



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER TO 31 MARCH 2014



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER TO 31 MARCH 2014**

	3 months ended		3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000 As restated	31.03.2014 RM'000	31.03.2013 RM'000 As restated
Revenue	829,674	714,818	829,674	714,818
Expenses excluding finance cost & tax	(667,621)	(589,054)	(667,621)	(589,054)
Depreciation and amortisation	(79,336)	(80,749)	(79,336)	(80,749)
Other operating income / (loss)	25,693	7,013	25,693	7,013
Profit from operations	108,410	52,028	108,410	52,028
Finance cost	(19,018)	(19,881)	(19,018)	(19,881)
Interest income	1,118	445	1,118	445
Share of profit in associates	107	30	107	30
Profit before taxation	90,617	32,622	90,617	32,622
Income tax expense	(23,903)	(8,021)	(23,903)	(8,021)
Profit from continuing operations	66,714	24,601	66,714	24,601
Discontinued operation				
Profit from discontinued operation, net of tax	-	339,306	-	339,306
Profit for the year	66,714	363,907	66,714	363,907
Profit attributable to:				
Owners of the company	38,136	345,149	38,136	345,149
Minority interest	28,578	18,758	28,578	18,758
Profit for the period	66,714	363,907	66,714	363,907
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	2.98	0.46	2.98	0.46
From discontinued operations	-	26.97	-	26.97
Diluted earnings per ordinary share (sen):				
From continuing operations	2.96	0.46	2.96	0.46
From discontinued operations	-	26.77	-	26.77

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER TO 31 MARCH 2014**

	3 months ended		3 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
		As restated		As restated
Profit for the period	66,714	363,907	66,714	363,907
Foreign currency translation differences for foreign operations	(207,169)	(95,490)	(207,169)	(95,490)
Transfer (from) / to:				
- reserve	28	254	28	254
Cash flow hedge	(753)	(304)	(753)	(304)
Available for sale reserve	(1,317)	(27)	(1,317)	(27)
*Total comprehensive income for the period	(142,497)	268,340	(142,497)	268,340
Total comprehensive income attributable to:				
Owners of the company	(80,319)	299,416	(80,319)	299,416
Minority interest	(62,178)	(31,076)	(62,178)	(31,076)
*Total comprehensive income for the period	(142,497)	268,340	(142,497)	268,340

*Significant loss mainly due to foreign currency translation differences on foreign operations USD dominated loans.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014**

	AS AT END OF CURRENT QUARTER 31.03.2014	AS AT FINANCIAL YEAR 31.12.2013 (AUDITED)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	6,250,540	6,433,580
Investment property	107,758	107,758
Investment in associates	2,167	2,060
Other investments	79,594	81,198
Intangible assets:	181,239	189,762
Goodwill (on consolidation)	31,560	25,768
Other intangibles (if any)	149,679	163,994
Deferred tax assets	374	-
Non-current assets	6,621,672	6,814,358
Other investments	15,370	12,609
Inventories	632,244	655,327
Trade and other receivables	596,420	526,771
Derivative financial instruments	14,902	16,119
Tax recoverable	14,682	27,536
Cash and cash equivalents	338,567	377,180
Current assets	1,612,185	1,615,542
TOTAL ASSETS	8,233,857	8,429,900
EQUITY AND LIABILITIES		
Share capital	323,513	323,513
Share premium	247,507	247,507
Other reserves:	1,186,992	1,304,233
Revaluation and other reserves	1,163,469	1,280,710
Warrant reserve	90,586	90,586
Treasury shares	(67,063)	(67,063)
Revenue reserves	1,943,540	1,905,404
Equity Attributable to Equity Holders of the Company	3,701,552	3,780,657
Minority Interest	1,302,230	1,346,491
Total equity	5,003,782	5,127,148
Loans and borrowings	1,039,505	1,032,921
Deferred tax liabilities	821,565	905,216
Non current liabilities	1,861,070	1,938,137
Trade and other payables	300,932	307,410
Current income tax liabilities	36,500	26,489
Loans and borrowings	1,031,573	1,030,716
Current liabilities	1,369,005	1,364,615
TOTAL LIABILITIES	3,230,075	3,302,752
TOTAL EQUITY AND LIABILITIES	8,233,857	8,429,900
NET ASSETS PER SHARE (RM)	2.86	2.92



