



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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND NINE MONTH ENDED 30 SEPTEMBER 2013**



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER TO 30 SEPTEMBER 2013**

	3 months ended		9 months ended	
	30.09.2013 RM'000	30.09.2012 RM'000 As restated	30.09.2013 RM'000	30.09.2012 RM'000 As restated
Revenue	682,915	719,297	2,190,024	2,321,864
Expenses excluding finance cost & tax	(466,044)	(519,423)	(1,710,446)	(1,790,255)
Depreciation and amortisation	(93,219)	(123,728)	(241,416)	(219,095)
Other operating income / (loss)	(58,984)	28,022	(71,195)	112,011
Profit from operations	64,668	104,168	166,967	424,525
Finance cost	(21,958)	(28,496)	(61,324)	(73,202)
Interest income	2,757	6,435	5,736	8,244
Share of profit in associates	18	95	184	136
Profit before taxation	45,485	82,202	111,563	359,703
Income tax expense	(25,894)	(17,883)	(61,868)	(63,620)
Profit from continuing operations	19,591	64,319	49,695	296,083
Discontinued operation				
Profit from discontinued operation, net of tax	(1,773)	57,846	424,022	149,116
Profit for the year	17,818	122,165	473,717	445,199
Profit attributable to:				
Owners of the company	16,427	71,534	427,689	250,600
Minority interest	1,391	50,631	46,028	194,599
Profit for the period	17,818	122,165	473,717	445,199
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	1.44	2.72	4.10	15.39
From discontinued operations	(0.14)	3.04	29.77	4.80
Diluted earnings per ordinary share (sen):				
From continuing operations	1.40	2.63	4.00	14.87
From discontinued operations	(0.14)	2.94	29.00	4.64

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2012

**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ending 31 December 2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER TO 30 SEPTEMBER 2013**

	3 months ended		9 months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
		As restated		As restated
Profit for the period	17,818	122,165	473,717	445,199
Foreign currency translation differences for foreign operations	(143,983)	(118,855)	(374,162)	(259,892)
Transfer (from) / to:				
- reserve	-	1,972	254	1,972
Cash flow hedge	(774)	7,858	2,886	7,792
Available for sale reserve	(338)	(10,345)	946	(2,408)
Total comprehensive income for the period	(127,277)	2,795	103,641	192,663
Total comprehensive income attributable to:				
Owners of the company	(52,751)	22,933	296,509	194,807
Minority interest	(74,526)	(20,138)	(192,868)	(2,144)
Total comprehensive income for the period	(127,277)	2,795	103,641	192,663

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2012



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	AS AT END OF CURRENT QUARTER 30.09.2013	AS AT FINANCIAL YEAR 31.12.2012 (AUDITED)	AS AT FINANCIAL YEAR 01.01.2013
	RM'000	RM'000	RM'000
ASSETS			
Property, plant and equipment	6,353,195	3,149,132	6,594,275
Investment property	95,651	95,602	95,602
Investment in associates	1,943	1,868,694	1,718
Other investments	77,641	83,761	83,761
Intangible assets:	189,437	27,778	233,382
Goodwill (on consolidation)	180,252	17,178	202,741
Other intangibles (if any)	9,185	10,600	30,641
Non-current assets	6,717,867	5,224,967	7,008,738
Assets classified as held for sale	-	3,408,193	3,399,462
Other investments	104,457	23,860	23,860
Inventories	644,291	82,387	720,593
Trade and other receivables	597,978	228,598	623,507
Derivative financial instruments	18,157	-	24,128
Tax recoverable	60,670	28,858	28,858
Cash and cash equivalents	233,105	222,336	280,889
Current assets	1,658,658	3,994,232	5,101,297
TOTAL ASSETS	8,376,525	9,219,199	12,110,035
EQUITY AND LIABILITIES			
Share capital	323,508	320,637	320,638
Share premium	247,428	204,820	204,819
Other reserves:	1,252,396	1,371,125	1,382,649
Revaluation and other reserves	1,228,857	1,317,975	1,329,499
Warrant reserve	90,602	98,979	98,979
Treasury shares	(67,063)	(45,829)	(45,829)
Revenue reserves	1,937,260	2,038,526	1,509,571
Equity Attributable to Equity Holders of the Company	3,760,592	3,935,108	3,417,677
Minority Interest	1,366,758	1,384,487	2,781,971
Total equity	5,127,350	5,319,595	6,199,648
Loans and borrowings	1,136,257	470,722	1,166,503
Deferred tax liabilities	895,547	166,170	976,376
Non current liabilities	2,031,804	636,892	2,142,879
Trade and other payables	291,263	1,311,539	1,474,058
Current income tax liabilities	39,907	466	21,868
Loans and borrowings	886,201	655,647	976,523
Liabilities classified as held for sale	-	1,295,060	1,295,059
Current liabilities	1,217,371	3,262,712	3,767,508
TOTAL LIABILITIES	3,249,175	3,899,604	5,910,387
TOTAL EQUITY AND LIABILITIES	8,376,525	9,219,199	12,110,035
NET ASSETS PER SHARE (RM)	2.96	3.09	2.69



