



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER TO 30 SEPTEMBER 2012**

	3 months ended		9 months ended	
	30.09.2012 RM'000	30.09.2011 RM'000 Restated	30.09.2012 RM'000	30.09.2011 RM'000 Restated
Revenue	1,184,542	1,123,410	3,416,387	3,290,911
Expenses excluding finance cost & tax	(968,763)	(953,509)	(2,849,439)	(2,783,994)
Depreciation and amortisation	(99,883)	(44,102)	(269,444)	(138,832)
Other operating income / (loss)	23,823	39,908	27,359	66,395
Profit from operations	139,719	165,707	324,863	434,480
Finance cost	(28,103)	(12,549)	(67,292)	(39,288)
Interest income	6,431	871	8,112	6,464
Share of profit in associates	19,588	2,149	59,290	5,431
Profit before taxation	137,635	156,178	324,973	407,087
Income tax expense	(34,129)	(24,386)	(87,597)	(107,028)
Profit from continuing operations	103,506	131,792	237,376	300,059
Discontinued operation				
Profit from discontinued operation, net of tax	274	117,995	2,044,140	492,978
Profit for the year	103,780	249,787	2,281,516	793,037
Profit attributable to:				
Owners of the company	62,022	171,073	2,129,146	444,463
Minority interest	41,758	78,714	152,370	348,574
Profit for the period	103,780	249,787	2,281,516	793,037
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	4.94	4.40	6.81	14.29
From discontinued operations	0.06	9.57	164.74	22.01
Diluted earnings per ordinary share (sen):				
From continuing operations	4.85	4.40	166.51	14.29
From discontinued operations	-	9.57	-	22.01

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



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER TO 30 SEPTEMBER 2012**

	3 months ended		9 months ended	
	30.09.2012 RM'000	30.09.2011 RM'000 Restated	30.09.2012 RM'000	30.09.2011 RM'000 Restated
Profit for the period	103,780	249,787	2,281,516	793,037
Foreign currency translation differences for foreign operations	(25,889)	290,619	(169,219)	368,421
Cash flow hedge	-	26,177	10	114,514
Available for sale reserve	(10,345)	(34,933)	(2,408)	(32,430)
Total comprehensive income for the period	67,546	531,650	2,109,899	1,243,542
Total comprehensive income attributable to:				
Owners of the company	54,216	295,058	2,055,370	651,293
Minority interest	13,330	236,592	54,529	592,249
Total comprehensive income for the period	67,546	531,650	2,109,899	1,243,542

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 30 SEPTEMBER 2012**

	AS AT END OF CURRENT QUARTER 30.09.2012 RM'000	AS AT PRECEDING FINANCIAL YEAR 31.12.2011 (AUDITED) RM'000
ASSETS		
Property, plant and equipment	4,898,219	7,667,603
Investment property	94,873	98,296
Investment in associates	3,175,416	24,334
Other investments	22,694	52,479
Intangible assets:	936,418	1,107,300
Goodwill (on consolidation)	108,510	288,100
Deferred farm expenditure (agriculture/non-perennial crop)	14,406	9,501
Other intangibles (if any)	813,502	809,699
Non-current assets	9,127,620	8,950,012
Assets classified as held for sale	15,969	13,032
Other investments	191,213	97,369
Inventories	357,177	934,732
Trade and other receivables	462,953	873,889
Tax recoverable	47,504	6,502
Cash and cash equivalents	502,995	644,702
Current assets	1,577,811	2,570,226
TOTAL ASSETS	10,705,431	11,520,238
EQUITY AND LIABILITIES		
Share capital	319,217	315,509
Share premium	180,230	116,013
Other reserves:	1,410,850	1,424,074
Revaluation and other reserves	1,312,389	1,406,315
Warrant reserve	103,123	113,945
Treasury shares	(4,662)	(96,186)
Revenue reserves	4,555,639	2,436,500
Equity Attributable to Equity Holders of the Company	6,465,936	4,292,096
Minority Interest	1,318,489	2,628,603
Total equity	7,784,425	6,920,699
Loans and borrowings	1,455,038	2,049,101
Employee benefits	3,123	2,700
Deferred tax liabilities	262,315	1,040,424
Non current liabilities	1,720,476	3,092,225
Trade and other payables	583,636	797,120
Derivative financial instruments	-	2,104
Current income tax liabilities	24,393	135,946
Loans and borrowings	590,620	571,843
Liabilities classified as held for sale	1,881	-
Employee benefits	-	301
Current liabilities	1,200,530	1,507,314
TOTAL LIABILITIES	2,921,006	4,599,539
TOTAL EQUITY AND LIABILITIES	10,705,431	11,520,238
NET ASSETS PER SHARE (RM)	5.07	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