KULIM (MALAYSIA) BERHAD

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Interim report for the financial year ending 31 December 2014

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	←——— ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY ———→										
	NO. OF SHARES	←——— NON-DISTRIBUTABLE ———→					DISTRIBUTABLE			MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
		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 2013	1,282,548,863	320,637	(45,829)	204,820	98,979	1,329,498	1,509,571	3,417,676	2,781,971	6,199,647	
Foreign exchange translation differences	-	-	-	-	-	(45,812)	-	(45,812)	(49,678)	(95,490)	
Transfer from reserves to retained profit	-	-	-	-	-	254	-	254	-	254	
Cash flow hedges	-	-	-	-	-	(149)	-	(149)	(155)	(304)	
Fair value of available-for-sale financial assets	-	-	-	-	-	(27)	-	(27)	-	(27)	
Total other comprehensive income for the year	-	-	-	-	-	(45,734)	-	(45,734)	(49,833)	(95,567)	
Profit for the year	-	-	-	-	-	-	345,149	345,149	18,758	363,907	
Total comprehensive income for the year	-	-	-	-	-	(45,734)	345,149	299,415	(31,075)	268,340	
Warrant exercised	3,181,503	795	-	12,645	(2,321)	-	-	11,119	-	11,119	
Acquisition of additional interest in subsidiaries	-	-	-	-	-	30,517	-	30,517	(1,225,285)	(1,194,768)	
Treasury shares acquired	(14,962,000)	-	(19,875)	-	-	-	-	(19,875)	-	(19,875)	
Balance as at 31 March 2013	1,270,768,366	321,432	(65,704)	217,465	96,658	1,314,281	1,854,720	3,738,852	1,525,611	5,264,463	
Balance as at 1 January 2014	1,294,053,111	323,513	(67,063)	247,507	90,586	1,280,710	1,905,404	3,780,657	1,346,491	5,127,148	
Foreign exchange translation differences	-	-	-	-	-	(116,797)	-	(116,797)	(90,372)	(207,169)	
Transfer from reserves to retained profit	-	-	-	-	-	28	-	28	-	28	
Cash flow hedges	-	-	-	-	-	(369)	-	(369)	(384)	(753)	
Fair value of available-for-sale financial assets	-	-	-	-	-	(1,317)	-	(1,317)	-	(1,317)	
Total other comprehensive income for the year	-	-	-	-	-	(118,455)	-	(118,455)	(90,756)	(209,211)	
Profit for the year	-	-	-	-	-	-	38,136	38,136	28,578	66,714	
Total comprehensive income for the year	-	-	-	-	-	(118,455)	38,136	(80,319)	(62,178)	(142,497)	
Shares based payment under ESOS	-	-	-	-	-	1,214	-	1,214	-	1,214	
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	17,917	17,917	
Balance as at 31 March 2014	1,294,053,111	323,513	(67,063)	247,507	90,586	1,163,469	1,943,540	3,701,552	1,302,230	5,003,782	