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2013

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	← ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY →							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	RETAINED EARNINGS RM'000			
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	-	-	-	-	-	(60,355)	-	(60,355)	(199,537)	(259,892)
Transfer from reserves to retained profit	-	-	-	-	-	1,972	-	1,972	-	1,972
Cash flow hedges	-	-	-	-	-	3,949	-	3,949	3,843	7,792
Fair value of available-for-sale financial assets	-	-	-	-	-	(1,359)	-	(1,359)	(1,049)	(2,408)
Total other comprehensive income for the year	-	-	-	-	-	(55,793)	-	(55,793)	(196,743)	(252,536)
Profit for the year	-	-	-	-	-	-	250,600	250,600	194,599	445,199
Total comprehensive income for the year	-	-	-	-	-	(55,793)	250,600	194,807	(2,144)	192,663
Warrant exercised	2,189,434	3,709	-	64,219	(10,822)	-	-	57,106	-	57,106
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(222)	-	(222)	(185)	(407)
Impact of dilution	-	-	-	-	-	-	-	-	144,939	144,939
Share options exercised	-	-	96,187	-	-	-	46,290	142,477	-	142,477
Dividend to minority interest of subsidiaries	-	-	-	-	-	-	-	-	(34,974)	(34,974)
Treasury shares acquired	-	-	(4,661)	-	-	-	-	(4,661)	-	(4,661)
Acquisition of new subsidiaries	-	-	-	-	-	-	(3,874)	(3,874)	-	(3,874)
Balance as at 30 September 2012	1,264,226,690	319,218	(4,660)	180,232	103,123	1,350,300	2,729,516	4,677,729	2,736,239	7,413,968
Balance as at 1 January 2013	1,272,668,863	320,637	(45,829)	204,820	98,979	1,317,979	2,038,520	3,935,106	1,384,489	5,319,595
Effect adopting FRS10	-	-	-	-	-	11,520	(528,949)	(517,429)	1,397,482	880,053
As at 31 December 2012 / 1 January 2013, restated	1,272,668,863	320,637	(45,829)	204,820	98,979	1,329,499	1,509,571	3,417,677	2,781,971	6,199,648
Foreign exchange translation differences	-	-	-	-	-	(133,793)	-	(133,793)	(240,369)	(374,162)
Transfer from reserves to retained profit	-	-	-	-	-	254	-	254	-	254
Cash flow hedges	-	-	-	-	-	1,413	-	1,413	1,473	2,886
Fair value of available-for-sale financial assets	-	-	-	-	-	946	-	946	-	946
Total other comprehensive income for the year	-	-	-	-	-	(131,180)	-	(131,180)	(238,896)	(370,076)
Profit for the year	-	-	-	-	-	-	427,689	427,689	46,028	473,717
Total comprehensive income for the year	-	-	-	-	-	(131,180)	427,689	296,509	(192,868)	103,641
Increase in minority interest	-	-	-	-	-	-	-	-	1,600	1,600
Warrant exercised	11,482,373	2,871	-	42,608	(8,377)	-	-	37,102	-	37,102
Treasury shares acquired	(15,322,000)	-	(21,234)	-	-	-	-	(21,234)	-	(21,234)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	30,538	-	30,538	(1,225,285)	(1,194,747)
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	1,340	1,340
Balance as at 30 September 2013	1,268,829,236	323,508	(67,063)	247,428	90,602	1,228,857	1,937,260	3,760,592	1,366,758	5,127,350



