer charged received	25	39	25	39
- Inspection fee received	8	8	8	8
- Rental payable	176	157	176	157



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 RM1.663 billion for the cumulative quarters under review compared to the corresponding quarter in 2011 revenue of RM1.657 billion, an increase of 0.33%.

The Group recorded PBT of RM189.3 million for the 1st quarter 2012 compared to PBT of RM381.2 million for the corresponding quarter in 2011, a 50.34% decrease.

Operational results

Plantations:

(i) Plantation Operation - Malaysia

The Group's FFB production for the 1st quarter 2012 is at 120,895mt compared to the corresponding quarter in 2011 at 115,615mt, a 4.57% increase.

The Group's FFB processed for the 1st quarter 2012 is at 167,537mt. This is 4.30% lower compared to the FFB production for the corresponding quarter in 2011.

The Group's OER for the 1st quarter 2012 is at 20.41% compared to 19.90% for the corresponding quarter in 2011.

Malaysian plantation operation achieved price averages of CPO price at RM3,099 and PK at RM1,840 per mt respectively for 1st quarter in 2012 compared to RM3,244 and RM2,845 per mt for CPO and PK respectively for the corresponding quarter in 2011.

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

NBPOL Group produced 427,467mt FFB in the 1st quarter 2012 which is 5.23% higher compared to the corresponding quarter in 2011. Together with crops purchased from outside the Group, NBPOL Group processed 597,585mt FFB for the 1st quarter 2012 which is 5.60% higher compared to the corresponding quarter in 2011.

A further result of such high rainfall is a lower extraction rate at the mill, such that the Group's crude palm oil ("CPO") extraction rate for this period was 22.36% compared to the corresponding period in 2011 of 23.32% and the full year 2011 of 22.79%.

The extremely high rainfall was localised in West New Britain. The Group's other operations at the Kula Palm Oil Limited ("KPOL") sites (Higaturu, Milne Bay and Poliamba), Ramu Agri-Industries Limited, and GPPOL (Solomon Islands) were not as severely impacted, jointly recording a combined 4.0% increase in FFB processed compared to the same period last year.



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 (continued)

The period of extremely high rainfall has now ended and more usual weather patterns returned at the end of the period. Although a small proportion of the FFB we were unable to harvest in Q1 is now being harvested, most of the fruit has been irretrievably lost in the field during this period.

Palm oil prices have been robust during the first quarter, trading in a range between USD1,050 and USD1,180 per tonne and global supply and demand fundamentals for vegetable oils remain relatively tight. However, oil shipments from our various ports were also impacted by weather events reducing the number of available ships to our ports. This resulted in closing inventories of CPO and PKO of approximately 58,000 tonnes (an increase of 15,000 tonnes from the end of 2011), all of which has subsequently been shipped.

As a result of the lower volumes shipped and the lower average selling prices achieved (particularly for Palm Kernel Oil ("PKO")) revenue is USD50.7million lower when compared to the same period last year.

The production of palm oil is largely a fixed cost business and hence a reduction in throughput has impacted our profitability in Q1. Also, we have seen some costs rise in US Dollar terms during this period because of the significant year on year appreciation in the Papua New Guinea Kina against the US Dollar by some 24%. Notwithstanding the continuing impact of the currency rates on the profitability of the business, we anticipate volumes for the remainder of the year to return to our original expectations.

It is also important to note that there was an USD8.9m one-off contribution in the first quarter of 2011 in relation to the disposal of the Company's interest in PT Dami Mas Sejahtera.

As at the end of the quarter, the Group had approximately 168,000 tonnes of crude palm oil sold or priced forward for 2012 at an average price of USD1,105 per tonne.

Our UK bakery margarines and fats plant in Liverpool is now fully operational with sales of packed products to the UK bakery and foodservice sectors having commenced in February 2012 and gives the Company the largest range of fully traceable sustainable palm oil products in the UK market. Further investment at our Liverpool site has also started with the addition of a second deodoriser, with the aim to double the refining capacity by mid-2013.