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Company No. 23370-V

Interim report for the financial year ending 31 December 2012

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	← ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY →							TOTAL RM'000	MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
	NO. OF SHARES	← NON-DISTRIBUTABLE →			DISTRIBUTABLE					
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				
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	-	-	-	-	-	175,260	-	175,260	193,161	368,421
Cash flow hedges	-	-	-	-	-	63,848	-	63,848	50,666	114,514
Fair value of available-for-sale financial assets	-	-	-	-	-	(32,278)	-	(32,278)	(152)	(32,430)
Total other comprehensive income for the year	-	-	-	-	-	206,830	-	206,830	243,675	450,505
Profit for the year	-	-	-	-	-	-	444,463	444,463	348,574	793,037
Total comprehensive income for the year	-	-	-	-	-	206,830	444,463	651,293	592,249	1,243,542
Increase in non-controlling interest	-	-	-	-	-	-	-	-	5,148	5,148
Share split (Every 1 share into 2 shares)	318,669,739	-	-	-	-	-	-	-	-	-
Bonus issue (1 bonus share for every 1 share)	612,055,078	153,014	-	(153,014)	-	-	-	-	-	-
Warrant exercised	500	-	-	2	85,005	-	(85,005)	2	-	2
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(12,270)	-	(12,270)	(10,781)	(23,051)
Dividend to minority interest of subsidiaries	-	-	-	-	-	-	-	-	1,421	1,421
Shares buy back by subsidiaries	-	-	-	-	-	-	-	-	(4,040)	(4,040)
Treasury shares acquired	-	-	(50,496)	-	-	-	-	(50,496)	-	(50,496)
Balance as at 30 September 2011	1,249,395,056	312,350	(96,186)	119,172	85,005	1,401,248	2,332,308	4,153,897	2,561,371	6,715,268
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	-	-	-	-	-	(72,423)	-	(72,423)	(96,796)	(169,219)
Cash flow hedges	-	-	-	-	-	5	-	5	5	10
Fair value of available-for-sale financial assets	-	-	-	-	-	(1,359)	-	(1,359)	(1,049)	(2,408)
Total other comprehensive income for the year	-	-	-	-	-	(73,777)	-	(73,777)	(97,840)	(171,617)
Profit for the year	-	-	-	-	-	-	2,129,146	2,129,146	152,370	2,281,516
Total comprehensive income for the year	-	-	-	-	-	(73,777)	2,129,146	2,055,369	54,530	2,109,899
Warrant exercised	14,832,134	3,708	-	64,217	(10,822)	-	-	57,103	-	57,103
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(222)	-	(222)	(186)	(408)
Impact of dilution	-	-	-	-	-	-	-	-	95,386	95,386
Disposal of treasury shares	-	-	96,186	-	-	-	46,290	142,476	-	142,476
Dividend to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	(32,669)	(32,669)
Treasury shares acquired	(995,600)	-	(4,662)	-	-	-	-	(4,662)	-	(4,662)
Decrease in non-controlling interest	-	-	-	-	-	(19,927)	(52,423)	(72,350)	(1,427,175)	(1,499,525)
Arising from acquisition from non-controlling interest	-	-	-	-	-	-	(3,874)	(3,874)	-	(3,874)
Balance as at 30 September 2012	1,275,873,790	319,217	(4,662)	180,230	103,123	1,312,389	4,555,639	6,465,936	1,318,489	7,784,425