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2013

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013		
	AS AT 30.09.2013	AS AT 30.09.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- continued operations	414,366	328,490
- discontinued operations	59,351	237,531
	473,717	566,021
Non-cash item	(55,967)	388,565
Operating profit before changes in working capital	417,750	954,586
Changes in working capital:		
Inventories	78,227	(21,108)
Receivables	25,529	(175,916)
Payables	(58,777)	(40,861)
Cash generated from operations	462,729	716,701
Income tax paid	(13,773)	(187,891)
Net cash (used in)/ generated from operating activities	448,956	528,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(1,340)	-
Dividends received	576	-
Interest received	5,736	8,243
Payment of:		
- deferred farm expenditure	(1,627)	(4,905)
Purchase of:		
- equity interest in:		
- other investments	(261,100)	(214,842)
- property, plant and equipment	(380,930)	(988,811)
Proceeds from:		
- disposal of other investment:		
- non-current	186,280	153,000
- disposal of subsidiaries	1,253,881	-
Net cash (used in)/generated from investing activities	801,476	(1,047,315)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- shareholders of the Company	(1,158,450)	(34,975)
Proceeds from term loans	279,464	601,372
Repayment of term loans	(366,939)	(237,604)
Proceeds from the issue of shares:		
- Warrants	37,100	67,925
(Purchase) / Disposal of treasury shares	(21,234)	91,524
Issue of shares to minority shareholders of subsidiaries	1,600	-
(Addition) / Withdrawal of fixed deposits pledged	-	(40,804)
Interest paid	(61,324)	(73,202)
Net cash (used in)/generated from financing activities	(1,289,783)	374,236
Net (decrease) in cash and cash equivalents	(39,351)	(144,269)
Effect of exchange reserve rate fluctuations on cash held	1,542	(3,982)
Cash and cash equivalents at 1 January	246,182	556,718
Cash and cash equivalents at 30 September	208,373	408,467
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Cash and bank balances	149,359	251,078
Deposits with licensed banks	83,747	262,767
	233,106	513,845
Less:		
Deposits pledged	-	(102,669)
Bank overdraft	(24,733)	(2,709)
	208,373	408,467



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 Standards Board (MASB). The Interim Financial Report should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2012.

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 2012.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2012. 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 2012.

On 1 January 2013, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

FRS 101 Presentation of items of Other Comprehensive Income (Amendments to FRS 101)	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	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 Ventures	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

Amendments to FRS134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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 except for the application of FRS 10 as explained in below.

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 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

Other than for application of FRS 10, the application of the above FRS, Amendment to FRS and Interpretations did not result in any significant changes in the accounting policies and presentation of the Financial results of the Group.

The impact on the financial performance and results of the Group arising from the adoption of FRS 10 is discussed below:

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's return. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134****A2. Significant Accounting Policies (continued)**

The application of FRS 10 affected the accounting for the Group's equity interest in New Britain Palm Oil Limited ("NBPOL"). During the previous financial year, the Group's shareholdings in NBPOL was diluted to 49.54% and this was accounted for as a deemed disposal of a subsidiary.

Under FRS 10 which was effective on 1 January 2013, the directors consider that the Group has retained control of NBPOL even though it has less than 50% of the voting rights. The Group is the major shareholder of NBPOL with 48.97% equity interest as at 31 December 2012. Given the dispersed nature of the shareholdings in NBPOL not held by the Group, the directors consider that the shareholders who are likely to attend the shareholders' meeting of NBPOL are unlikely to out vote the Group in any resolution and that therefore, the Group has control over NBPOL.

The change in accounting policy has been accounted for retrospectively in accordance with the transitional provisions of FRS 10.