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CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED 31 MARCH 2014		
	AS AT 31.03.2014 RM'000	AS AT 31.03.2013 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- continued operations	90,617	39,970
- discontinued operations	-	331,223
	90,617	371,193
Non-cash item	147,116	409,617
Operating profit before changes in working capital	237,733	780,810
Changes in working capital:		
Inventories	23,083	27,113
Receivables	(70,610)	(10,385)
Payables	5,006	(344,407)
Cash generated from operations	195,212	453,131
Income tax paid	(1,038)	(12,910)
Net cash (used in)/ generated from operating activities	194,174	440,221
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(55,335)	-
Interest received	1,118	445
Purchase of:		
- equity interest in:		
- associates	-	2,555
- other investments	(3,362)	(175,012)
- property, plant and equipment	(93,809)	(192,310)
Proceeds from:		
- disposal of other investment:		
- non-current	-	44,954
- disposal of property, plant and equipment	1,729	(350)
- disposal of subsidiaries	-	1,112,499
Net cash (used in)/generated from investing activities	(149,659)	792,781
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- shareholders of the Company	-	(1,158,450)
Advance from holding company		
Proceeds from term loans	154,764	481,948
Repayment of term loans	(200,996)	(515,486)
Proceeds from the issue of shares:		
- Warrants	-	13,441
Issue of shares to minority shareholders of subsidiaries	(17,917)	-
(Purchase) / Disposal of treasury shares	-	(19,874)
(Addition) / Withdrawal of fixed deposits pledged	-	12,760
Interest paid	(19,018)	(19,881)
Net cash (used in)/generated from financing activities	(83,167)	(1,205,542)
Net (decrease) in cash and cash equivalents	(38,652)	27,460
Effect of exchange reserve rate fluctuations on cash held	4,339	(20,548)
Cash and cash equivalents at 1 January	325,377	155,393
Cash and cash equivalents at 31 December	291,064	162,305
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Cash and bank balances	131,554	106,380
Deposits with licensed banks	207,013	56,958
	338,567	163,338
Less:		
Deposits pledged	(12,550)	-
Bank overdraft	(34,953)	(1,033)
	291,064	162,305



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 2013.

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 2013.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2013. 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 2013.

On 1 January 2014, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

Amendments to FRS 110, FRS 12, and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 January 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 January 2014

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 119: Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 9 Financial instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 Financial instruments (IFRS 9 issued by IASB in October 2010)	To be announced
FRS 9 Financial instruments: Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139	To be announced



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').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework until 1 January 2015. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 2014 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

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 estimates 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 2014

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 3 Months Ended 31 March 2014	Plantation		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	212,036	553,351	33,316	23,405	2,268	-	5,298	-	829,674
Segment results	45,410	77,180	10,639	2,674	883	107	(28,376)	-	108,517
Interest income	2	13	135	23	-	-	945	-	1,118
Finance costs	(8,207)	(6,775)	(3,816)	(370)	-	-	150	-	(19,018)
Profit before tax	37,205	70,418	6,958	2,327	883	107	(27,281)	-	90,617

Results for 3 Months Ended 31 March 2013	Plantation		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	195,994	455,956	55,581	32,940	2,255	-	3,328	(31,236)	714,818
Segment results	37,101	22,843	16,023	4,899	1,057	30	(20,216)	(9,679)	52,058
Interest income	217	-	-	-	-	-	228	-	445
Finance costs	(7,911)	(8,016)	(6,004)	(158)	-	-	(149)	2,357	(19,881)
Profit before tax	29,407	14,827	10,019	4,741	1,057	30	(20,137)	(7,322)	32,622



KULIM (MALAYSIA) BERHAD

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Interim report for the financial year ending 31 December 2014

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Assets and Liabilities As at 31 March 2014	Plantation		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	3,509,006	3,948,786	516,179	66,391	107,758	2,167	3,976	8,154,263
Unallocated corporate assets	-	-	-	-	-	-	79,594	79,594
Total assets	3,509,006	3,948,786	516,179	66,391	107,758	2,167	83,570	8,233,857
Segment liabilities	888,818	1,087,601	324,580	95,172	-	-	12,339	2,408,510
Unallocated corporate liabilities	168,572	641,317	-	-	-	-	11,676	821,565
Total liabilities	1,057,390	1,728,918	324,580	95,172	-	-	24,015	3,230,075

Assets and Liabilities As at 31 December 2013	Plantation		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	3,461,118	4,170,544	504,476	67,486	107,758	2,060	35,260	8,348,702
Unallocated corporate assets	-	-	-	-	-	-	81,198	81,198
Total assets	3,461,118	4,170,544	504,476	67,486	107,758	2,060	116,458	8,429,900
Segment liabilities	899,030	1,062,767	320,831	98,986	-	-	12,366	2,393,980
Unallocated corporate liabilities	183,338	713,551	-	-	-	-	11,883	908,772
Total liabilities	1,082,368	1,776,318	320,831	98,986	-	-	24,249	3,302,752



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

- a) On 14 April 2014, the Company announced that E.A. Technique (M) Sdn Bhd (“E.A. Technique”), a subsidiary company of Kulim held through Sindora Berhad (“Sindora”), proposes to seek listing on the Main Market of Bursa Securities. Further details of the Proposed Listing are set out in the following sections.