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2012

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012		
	AS AT 30.09.2012	AS AT 30.09.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- continued operations	324,973	409,761
- discontinued operations	2,075,894	657,738
	2,400,867	1,067,499
Non-cash item	(1,703,343)	(940,045)
Operating profit before changes in working capital	697,524	127,454
Changes in working capital:		
Inventories	577,555	(155,647)
Receivables	410,936	577,922
Payables	(82,241)	(273,458)
Cash generated from operations	1,603,774	276,271
Income tax paid	(271,907)	185,208
Net cash generated from operating activities	1,331,867	461,479
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(187,383)	(18)
Interest received	8,217	9,216
Payment of:		
- deferred farm expenditure	(4,905)	(481)
Purchase of:		
- equity interest in:		
- associates	38,980	-
- other investments	(196,463)	(168,142)
- property, plant and equipment	(664,831)	(765,070)
- intangible assets	1,566	(1,262)
Proceeds from:		
- disposal of other investment:		
- non-current	92,292	403,808
- disposal of property, plant and equipment	(1,225)	83,954
- disposal of associates	-	40,532
Net cash (used in)/generated from investing activities	(913,752)	(397,463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- minority shareholders of subsidiaries	(32,669)	1,421
Proceeds from term loans	338,454	1,014,308
Repayment of term loans	(913,740)	(725,763)
Proceeds from the issue of shares:		
- Warrants	67,925	85,008
Purchase of treasury shares	91,524	(50,496)
Issue of shares to minority shareholders of subsidiaries	-	5,148
(Addition) / Withdrawal of fixed deposits pledged	(40,804)	(34,121)
Interest paid	(79,611)	(63,877)
Net cash used in financing activities	(568,921)	231,628
Net (decrease in cash and cash equivalents	(150,806)	295,644
Effect of exchange reserve rate fluctuations on cash held	(8,294)	1,068
Cash and cash equivalents at 1 January	556,718	406,434
Cash and cash equivalents at 31 December	397,618	703,146
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Cash and bank balances	240,228	621,466
Deposits with licensed banks	262,767	137,630
	502,995	759,096
Less:		
Deposits pledged	(102,669)	(46,912)
Bank overdraft	(2,708)	(9,038)
	397,618	703,146



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').

On 4th July 2012, MASB made an announcement of which 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 2014.

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 2014. 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 30 September 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

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") as consideration of the acquisition.

Further to that, on 18 May 2012 NBPOL announced the acquisition of the remaining 18.7% in Poliamba Limited, from the New Ireland Development Corporation ("NIDC") and issued new shares as consideration of the acquisition, which ultimately reduced the interest holding of Kulim in NBPOL to 48.97%.

The Company recorded a gain on dilution of RM 37.6 million and at the same time the Company remeasured its remaining stake in NBPOL to fair value as required under FRS 128 accounting for associates. A gain of RM1.9 billion was recorded as the difference between the fair value and its carrying amount.

During the quarter, the results of NBPOL prior to its change of status in May 2012 (inclusive of the comparative figures) were reclassified as discontinued operation as required by FRS 5. The comparative have been amended accordingly.