Following the adoption of FRS 10, certain comparatives have been restated as follow:

Consolidated statement of financial position at 31 December 2012

	Originally stated RM'000	Adjustment RM'000	Restated RM'000
Non-current assets	5,224,967	1,783,771	7,008,738
Current assets	3,994,232	1,107,065	5,101,297
Total assets	<u>9,219,199</u>	<u>2,890,836</u>	<u>12,110,035</u>
Non-current liabilities	636,892	1,505,987	2,142,879
Current liabilities	3,262,712	504,796	3,767,508
Total equity	<u>5,319,595</u>	<u>880,053</u>	<u>6,199,648</u>
Total equity and liabilities	<u>9,219,199</u>	<u>2,890,836</u>	<u>12,110,035</u>

Consolidated statement of comprehensive income for 9 months period ended 30 September 2012

	Originally stated RM'000	Adjustment RM'000	Restated RM'000
Revenue	673,060	1,648,804	2,321,864
Profit before tax	122,172	237,531	359,703
Profit for the period	264,610	180,589	445,199

Consolidated statement of comprehensive income for 3 months period ended 30 September 2012

	Originally stated RM'000	Adjustment RM'000	Restated RM'000
Revenue	241,721	477,576	719,297
Profit before tax	42,227	39,975	82,202
Profit for the period	99,206	22,959	122,165



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

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 31 December 2012 could be different if prepared under the MFRS Framework.

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.



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

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

The financial results of the Group were significantly affected by the adoption of FRS 10. Further details are disclosed in Note A2.

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 2013

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 9 Months Ended 30 September 2013	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	592,057	1,382,849	-	125,046	69,448	6,713	-	62,130	(48,219)	2,190,024
Segment results	111,615	82,799	-	20,423	9,155	3,537	184	(50,248)	(10,314)	167,151
Interest income	1,041	13	-	-	33	7	-	4,642	-	5,736
Finance costs	(26,353)	(23,461)	-	(11,766)	(888)	-	-	(1,214)	2,358	(61,324)
Profit before tax	86,303	59,351	-	8,657	8,300	3,544	184	(46,820)	(7,956)	111,563

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		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000					
Operating revenue	511,912	1,648,804	2,640,974	174,005	165,389	6,462	-	2,836	(2,828,518)	2,321,864
Segment results	125,472	262,340	190,040	47,592	4,739	2,430	136	13,589	(221,675)	424,663
Interest income	6,580	132	-	-	-	-	-	1,532	-	8,244
Finance costs	(30,868)	(24,941)	(13,694)	(14,817)	(1,084)	-	-	(7,561)	19,763	(73,202)
Profit before tax	101,184	237,531	176,346	32,775	3,655	2,430	136	7,560	(201,912)	359,705



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2013

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 3 Months Ended 30 September 2013	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	193,860	411,854	-	33,530	30,755	2,240	-	17,724	(7,048)	682,915
Segment results	45,918	22,523	-	9,192	9,082	1,113	18	(22,914)	(246)	64,686
Interest income	1,019	10	-	-	13	-	-	1,715	-	2,757
Finance costs	(10,185)	(7,684)	-	(2,677)	(233)	-	-	(1,179)	-	(21,958)
Profit before tax	36,752	14,849	-	6,515	8,862	1,113	18	(22,378)	(246)	45,485

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		Shipping services	Other IV					
	RM'000	RM'000		RM'000	RM'000					
Operating revenue	184,016	477,575	887,026	85,111	58,577	2,162	-	(4,080)	(971,090)	719,297
Segment results	66,428	46,324	67,923	22,735	(456)	333	96	(16,756)	(82,364)	104,263
Interest income	5,916	5	-	-	-	-	-	514	-	6,435
Finance costs	(13,597)	(6,353)	(4,641)	(4,591)	(375)	-	-	(5,159)	6,220	(28,496)
Profit before tax	58,747	39,976	63,282	18,144	(831)	333	96	(21,401)	(76,144)	82,202