To facilitate the Proposed IPO (as defined below), Sindora had on even date entered into a conditional share sale and purchase agreement (“SSA”) with Dato’ Ir. Abdul Hak bin Md. Amin (“Dato’ Hak”) and Datin Hamidah binti Omar (“Datin Hamidah”) (collectively referred to as the “Vendors”) to acquire an aggregate of 56,100,000 ordinary shares of par value RM0.25 each in E.A. Technique (“E.A. Technique Share(s)”), representing approximately 14.4% of the present total issued and paid-up share capital of E.A. Technique (“Sale Share(s)”), at a purchase consideration of Ringgit Malaysia Thirty Million and Two Hundred Ninety Four Thousand (RM30,294,000) only (“Purchase Consideration”) to be satisfied fully in cash (“Acquisition by Sindora”). The Purchase Consideration was arrived at on a willing buyer-willing seller basis and is expected to be funded by internally generated funds. On 2 May 2014, the company announced that E.A. Technique had submitted the applications to the following authorities pursuant to the Proposed Listing:

- (i) the Securities Commission Malaysia (“SC”);
- (ii) the Equity Compliance Unit of the SC under the equity requirement for public companies; and
- (iii) the Ministry of International Trade and Industry.

The Acquisition by Sindora has been completed on even date, pursuant to the fulfillment of the Condition Precedent of the SSA.

- b) On 2 May 2014, the Company announced that Kulim had on 23 April 2014, sent a notice of conversion to Asia Economic Development Fund Limited (“AEDFL”) to exercise its right to convert the Irredeemable Convertible Cumulative Unsecured Loan Securities (“ICCULS”) into ordinary shares of AEDFL (“Conversion Right”). Details of the Conversion Right are as follows :-
- i. Proposed conversion of ICCULS at an aggregated nominal value of USD15 million into ordinary shares of AEDFL (“Proposed Conversion”) and
 - ii. Proposed conversion of capitalised ICCULS interest accrued up to 30 April 2014 of USD339,863 at the interest rate of 1.0% per annum commencing from the date of ICCULS issuance (“Proposed Capitalisation”).

Both the Proposed Conversion and Proposed Capitalisation are herein referred to as the “Proposals”. Upon completion of the Proposals, Kulim will hold 54.21% equity interest or 82,866 ordinary shares of AEDFL.



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A11. Material Events Subsequent to the End of the Interim Period (Cont'd)

- c) On 5 May 2014, the Company announced that Sindora, through Sindora Timber Sdn Bhd (“STSB”), its 82%-owned subsidiary, had on 30 April 2014 completed the disposal of 158,828 ordinary shares in General Access Sdn Bhd (“GASB”), representing 87.75% shareholding of STSB in GASB, to the Purchaser for total cash consideration of RM207,123 (“The Disposal”). The Disposal consequently results in GASB ceasing to become a subsidiary of STSB.

GASB is a company incorporated in Malaysia. The principal activities of GASB are field clearing, earthwork, road construction and resurfacing services.

The Disposal will not have any material effect on the earnings or net assets of Kulim for the year ending 31 December 2014. None of the directors or substantial shareholders of Kulim or persons connected to them has any interest, direct or indirect, in the Disposal.

The Disposal is expected to result in a gain on disposal to Kulim Group of RM523,637.