Subsequent to the quarter end, the Company acquired the remaining 20 per cent. holding in KPOL from the Independent Public Business Corporation of Papua New Guinea through the issue of 3.34 million new ordinary shares pursuant to an authority granted at the General Meeting of the Company held on 30 January 2012. The Company continues to expect to announce the completion of an additional minority shareholding in Poliamba Limited, a further announcement will be made in due course.



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 of Companies registered revenue of RM857.4 million for the 1st quarter 2012, representing an increase of 10.0% over corresponding quarter 2011 of RM779.8 million.

The Group profit before tax declined by 7.9% to RM58.7 million in the 1st quarter as against corresponding quarter of RM63.7 million. The lower profit attributable to the loss incurred by KFC Cambodia and lower earnings from KFC Holdings (Malaysia) Bhd ("KFCH").

Individually, KFCH's achieved revenue of RM718.56 million for the 1st quarter, representing a growth of 11.54% over corresponding quarter 2011 of RM644.2 million.

However its profit before tax declined by 9.9% to RM47.5 million in the 1st quarter as against corresponding quarter 2011 of RM52.7 million. KFCH's results was affected by the higher operating costs, higher commodity costs for feed production, and higher cost of open market chicken purchases which have been absorbed by the Group. KFC India and KFCH International College continued to incur loss as they have yet to achieve the critical number of restaurants and student population to operate profitably.

Intrapreneuer Ventures (IV)

The revenue from the IV business excluding shipping services recorded RM50.91 million for the 1st quarter under review, a decrease of 16.01% compared to the corresponding period in 2011. The business recorded lower performance with profit before tax of RM0.163 million for the 1st quarter 2012. (2011: RM4.5 million)

The shipping business revenue improved to RM49.42 million for the 1st quarter under review, an increase of 29.58% compared to the corresponding quarter in 2011. The business recorded a profit before tax of RM9.45 million for the 1st quarter 2012. (2011: RM3.84 million)

B2. Material Changes in the Quarterly Results

The Oil Palm sector recorded lower profits for the 1st quarter due to lower palm product prices and higher cost compared to the corresponding quarter last year.

The Foods and Restaurant registered lower profit due to the higher costs which attributed to lower profit margin in the current quarter.

B3. Current Year Prospects

The outlook for palm oil prices remains traded RM 3,000 per metric tonne and above and is expected to contribute significantly in maintaining Group's earnings. On the cost side, the Group is confident that fertilizer costs, the main expenditure item, would be well contained without compromising on the Group's norm and adherence to the agricultural standards.

The Foods and Restaurants Group continues to be resilient but the Group faces significant challenges from intense competition that are driven by aggressive value campaigns in both the domestic and foreign markets. This is further exacerbated by cost pressures from an unrelenting inflationary condition.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B3. Current Year Prospects (continued)**

The shipping business has registered improvement as all the vessels ordered have been progressively delivered to the oil majors on term charter which is currently operating smoothly.

The Group also take cognisant of a number of corporate exercises announced but pending completion, of which upon its completion, will have a significant impact on the Group's financials, namely:

- 1) New Issuance of up to 5% of NBPOL's Issued Share Capital by NBPOL. As per note A11, NBPOL results will not be consolidated effective May 2012. Thus, in the Group consolidated financial statements, the investment in the associate should be included under the equity method of accounting after the date of disposal. The Group will reduce its revenue but not significant changes in Group profits for the year.
- 2) Conditional Offer by Massive Equity Sdn Bhd to acquire all assets and liabilities of QSR Brands Bhd and KFC Holdings (M) Bhd. After completed, the Group will record the gain of disposal RM337 million.
- 3) The SPA between MPSB and JCorp and Johor Foods Sdn Bhd for the proposed acquisition of the land expected to be completed in 2nd quarter 2012. The acquisition will enhance the contribution of revenue and profit to the Group.

On the basis of the above factors, the outlook for the remaining quarters of the financial year is expected to remain favorable.