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2013

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Assets and Liabilities As at 30 September 2013	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	3,518,795	4,215,446	-	419,228	45,294	95,602	1,943	2,576	8,298,884
Unallocated corporate assets	-	-	-	-	-	-	-	77,641	77,641
Total assets	3,518,795	4,215,446	-	419,228	45,294	95,602	1,943	80,217	8,376,525
Segment liabilities	892,332	1,056,832	-	276,154	73,351	-	-	54,959	2,353,628
Unallocated corporate liabilities	159,317	726,320	-	-	257	-	-	9,653	895,547
Total liabilities	1,051,649	1,783,152	-	276,154	73,608	-	-	64,612	3,249,175

Assets and Liabilities As at 1 January 2013	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	3,566,691	4,692,892	3,091,196	424,207	104,234	95,602	1,718	49,734	12,026,274
Unallocated corporate assets	-	-	-	-	-	-	-	83,761	83,761
Total assets	3,566,691	4,692,892	3,091,196	424,207	104,234	95,602	1,718	133,495	12,110,035
Segment liabilities	990,841	2,010,784	1,070,408	294,244	114,080	-	-	453,653	4,934,010
Unallocated corporate liabilities	155,751	-	-	-	562	-	-	820,064	976,377
Total liabilities	1,146,592	2,010,784	1,070,408	294,244	114,642	-	-	1,273,717	5,910,387



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

- i. On 3 October 2013, the company announced that it had entered into a conditional share sale agreement with PT Graha Sumber Berkah in relation to the proposed acquisition of 75% equity interest in PT Wisesa Inspirasi Nusantara (“PT WIN”) for a total consideration of up to USD 43.44 million.

The proposed acquisition is expected to be completed in the first quarter of 2014.

- ii. On 3 October 2013, the company announced that it had proposes to establish an ESOS of up to five percent (5%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time for its eligible employees and Directors of Kulim and its subsidiaries (excluding subsidiaries which are dormant) who fulfill the eligibility criteria.

Barring any unforeseen circumstances, the Proposed ESOS is expected to be implemented by the first quarter of 2014.



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A12. Changes in the Composition of the Group

On 30 August 2013, Sindora Berhad a wholly owned subsidiary of Kulim, completed the disposal of the interest in Pro Office Solutions Sdn Bhd (“POSSB”). The disposal however, is expected not to have significant impact on the Group result. There were no other changes in the composition of the Group during the quarter other than as disclosed in note A2.

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 2013 are as follows:

	RM'000
Contracted	4,270
Not contracted	82,016
	86,286



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A15. Impairment of Assets

As in accordance to FRS136, the Group made its assessments of the assets and recognized any impairment accordingly.

A16. Related Party Disclosures

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

	3 months ended		9 months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	45	56	146	168
- Sales of oil palm fresh fruit bunches	3,005	-	14,541	-
- Purchasing and sales commission received	526	519	1,552	1,463
- Planting advisory and agronomy fee received	22	30	73	89
- Computer charged received	17	35	61	93
- Inspection fee received	8	8	23	23
- Rental payable	157	148	471	469



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 RM2.19 billion for the cumulative quarters under review compared to the corresponding period 2012 with revenue of RM2.32 billion, a decrease of 5.68%.

The Group recorded a PBT of RM111.6 million for the cumulative quarters 2013 compared to PBT of RM359.7 million for the corresponding period in 2012, a decrease of 68.98%.

Plantation Operation - Malaysia

The Group's FFB production for the current quarter 2013 is at 243,020mt compared to the corresponding period in 2012 at 221,678mt an increase of 9.63%

The Group's cumulative FFB production for the cumulative quarters ending September 2013 is at 581,313mt. This is 20.74% higher compared to the FFB production for the corresponding period in 2012 of 481,461mt.

The Group's cumulative CPO production for the cumulative quarters ending September 2013 is at 183,175mt. This is 33.96% higher compared to the CPO production for the corresponding period in 2012 of 136,740mt.

Total FFB processed by the Group mills for the cumulative quarters 2013 is at 911,192mt which is 35.00% higher compared to the corresponding period 2012 of 647,960mt. Total FFB processed is inclusive of crops purchased from outside the Group.