A12. Changes in the Composition of the Group

On 14 February 2014, Kulim and PT Graha Sumber Berkah had entered into a shareholders’ agreement for the acquisition of 74% equity interest in PT Wisesa Inspirasi Nusantara Group (“PT WIN”). The acquisition has been completed during the first quarter of 2014 and thus marked the date of which the Group reenters the Indonesian plantation industry. PT WIN Group consists of PT Wisesa Inspirasi Nusantara as the holding company with a 95% interest each in PT Sawit Sumber Rejo, PT Harapan Barito Sejahtera and PT Wahana Semesta Kharisma. However PT WIN Group is still at its early stage of development and thus the segmental results has been accounted for in ‘Others’ segment as stated in notes A9.

The above acquisition gives the group an opportunity to expand its oil palm plantation landbank by 40,645 hectares.

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 31 March 2014 are as follows:

	31.03.2014 RM'000
Contracted	34,601
Not contracted	82,523
Total	117,124



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:-

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	127	56	127	56
- Sales of oil palm fresh fruit bunches	-	4,532	-	4,532
- Purchasing and sales commission received	45	505	45	505
- Planting advisory and agronomy fee received	22	30	22	30
- Computer charges received	5	33	5	33
- Inspection fee received	8	8	8	8
- Rental payable	157	105	157	105



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 RM830 million for the quarter under review compared to the corresponding period 2013 with revenue of RM715 million, an increase of 16.06%.

The Group recorded a PBT of RM91 million for the first quarter 2014 compared to PBT of RM33 million for the corresponding period in 2013, an increase of 178%.

Plantation Operation - Malaysia

The Group's FFB production for the first quarter 2014 was at 177,399mt compared to the corresponding period in 2013 at 159,059mt an increase of 11.53%

The Group's cumulative CPO production for the first quarter 2014 was at 59,964mt. This was 16.33% higher compared to the CPO production for the corresponding period in 2013 of 51,545mt.

Total FFB processed by the Group mills for the first quarter 2014 was at 287,569mt which was 13.62% higher compared to the corresponding period 2013 of 253,091mt. Total FFB processed was inclusive of crops purchased from outside the Group.

The Group's OER for the first quarter 2014 was marginally higher at 20.85% compared to 20.37% for the corresponding period 2013.

Malaysian plantation operation achieved average CPO price of RM2,585 and PK at RM1,756 per mt respectively for the first quarter 2014 compared to RM2,475 and RM1,184 per mt for CPO and PK respectively for the corresponding period in 2013.

Plantation Operation - Papua New Guinea & Solomon Island

NBPOL Group produced 455,988mt FFB in the first quarter 2014 which was 12.54% higher compared to the corresponding period in 2013. Together with crops purchased from outside the Group, NBPOL Group processed 618,880mt FFB for the first quarter which was 10.3% higher compared to the corresponding period in 2013.

NBPOL Group's cumulative CPO production for the first quarter 2014 was at 137,031mt. This was 12.5% higher compared to the CPO production for the corresponding period in 2013 of 121,758mt.

NBPOL Group's OER for the first quarter 2014 is at 22.14% compared to the corresponding period in 2013 of 21.7%.

NBPOL Group's achieved CPO price averages of USD907 per mt for the first quarter 2014 compared to USD878 per mt achieved for the corresponding period in 2013.



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

Intrapreneur Ventures (IV)

The revenue from the IV businesses excluding shipping services was RM23.4 million for the first quarter 2014, a decrease of 29% as compared to the corresponding period in 2013. The business recorded lower performance due to decrease of profit before tax for the first quarter 2014.

The revenue of shipping business decreased to RM33.3 million for the first quarter under review, a decrease of 40% compared to the corresponding period in 2013. The business recorded a profit before tax of RM6.9 million for the first quarter 2014. (2013: RM10 million)

B2. Material Changes in the Quarterly Results

The Oil Palm sector recorded higher profits for the first quarter 2014 mainly due to higher palm product prices compared to the corresponding quarter last year.