B4. Profit Forecast/Profit Guarantee

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

B5. Taxation

	3 MONTHS ENDED		3 MONTHS ENDED	
	31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Current Taxation				
-Malaysia	(14,417)	(27,276)	(14,417)	(27,276)
-Overseas	(26,650)	(75,816)	(26,650)	(75,816)
	(41,067)	(103,092)	(41,067)	(103,092)
Transfer to deferred Taxation				
-Malaysia	(4,671)	(1,309)	(4,671)	(1,309)
-Overseas	-	-	-	-
	(4,671)	(1,309)	(4,671)	(1,309)
Total	(45,738)	(104,401)	(45,738)	(104,401)

Effective tax rate is lower than the official tax rates applicable to the Group Companies at their respective geographical locations.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B6. Other operating income / (expenses)**

	CURRENT QUARTER		CUMULATIVE QUARTERS	
	1 JAN - 31 MAR	1 JAN - 31 MAR	1 JAN - 31 MAR	1 JAN - 31 MAR
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of shares	(1,189)	6,730	(1,189)	6,730
Fair value changes on FVTPL instrument	(139)	-	(139)	-
Foreign exchange gain or loss	23,939	14,644	23,939	14,644
Rental income	246	290	246	290
Services charge income	-	6,327	-	6,327
Delivery income	-	792	-	792
Miscellaneous income / (expenses)	16,088	73,846	16,088	73,846
Total other operating income / (losses)	38,945	102,629	38,945	102,629

B7. 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 as at the date of this report are as follows:

i. Announcements made by Kulim (Malaysia) Berhad

- a) The Company had on 16 August 2011 proposed acquisition of plantation assets from Johor Corporation ("JCorp") by Mahamurni Plantations Sdn Bhd ("MPSB"), a wholly-owned subsidiary of Kulim, of six (6) estates (together with all buildings and mills (including their plant and machineries erected thereon), all located in the state of Johor with a total land area measuring approximately 13,687 hectares for a total cash consideration of RM700 million.

The conditional sale and purchase agreements ("SPA") are as follows:

- (i) The SPA between MPSB and Johor Corporation (JCorp) for its acquisition of the oil palm plantation land (together with all buildings erected thereon together with assets, equipments, appliances, and plant and machineries located within the oil palm plantation) known as "Sungai Papan Estate" for a total cash consideration of RM183,300,000 and SPA between MPSB and JCorp Hotels and Resorts Sdn Bhd ("JHRSB") (formerly known as *Kumpulan Penambang (J) Sdn Bhd*), a wholly-owned subsidiary of JCorp, for the acquisition of the oil palm plantation land (together with all buildings erected thereon together with assets, equipments, appliances, and plant and machineries located within the oil palm land) known as "Part of Siang Estate" for a total cash consideration of RM191,600,000. Payments were effected on 31st December 2011.



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

B7. Status of Uncompleted Corporate Announcement (continued)