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:



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)

Results for 3 months Ended 30 September 2012	Plantation		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Elimination (Discontinued operation)	Consolidated
	Malaysia	Papua New Guinea & Solomon island (Up to Apr'12)		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000					
Operating revenue	184,017	-	887,026	85,111	58,576	2,162	-	(4,080)	(28,270)	1,184,542
Segment results	66,429	-	67,923	22,735	(456)	333	19,588	(16,490)	(755)	159,307
Interest income	5,916	-	-	-	-	-	-	515	-	6,431
Finance costs	(13,597)	-	(4,641)	(4,591)	357	-	-	(5,892)	261	(28,103)
Profit before tax	58,748	-	63,282	18,144	(99)	333	19,588	(21,867)	(494)	137,635

Results for 3 months Ended 30 September 2011	Plantation		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Elimination (Discontinued operation)	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000					
Operating revenue	220,238	627,970	821,491	45,500	62,520	2,221	-	269	(656,799)	1,123,410
Segment results	75,473	179,004	61,807	8,924	7,404	960	2,149	12,357	(180,222)	167,856
Interest income	1,208	1,562	-	-	(619)	-	-	282	(1,562)	871
Finance costs	(4,148)	(8,124)	(3,321)	(4,962)	(133)	-	-	(169)	8,308	(12,549)
Profit before tax	72,533	172,442	58,486	3,962	6,652	960	2,149	12,470	(173,476)	156,178



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Interim report for the financial year ending 31 December 2012

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 9 months Ended 30 September 2012	Plantation		Foods and Restaurants	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Elimination (Discontinued operation)	Consolidated
	Malaysia	Papua New Guinea & Solomon island (Up to Apr'12)		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000					
Operating revenue	511,911	763,804	2,640,974	174,005	165,389	6,462	-	2,837	(848,995)	3,416,387
Segment results	125,472	136,662	190,040	47,592	4,739	2,430	59,290	(42,221)	(139,851)	384,153
Interest income	6,580	105	-	-	-	-	-	1,532	(105)	8,112
Finance costs	(30,868)	(11,587)	(13,694)	(14,817)	(352)	-	-	(8,293)	12,319	(67,292)
Profit before tax	101,184	125,180	176,346	32,775	4,387	2,430	59,290	(48,982)	(127,637)	324,973

Results for 9 months Ended 30 September 2011	Plantation		Foods and 0	Intrapreneur Ventures (IV)		Inv. property	Associated companies	Others	Elimination (Discontinued operation)	Consolidated
	Malaysia	Papua New Guinea & Solomon island		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000					
Operating revenue	618,927	1,862,824	2,426,799	123,601	186,577	6,216	-	15,133	(1,949,166)	3,290,911
Segment results	182,667	678,986	197,226	21,814	12,787	2,716	5,431	20,533	(682,249)	439,911
Interest income	5,654	2,752	-	-	(619)	-	-	1,429	(2,752)	6,464
Finance costs	(16,263)	(24,000)	(9,300)	(11,971)	(958)	-	-	(1,385)	24,589	(39,288)
Profit before tax	172,058	657,738	187,926	9,843	11,210	2,716	5,431	20,577	(660,412)	407,087



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 30 September 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				
Segment assets	4,070,112	-	2,778,653	411,964	101,352	94,873	3,175,416	50,367	10,682,737
Unallocated corporate assets	-	-	-	-	-	-	-	22,694	22,694
Total assets	4,070,112	-	2,778,653	411,964	101,352	94,873	3,175,416	73,061	10,705,431
Segment liabilities	789,698	-	920,451	288,527	110,035	-	-	549,980	2,658,691
Unallocated corporate liabilities	164,757	-	87,445	-	562	-	-	9,551	262,315
Total liabilities	954,455	-	1,007,896	288,527	110,597	-	-	559,531	2,921,006

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				
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

Please refer to the note B7 (a) "Announcement made by QSR Brands Bhd" and note B7 (b) "Announcement made by KFC Holdings (Malaysia) Bhd."

A12. Changes in the Composition of the Group

Sindora Berhad, a subsidiary of Kulim (M) Berhad disposed of its investment in Metro Parking (M) Sdn Bhd. Inevitably this also represents a discontinued operation as the Group completely detached itself from parking management business.

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.