B3. Current Year Prospects

Palm products prices have softened from the year's high but have stayed at comparatively buoyant levels. Malaysia's FFB productions look promising towards exceeding last year's production, unless the forecast prolonged dry season in the second half of the year materializes. This would have negative impact on the overall Malaysian production which may be compensated by the expected higher palm product prices.

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		3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Current Taxation				
- Malaysia	(3,003)	(3,416)	(3,003)	(3,416)
- Overseas	(20,699)	(3,709)	(20,699)	(3,709)
	(23,702)	(7,125)	(23,702)	(7,125)
Transfer to deferred taxation				
- Malaysia	(201)	(896)	(201)	(896)
Total	(23,903)	(8,021)	(23,903)	(8,021)

B6. Other operating income / (expenses)

	3 months ended		3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Gain on fair value changes of derivatives	57,019	31,939	57,019	31,939
Foreign exchange gain or loss	(31,615)	(23,447)	(31,615)	(23,447)
Rental income	845	840	845	840
Miscellaneous income / (expenses)	(556)	(2,319)	(556)	(2,319)
Total other operating income / (losses)	25,693	7,013	25,693	7,013



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 31 Mar 2014 RM'000	As at 31 Dec 2013 RM'000
Non-current		
Secured:		
Obligations under finance leases	1,798	1,257
Term loans	778,166	813,318
	779,964	814,575
Unsecured:		
Term loans	259,541	218,346
	259,541	218,346
Non-current loans and borrowings	1,039,505	1,032,921
Current		
Secured:		
Obligations under finance leases	1,048	926
Bank overdrafts	32,610	34,278
Revolving credit	286,581	288,060
Bankers' acceptances	46,555	47,048
Term loans	145,400	138,137
	512,194	508,449
Unsecured:		
Bank overdrafts	2,343	4,974
Bankers' acceptances	1,545	1,857
Revolving credit	460,491	460,436
Term loans	55,000	55,000
	519,379	522,267
Current loans and borrowings	1,031,573	1,030,716
Total loans and borrowings	2,071,078	2,063,637



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.

On 10 January 2014, Kulim announced that the High Court has fixed the matter for further case management on 30 January, 2014 and for full Trial on 21, 22 and 23 May, 2014.

However on 22 May 2014, Kulim announced that the High Court has vacated the trial dates fixed on 21, 22 and 23 May, 2014 as previously announced and has fixed new trial dates on 30 and 31 October, 2014. A case management date is also fixed on 27 June, 2014.

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”)

	3 months ended		3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Net profit for the period	38,136	345,149	38,136	345,149
Weighted average no of share in issue	1,278,731	1,258,242	1,278,731	1,258,242
Basic earnings per share (sen)	2.98	27.43	2.98	27.43
Diluted earnings per share (sen)	2.96	27.23	2.96	27.23

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 QTR		PY CURRENT QTR	
	MTH-END RATE	AVERAGE RATE	MTH-END RATE	AVERAGE RATE
Indonesia Rupiah (IDR '000)	0.2820	0.2761	0.3100	0.3200
Papua New Guinea Kina (KINA)	1.1700	1.2560	1.4825	1.4965
United Kingdom Pound Sterling (GBP)	5.4845	5.4594	4.6905	4.8343
United States of America Dollar (USD)	3.2600	3.2777	3.0900	3.0680
Europe (EUR)	4.5020	4.5195	3.9595	3.9598
Singapore Dollar (SGD)	2.5958	2.5971	2.4893	2.4950
Solomon Islands Dollar (SBD)	0.4360	0.4431	0.4140	0.4197



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 :-

The retained earnings of the Group is made up as follows:

- realised
- unrealised

Total share of retained earnings of associates:

- realised

Add: Consolidation adjustments

Total retained earnings

As at 31 Mar 2014 RM'000	As at 31 Dec 2013 RM'000
3,544,497	4,136,816
(696,237)	(783,171)
2,848,260	3,353,645
300	300
2,848,560	3,353,945
(905,020)	(1,448,541)
1,943,540	1,905,404

By Order of the Board
KULIM (MALAYSIA) BERHAD

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

Dated : **26 May 2014**