The Group's OER for the cumulative quarters 2013 is marginally lower at 20.10% compared to 20.26% for the corresponding period 2012.

Malaysian plantation operation achieved average CPO price of RM2,463 and PK at RM1,234 per mt respectively for the cumulative quarters 2013 compared to RM3,093 and RM1,748 per mt for CPO and PK respectively for the corresponding period in 2012.

Plantation Operation - Papua New Guinea & Solomon Island

NBPOL Group produced 325,626mt FFB in the current quarter 2013 which is 9.14% lower compared to the corresponding period in 2012. Together with crops purchased from outside the Group, NBPOL Group processed 459,502mt FFB for the current quarter which is 12.06% lower compared to the corresponding period in 2012.

The Group's cumulative FFB production for the cumulative quarters ending September 2013 is at 1,156,250mt. This is 5.02% lower compared to the FFB production for the corresponding period in 2012. FFB processed for the cumulative quarters is at 1,620,000mt which is 7.20% lower compared to the corresponding period in 2012.

NBPOL Group's cumulative CPO production for the cumulative quarters ending September 2013 is at 356,085mt. This is 8.27% lower compared to the CPO production for the corresponding period in 2012 of 338,187mt.

NBPOL Group OER for the cumulative quarters 2013 is at 21.98% compared to the corresponding period in 2012 of 22.24%.



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

Plantation Operation - Papua New Guinea & Solomon Island (continued)

NBPOL Group achieved CPO price averages of USD879 per mt for the cumulative quarters 2013 compared to USD962 per mt achieved for the corresponding period in 2012.

Foods and Restaurants:

The sale of substantially all the business and undertaking including substantially all of the assets and liabilities by QSR and KFCH Group to Triple Platform Sdn Bhd, now known as QSR Brands Holdings (M) Sdn Bhd, was completed in January 2013.

Intrapreneur Ventures (IV)

The revenue from the IV businesses excluding shipping services was RM69.44 million for the cumulative quarters 2013, a decrease of 138% as compared to the corresponding period in 2012. The business recorded higher performance with profit before tax of RM8.30 million for the cumulative quarters 2013. (2012: RM3.7 million)

The revenue of shipping business decreased to RM125.05 million for the cumulative quarters under review, a decrease of 28.14% compared to the corresponding period in 2012. The business recorded a profit before tax of RM8.66 million for the cumulative quarters 2013. (2012: RM32.78 million)

B2. Material Changes in the Quarterly Results

The Oil Palm sector recorded lower profits for the 3rd quarter 2013 mainly due to lower palm product prices compared to the corresponding quarter last year.

B3. Current Year Prospects

The Group's performance in the remaining period of the year will be significantly influenced by the direction of palm oil prices and crop production trends. The plantation division has since taken concrete steps to improve its operational productivity and cost efficiency in order to offset any further weakening in the commodity prices.

Despite the challenges in the current financial year the Board expects the Group's performance for the remaining quarter to be satisfactory.

B4. Profit Forecast/Profit Guarantee

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

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B5. Taxation**

	3 months ended		9 months ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Current Taxation				
- Malaysia	(5,062)	66,217	(13,174)	(4,261)
- Overseas	(16,923)	(85,667)	(16,923)	(18,268)
	(21,985)	(19,450)	(30,097)	(22,529)
Transfer to deferred taxation				
- Malaysia	(3,951)	9,749	(14,926)	(2,416)
- Overseas	42	(8,182)	(16,845)	(38,675)
	(3,909)	1,567	(31,771)	(41,091)
Total	(25,894)	(17,883)	(61,868)	(63,620)

B6. Other operating income / (expenses)

	3 months ended		9 months ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Gain / (Loss) on disposal of shares	-	717	-	717
Fair value changes on FVTPL instrument	-	3,058	-	3,058
Impairment of assets	(2,450)	-	(18,351)	-
Gain on fair value changes of derivatives	(33,282)	(33,081)	19,195	18,079
Foreign exchange gain or loss	(34,984)	4,628	(79,760)	37,466
Rental income	1,419	1,978	2,795	1,978
Management fees income	2,065	-	2,065	-
Gain on dilution of subsidiary	-	-	-	56,251
Miscellaneous income / (expenses)	8,248	50,722	2,861	(5,538)
Total other operating income / (losses)	(58,984)	28,022	(71,195)	112,011

**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**

None during the quarter.