A14. Capital Commitment

Authorised capital expenditures not provided for in the financial statements as at 30 September 2012 are as follows:

	RM'000
Contracted	290,837
Not contracted	122,723
	413,560

A15. Impairment of Assets

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



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A16. Related Party Disclosures

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

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	56	100	168	250
- Sales of oil palm fresh fruit bunches	-	531	-	531
- Purchasing and sales commission received	519	593	1,463	1,822
- Planting advisory and agronomy fee received	30	43	89	130
- Computer charged received	35	9	93	73
- Inspection fee received	8	8	23	23
- Rental payable	148	157	469	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

The Group recorded revenue of RM3.4 billion for the cumulative quarters under review compared to the corresponding period 2011 revenue of RM3.3 billion, an increase of 3.81%.

The Group continued operation recorded PBT of RM324 million for the cumulative quarters 2012 compared to PBT of RM407 million for the corresponding period 2011, a 20.17% decrease.

Plantation Operation - Malaysia

The Group's FFB production for the current quarter 2012 is at 221,678mt compared to the corresponding period 2011 at 184,427mt, an increase of 20.20%.

The Group's cumulative FFB production for the cumulative quarters ending September 2012 is at 481,461mt. This is 3.36% higher compared to the FFB production for the corresponding period 2011.

The Group's OER for the cumulative quarters 2012 is marginally higher at 20.26% compared to 20.14% for the corresponding period 2011.

Total FFB processed by the Group mills for the cumulative quarters 2012 is at 674,960mt which is 1.30% lower compared to the corresponding period 2011. Total FFB processed is inclusive of crops purchased from outside the Group.

Malaysian plantation operation achieved average CPO price of RM3,093 and PK of RM1,748 per mt respectively for the cumulative quarters 2012 compared to RM3,248 and RM2,433 per mt for CPO and PK respectively for the corresponding period in 2011.

Foods and Restaurants:

QSR Group of Companies registered revenue of RM2.6 billion for the cumulative quarters 2012, representing an increase of 8.83% over the corresponding period 2011 of RM2.4 billion.

The Group profit before tax declined by 6.16% to RM176.3 million in the cumulative quarters as against corresponding period of RM187.9 million.



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)

Intrapreneur Ventures (IV)

The revenue from the IV businesses excluding shipping services recorded RM165.4 million for the cumulative quarters under review, a decrease of 11.36% as compared to the corresponding period in 2011. The businesses recorded lower performance with profit before tax of RM4.4 million for the cumulative quarters 2012 (2011: RM11.2 million)

The revenue of shipping business improved to RM174 million for the cumulative quarters under review, an increase of 40.78% compared to the corresponding period in 2011. The business recorded a profit before tax of RM32.8 million for the cumulative quarters 2012 (2011: RM9.84 million)

B2. Material Changes in the Quarterly Results

The Oil Palm sector recorded lower profits for the 3rd quarter 2012 mainly due to lower palm product prices compared to the corresponding quarter last year. However the lower price has affected the oil palm plantations globally.

B3. Current Year Prospects

The prevailing downward trends in palm products prices are deemed temporary and are anticipated to recover in the current quarter with production in the 4th quarter expected to be higher than the quarter just ended. The oil palm sector would remain the company's principle revenue generator.

The Foods and Restaurants Division continues to face challenges in both the domestic and foreign markets with competitors continuing to embark on aggressive value campaigns. The Group will strive to generate earnings growth by continuing to drive sales with new innovative products and value promotions besides executing operational excellence. The Group is also proceeding with its store development and refurbishment plans in all the markets where it operates.

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

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

- 1) Conditional Offer by Massive Equity Sdn Bhd to acquire all assets and liabilities of QSR Brands Bhd and KFC Holdings (M) Bhd. After completion, the Group is expected to record a gain of disposal of approximately RM337 million.
- 2) The SPA between MPSB and JCorp and Johor Foods Sdn Bhd for the proposed acquisition of the land is almost completed. As at 3rd quarter 2012 only acquisition of one estate and one mill remains yet to be completed, namely Pasir Panjang Estate and Pasir Panjang Mill.