The proposed acquisitions that are yet to be completed are as follows:-

- (i) a SPA between MPSB and JCorp for the proposed acquisition of the land currently planted with oil palm cultivation (together with all buildings and palm oil mill ("Pasir Panjang Mill") erected thereon (together with assets, equipments, appliances, and plant and machineries located within the land and Pasir Panjang Mill)) known as "Part of Pasir Panjang Estate" for a total cash consideration of RM71,783,000;
 - (ii) a SPA between MPSB and Johor Foods Sdn Bhd ("JFSB"), a wholly-owned subsidiary of JCorp, for the proposed acquisition of the land currently planted with oil palm cultivation (together with all buildings and palm oil mill ("Palong Mill") erected thereon (together with assets, equipments appliances, and plant and machineries located within the land and Palong Mill)) known as "Mungka, Kemedak and Palong Estate" for a total cash consideration of RM253,317,000.
- b) The Company had on 14 December 2011 announced that the Board of Directors of QSR has received a letter from Massive Equity Sdn Bhd ("MESB") which sets out MESB's conditional offer to acquire substantially all the business and undertaking including substantially all of the assets and liabilities of QSR ("QSR Offer"). The Company also announced that, on even date, the Board of Directors of KFC received a letter from MESB which sets out MESB's conditional offer to acquire the entire business and undertaking including all of the assets and liabilities of KFC ("KFC Offer").
- The Company had on 21 December 2011 announced that the Board of Directors of QSR and KFC have accepted the "QSR Offer" and "KFC Offer" respectively subject to the execution of the relevant sale and purchase agreement.
- c) The Company had on 21 December 2011, announced that the Board of Directors of QSR (save for the interested directors under the QSR Offer) and KFC (save for the interested directors under the KFC Offer) have accepted the QSR Offer and KFC Offer respectively on 21 December 2011, subject to the execution of the relevant sale and purchase agreement.
 - d) The Company had on 9 May 2012 announced, Sindora Berhad had on even date entered into a Conditional Sale of Shares Agreement ("SSA") for the proposed sale of 75% equity interest in Metro Parking (M) Sdn Bhd comprising 2,625,000 ordinary shares of RM1.00 each for a total consideration of RM13,500,000 and a Settlement Agreement ("SA") for the proposed settlement of the total outstanding advances made by Sindora Berhad to Metro Parking (M) Sdn Bhd as at the date of the SA amounting to RM1,324,332 with Damansara Realty Berhad.
 - e) Related to conditional offer by Massive Equity Sdn Bhd to acquire all assets and liabilities of QSR Brands Bhd and KFC Holdings (Malaysia) Bhd. The Company had on 18 May 2012 announced, entered into a Guarantee and Indemnity Agreement ("G & I") with Triple Platform Sdn Bhd ("TPSB") where Kulim, as the Guarantor agrees to provide in favour of TPSB a guarantee and indemnity upon the terms and conditions of the G & I in respect of QSR G & I.



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

B7. Status of Uncompleted Corporate Announcement (continued)

The Company also proposed Special Dividend RM 0.93 sen per share pursuant to the deemed disposal of Kulim's investment in QSR Brands Bhd ("QSR") and KFC Holdings (Malaysia) Bhd ("KFC").

ii. Announcements made by KFC Holdings (Malaysia) Bhd, a subsidiary of QSR Brands Bhd, a subsidiary of the Company;

- a) 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 ("the Property") 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 ("the Land") for a cash consideration of RM 6,150,000 from Sindora Berhad ("SB").

SB has obtained the approval for the subdivision of the Land from Jawatankuasa Hasil Bumi, Johor on 4 May 2011 and is now pending the issuance of the separate document of title to the said Property under the name of SB. The Conditions Precedent will be fulfilled upon issuance of the separate document of title to the said Property.

- b) KFCH on 11 July 2011 announced the purchase of part of the freehold vacant commercial land measuring approximately 3.095 acres or 134,818 sq ft on part of Lot PTD 156352 (previously under part of Lot 84134) located within Bandar Dato' Onn ("BDO") ("Parcel 2") at a total consideration of RM 9,167,624.00 or RM 68.00 per sq. ft. from Johor Land Berhad.

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

- c) Reference is made to the announcement made by the Company in relation to the letter of offer by Massive Equity Sdn Bhd ("MESB") dated 14 December 2011, wherein MESB stated its intention to acquire substantially all business and undertaking of QSR, including substantially all the assets and liabilities of QSR, at an aggregate cash consideration equivalent to:-

- (a) RM6.80 per ordinary share of RM1.00 each held in QSR ("QSR Share") multiplied by the total outstanding QSR Shares (less treasury shares, if any) at a date to be determined later; and
- (b) RM3.79 per warrant of QSR ("QSR Warrant") multiplied by the total outstanding number of QSR Warrants in issue at a date to be determined later.
(hereinafter referred to as the "QSR Offer")

MESB had also on even date made an offer to acquire the entire business and undertaking of KFC Holdings (Malaysia) Bhd ("KFC"), including all of the assets and liabilities of KFC ("KFC Offer"). The KFC Offer and the QSR Offer are inter-conditional.



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

B7. Status of Uncompleted Corporate Announcement (continued)

The Company had on 21 December 2011 announced that the Board (save for the Interested Directors under the QSR Offer) has considered, inter-alia, the views of the Main Adviser and the Independent Adviser and all other relevant aspects of the QSR Offer. Pursuant thereto, the Independent Directors of QSR have agreed to accept the QSR Offer subject to further negotiations and mutual agreement on terms and conditions to be incorporated into the definitive sale and purchase agreement ("SPA").