B8. Borrowings and Debt Securities

	As at 30 September 2013 RM'000	Restated As at 1 January 2013 RM'000
Non-current		
Secured:		
Obligations under finance leases	1,178	-
Term loans	1,134,720	1,136,020
	1,135,898	1,136,020
Unsecured:		
Obligations under finance leases	359	483
Term loans	-	30,000
	359	30,483
Non-current loans and borrowings	1,136,257	1,166,503
Current		
Secured:		
Obligations under finance leases	476	265
Bank overdrafts	23,610	-
Revolving credit	130,000	-
Bankers' acceptances	3,771	-
Term loans	107,374	388,312
	265,231	388,577
Unsecured:		
Obligations under finance leases	433	277
Bank overdrafts	1,122	34,706
Bankers' acceptances	356	-
Revolving credit	564,939	517,316
Term loans	54,120	35,647
	620,970	587,946
Current loans and borrowings	886,201	976,523
Total loans and borrowings	2,022,458	2,143,026

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B9. Material Litigation, Claims and Arbitration**

Save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business operations of the Group:

(i) Dato' Muhammad Hafidz Bin Nuruddin ("Plaintiff") v Ramlan Bin Juki ("First Defendant") and Sindora Berhad ("Second Defendant")

Sindora Berhad ("Sindora") was served writ summons issued by the Shah Alam High Court on 30 September 2013 filed by the Plaintiff, who is the Company Secretary of MM Vitaoils Sdn Bhd ("MMVSB"), a company in which Sindora holds 2,375,000 ordinary shares of RM1.00 each, equivalent to 35% of the issued and paid-up share capital of MMVSB. The plaintiff is seeking damages for losses arising from malicious defamatory words allegedly made by the First Defendant, who is a Director nominated by Sindora to the Board of MMVSB. The plaintiff claims the Second Defendant is vicariously liable for the statements made by the First Defendant.

On 17 October 2013, the Shah Alam High Court has given the following directions in relations to the case:

- (a) The First Defendant and the Second Defendant ("Defendants") are to file Defence on or before 31 October 2013; and
- (b) The Plaintiff is to file Reply (if any) on or before 14 November 2013.

Following the above, the matter has been fixed for further case management on 19 November 2013.

Kulim has appointed Messrs Bodipalar Ponnudurai De Silva as solicitors to represent the Defendants in the High Court Suit.

B10. Dividend Proposed

There was no dividend payment proposed during the quarter.

B11. Earnings Per Share ("EPS")

	3 months ended		9 months ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Basic earnings per share				
Net profit for the period	16,427	71,534	427,689	250,600
Weighted average no of share in issue	1,262,740	1,241,131	1,262,740	1,241,131
Basic earnings per share	1.30	5.76	33.87	20.19
Diluted earnings per share	1.26	5.57	33.00	19.51

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****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)	1.2590	1.3848	1.5105	1.5350
United Kingdom Pound Sterling (GBP)	5.2655	5.1218	4.9780	4.9449
United States of America Dollar (USD)	3.2585	3.1523	3.0675	3.1227
Euro Dollar (EUR)	4.3970	4.1785	3.9600	4.0377
Singapore Dollar (SGD)	2.5903	2.5455	2.5008	2.4739

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 30 Sept 2013 RM'000	As at 31 Dec 2012 RM'000
The retained earnings of the Group is made up as follows:-		
- Realised	2,708,147	3,231,357
- Unrealised	513,829	(792,250)
	<u>3,221,976</u>	<u>2,439,107</u>
Total shares of retained earnings of associates		
-Realised	-	13,822
	<u>3,221,976</u>	<u>2,452,929</u>
Add : Consolidation adjustments	(1,284,716)	(414,403)
	<u>1,937,260</u>	<u>2,038,526</u>

By Order of the Board
KULIM (MALAYSIA) BERHAD

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

Dated : 28 November 2013