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

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****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	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Current Taxation				
- Malaysia	(27,186)	(34,569)	(68,437)	(101,968)
- Overseas	(8,471)	(1,456)	(18,539)	(4,534)
	(35,657)	(36,025)	(86,976)	(106,502)
Transfer to deferred taxation				
- Malaysia	1,528	11,639	(621)	(526)
- Overseas	-	-	-	-
	1,528	11,639	(621)	(526)
Total	(34,129)	(24,386)	(87,597)	(107,028)

Effective tax rate is lower than official tax rates applicable to the Group Companies due to the exclusion of unrealised gain on fair value gain on deemed disposal of NBPOL.

B6. Other operating income / (expenses)

	3 months ended		9 months ended	
	30.09.2012 2012 RM'000	30.09.2011 2011 RM'000	30.09.2012 2012 RM'000	30.09.2011 2011 RM'000
Gain / (Loss) on disposal of shares	12,712	25,842	12,974	55,939
Fair value changes on FVTPL instrument	6,599	-	3,058	-
Rental income	211	342	824	925
Services charge income	-	5,998	-	19,293
Delivery income	-	585	-	2,022
Gain on deemed disposal of subsidiary	-	-	37,614	-
Miscellaneous income / (expenses)	4,301	7,141	(27,111)	(11,784)
Total other operating income / (losses)	23,823	39,908	27,359	66,395



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

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. Announcement made by Kulim (Malaysia) Berhad.

- a) On 16 August 2011, the Company announced on the 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.

The 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. Payment was made on 31 May 2012.

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

- (i) 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;
- 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



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)

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) 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.

Salient terms of the G&I

(i) Unconditional Guarantee and Indemnity

In consideration of the Buyer entering into the BSA, the Guarantor unconditionally and irrevocably guarantees to the Buyer, as primary obligor and not merely as surety:

- (a) the truth and accuracy of; and/or
- (b) due, proper and punctual performance and observance,

as the case may be, by QSR and KFCH (“Seller”), of the Seller’s Warranties under or pursuant to the Agreements (“the Guaranteed Warranties”) and agrees to indemnify the Buyer against all losses, liabilities, costs, charges, expenses, actions, proceedings, claims and demands which the Buyer may suffer through or arising from any breach by the Seller of the Guaranteed Warranties, subject to such limitations as set out in the G&I.

(ii) Extent of Liability

Notwithstanding any provision of the respective G&I and BSA, Kulim’s liability and obligations under the G&I with respect to the Seller’s breach of Guaranteed Warranties:

- (a) Shall arise if the claim is more than RM1 million under the QSR G&I and if the claim is more than RM10 million for KFC G&I;
- (b) Shall not exceed 56 cents for every RM1.00 of claims made by the Buyer against Kulim; and



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)

- (c) In respect of the claim by the Buyer against Kulim, shall not in aggregate exceed RM193 million and in any event shall not be equal to 5% or more than 5% of the latest published consolidated and audited net asset of Kulim at the date of this Guarantee and Indemnity.

provided that the Buyer shall not be entitled to claim for breach of Seller's Warranties with respect to matters which have been specifically disclosed by the Seller on or before the date of the respective BSA.

(iii) Continuing Guarantee and Term

This guarantee is to be a continuing guarantee and accordingly is to remain in force with respect to Guaranteed Warranties which breach may be discovered before or after completion of the QSR Offer and KFC Offer until such date ending 18 months after the completion date pursuant to the respective BSA.

The Company also had on 18 May 2012 announced its intention to distribute by way of a special dividend payment of approximately RM1.157 billion to all eligible shareholders of Kulim at an entitlement date to be determined later subject to the actual receipt by Kulim of such proceeds pursuant to the proposed deemed disposal of Kulim's investment in QSR Brands Bhd ("QSR") and KFC Holdings (Malaysia) Bhd ("KFC").