The Company had on 23 April 2012 announced that the Company and MESB had on even date mutually agreed in writing to the following:

- (a) The date for execution of the SPA to be entered into between MESB and QSR shall fall on a date no later than 21 May 2012 or such other later date as the parties may mutually agree; and
- (b) The date for the fulfillment or otherwise waiver of conditions precedent in the QSR Offer shall refer to such mutually agreed cut-off date as set out in the SPA.

The QSR offer is in the midst of being implemented for Shareholders and Warrantholders approval and further details will be announced upon signing of the SPA.



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

B8. Borrowings and Debt Securities

	As at 31-Mar-12 RM'000	As at 31-Dec-11 RM'000
Term loan		
Secured:		
- denominated in RM	1,275,427	1,251,436
- denominated in USD	698,489	788,052
- denominated in Kina	104,245	107,909
Unsecured		
- denominated in RM	149,464	162,672
- denominated in USD	-	-
- denominated in Kina	33,770	34,957
- denominated in SDR	11,628	11,628
Less:		
- due within 12 months (reclassified to short term borrowings)	(165,637)	(231,985)
Total Term Loan	2,107,386	2,124,669
Other short term borrowings:		
Bank Overdraft		
- Unsecured	3,549	2,911
Revolving credit		
- Unsecured	224,584	226,928
Banker's acceptance		
- Unsecured	34,000	34,000
Finance lease liabilities		
- Secured	45	59
- Unsecured	174	392
Total -Short term borrowings	262,352	264,290
Term loan (reclassified)	165,637	231,985
Total Borrowings	2,535,375	2,620,944

B9. Material Litigation, Claims and Arbitration

There were no material litigations, claims and arbitration outstanding.

B10. Dividend Proposed

There was no dividend payment proposed during the quarter.



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

B11. Earnings Per Share (“EPS”)

	CURRENT QUARTER		CUMULATIVE QUARTERS	
	1 JAN - 31 MAR 2012 RM'000	1 JAN - 31 MAR 2011 RM'000	1 JAN - 31 MAR 2012 RM'000	1 JAN - 31 MAR 2011 RM'000
Basic earnings per share				
Net profit for the period	68,705	127,099	68,705	127,099
Weighted average no of share in issue	1,221,913	1,255,545	1,221,913	1,255,545
Basic earnings per share	5.62	10.12	5.62	10.12
Diluted earnings per share	5.62	10.12	5.62	10.12

B12. Currency Translation

The exchange rates used for each unit of the currencies in the Group for the current financial period are:

	THIS YEAR CURRENT QUARTER		PRECEEDING YEAR CORRESPONDING QUARTER	
	MTH-END RATE	AVERAGE RATE	MTH-END RATE	AVERAGE RATE
Papua New Guinea Kina (Kina)	1.5085	1.5340	1.915	1.2258
United Kingdom Pound Sterling (GBP)	4.8970	4.9044	4.8730	4.8230
United States of America Dollar (USD)	3.0685	3.1232	3.0280	3.0566
EUR	4.0860	4.1007	4.2800	4.1844
Singapore Dollar (S\$)	2.4393	2.4432	2.4003	2.3954
Solomon Islands Dollar (SBD)	0.4133	0.4139	0.3753	0.3762



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

B13. Realised and unrealised profits or losses

Pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, the breakdown of retained profits of the Group as at the reporting date, is as follows :-

	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000
The retained earnings of the Group is made up as follows:-		
- Realised	4,474,836	4,252,567
- Unrealised	(786,409)	(681,525)
	<u>3,688,427</u>	<u>3,571,042</u>
Add : Consolidation adjustments	<u>(1,187,096)</u>	<u>(1,134,542)</u>
	<u>2,501,331</u>	<u>2,436,500</u>

By Order of the Board
KULIM (MALAYSIA) BERHAD

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

Dated : 23 May 2012