- e) 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.

The Company had on 19 October 2011 announced the Proposed Disposal is duly completed on even date.

ii) **Announcement made by QSR Brands Bhd;**

Reference is made to the announcement made by QSR Brands Bhd ("QSR") 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")



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)

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.

QSR had on 6 November 2012 announced that it has obtained its shareholders and warrant holders’ approval for the abovementioned.

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

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

- (a) RM4.00 per ordinary share of RM0.50 each held in KFC (“KFC Share”) multiplied by the total outstanding KFC Shares (less treasury shares, if any) at a date to be determined later; and
- (b) RM1.00 per warrant of KFC (“KFC Warrant”) multiplied by the total outstanding number of KFC Warrants in issue at a date to be determined later.

(hereinafter referred to as the “KFC Offer”)

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

KFC had on 5 November 2012 announced that it has obtained its shareholders and warrant holders’ approval for the abovementioned.

KFC had also on 5 September 2012 announced that it has vide its wholly owned subsidiary, Ayamas Integrated Poultry Industry Sdn Bhd, on 4 September 2012, entered into a Joint Venture Agreement with FELDA to form a joint venture company for the purpose of undertaking poultry farming business operations.



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

B8. Borrowings and Debt Securities

	Audited	
	As at 30 Sept 2012 RM'000	As at 31 Dec 2011 RM'000
Non-current		
Secured:		
Obligations under finance leases	-	1,872
Term loans	1,276,199	1,627,283
	1,276,199	1,629,155
Unsecured:		
Obligations under finance leases	436	362
Term loans	178,403	419,584
	178,839	419,946
Non-current loans and borrowings	1,455,038	2,049,101
Current		
Secured:		
Obligations under finance leases	115	2,614
Bank overdrafts	-	17,080
Revolving credit	-	30,000
Term loans	127,445	135,522
	127,560	185,216
Unsecured:		
Obligations under finance leases	155	150
Bank overdrafts	2,708	9,039
Bankers' acceptances	1,900	35,431
Revolving credit	425,799	163,747
Term loans	32,498	178,260
	463,060	386,627
Current loans and borrowings	590,620	571,843
Total loans and borrowings	2,045,658	2,620,944



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

B9. Derivatives

There were no outstanding derivatives as at the end of the quarter.

B10. Material Litigation, Claims and Arbitration

There were no material litigations, claims and arbitration outstanding.

B11. Dividend Proposed

There was no dividend payment proposed during the quarter.

B12. Earnings Per Share (“EPS”)

	3 months ended		9 months ended	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Basic earnings per share				
Net profit for the period	62,022	171,073	2,129,146	444,463
Weighted average no of share in issue	1,241,131	1,224,532	1,241,131	1,224,532
Basic earnings per share	5.00	13.97	171.55	36.30
Diluted earnings per share	4.85	13.97	166.51	36.30

B13. 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)	1.5105	1.5350	1.4300	1.3451
United Kingdom Pound Sterling (GBP)	4.9780	4.9449	4.9580	4.8655
United States of America Dollar (USD)	3.0675	3.1227	3.1885	3.1368
EUR	3.9600	4.0377	4.3130	4.2009
Singapore Dollar (SGD)	2.5008	2.4739	2.4533	2.4219
Solomon Islands Dollar (SBD)	0.4066	0.4102	0.3973	0.3946



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

B14. 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 30 Sept 2012 RM'000	As at 31 Dec 2011 RM'000
The retained earnings of the Group is made up as follows:-		
- Realised	4,539,738	4,252,567
- Unrealised	2,015,168	(681,525)
	<u>6,554,906</u>	<u>3,571,042</u>
Add : Consolidation adjustments	(1,999,267)	(1,134,542)
	<u>4,555,639</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 : 29 November 2012