



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2014


KULIM (MALAYSIA) BERHAD
Company No. 23370-V
Interim report for the financial year ending 31 December 2014
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER TO 30 JUNE 2014**

	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue	817,484	792,291	1,647,158	1,507,109
Expenses excluding finance cost & tax	(569,391)	(655,348)	(1,237,012)	(1,244,402)
Depreciation and amortisation	(61,451)	(67,447)	(140,787)	(148,197)
Other operating income / (loss)	48,015	(19,224)	73,708	(12,211)
Profit from operations	234,657	50,272	343,067	102,299
Finance cost	(19,236)	(19,485)	(38,254)	(39,366)
Interest income	2,707	2,534	3,825	2,979
Share of profit in associates	75	135	182	166
Profit before taxation	218,203	33,456	308,820	66,078
Income tax expense	(48,354)	(27,953)	(72,257)	(35,974)
Profit from continuing operations	169,849	5,503	236,563	30,104
Discontinued operation				
Profit from discontinued operation, net of tax	-	86,489	-	425,795
Profit for the year	169,849	91,992	236,563	455,899
Profit attributable to:				
Owners of the company	98,432	66,113	136,568	411,262
Minority interest	71,417	25,879	99,995	44,637
Profit for the period	169,849	91,992	236,563	455,899
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	7.70	1.60	10.68	2.40
From discontinued operations	-	3.64	-	30.19
Diluted earnings per ordinary share (sen):				
From continuing operations	7.64	1.57	10.60	2.35
From discontinued operations	-	3.57	-	29.65

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 SECOND QUARTER TO 30 JUNE 2014**

	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	169,849	91,992	236,563	455,899
Foreign currency translation differences for foreign operations	224,649	(134,687)	17,473	(230,178)
Transfer (from) / to:				
- reserve	-	-	28	254
Cash flow hedge	(6,081)	3,963	(6,834)	3,660
Available for sale reserve	4,154	1,311	2,837	1,284
*Total comprehensive income for the period	392,571	(37,421)	250,067	230,919
Total comprehensive income attributable to:				
Owners of the company	222,907	49,845	142,581	349,261
Minority interest	169,664	(87,266)	107,486	(118,342)
*Total comprehensive income for the period	392,571	(37,421)	250,067	230,919

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	AS AT END OF CURRENT QUARTER 30.06.2014	AS AT FINANCIAL YEAR 31.12.2013 (AUDITED)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	6,522,231	6,433,580
Investment property	107,758	107,758
Investment in associates	2,241	2,060
Other investments	83,412	81,198
Intangible assets:	193,995	189,762
Goodwill (on consolidation)	28,324	25,768
Other intangibles (if any)	165,671	163,994
Deferred tax assets	528	-
Non-current assets	6,910,165	6,814,358
Other investments	15,383	12,609
Inventories	756,672	655,327
Trade and other receivables	699,421	526,771
Derivative financial instruments	6,008	16,119
Tax recoverable	14,544	27,536
Cash and cash equivalents	248,906	377,180
Current assets	1,740,934	1,615,542
TOTAL ASSETS	8,651,099	8,429,900
EQUITY AND LIABILITIES		
Share capital	323,558	323,513
Share premium	248,168	247,507
Other reserves:	1,312,501	1,304,233
Revaluation and other reserves	1,288,980	1,280,710
Warrant reserve	90,584	90,586
Treasury shares	(67,063)	(67,063)
Revenue reserves	2,041,972	1,905,404
Equity Attributable to Equity Holders of the Company	3,926,199	3,780,657
Minority Interest	1,462,575	1,346,491
Total equity	5,388,774	5,127,148
Loans and borrowings	1,002,753	1,032,921
Deferred tax liabilities	879,311	905,216
Non current liabilities	1,882,064	1,938,137
Trade and other payables	268,313	307,410
Current income tax liabilities	86,093	26,489
Loans and borrowings	1,025,855	1,030,716
Current liabilities	1,380,261	1,364,615
TOTAL LIABILITIES	3,262,325	3,302,752
TOTAL EQUITY AND LIABILITIES	8,651,099	8,429,900
NET ASSETS PER SHARE (RM)	3.03	2.92



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2014

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	← ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY →										
	NO. OF SHARES	← NON-DISTRIBUTABLE →					DISTRIBUTABLE		TOTAL RM'000	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				
Balance as at 1 January 2013	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	-	-	-	-	-	(65,331)	-	(65,331)	(164,847)	(230,178)	
Transfer from reserves to retained profit	-	-	-	-	-	254	-	254	-	254	
Cash flow hedges	-	-	-	-	-	1,792	-	1,792	1,868	3,660	
Fair value of available-for-sale financial assets	-	-	-	-	-	1,284	-	1,284	-	1,284	
Total other comprehensive income for the year	-	-	-	-	-	(62,001)	-	(62,001)	(162,979)	(224,980)	
Profit for the year	-	-	-	-	-	-	411,262	411,262	44,637	455,899	
Total comprehensive income for the year	-	-	-	-	-	(62,001)	411,262	349,261	(118,342)	230,919	
Warrant exercised	7,982,373	1,997	-	29,973	(5,824)	-	-	26,146	-	26,146	
Acquisition of additional interest in subsidiaries	-	-	-	-	-	30,538	-	30,538	(1,225,285)	(1,194,747)	
Treasury shares acquired	(5,442,000)	-	(21,233)	-	-	-	-	(21,233)	-	(21,233)	
Balance as at 30 June 2013	1,275,209,236	322,634	(67,062)	234,793	93,155	1,298,036	1,920,833	3,802,389	1,438,344	5,240,733	
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	-	-	-	-	-	6,495	-	6,495	10,978	17,473	
Transfer from reserves to retained profit	-	-	-	-	-	28	-	28	-	28	
Cash flow hedges	-	-	-	-	-	(3,347)	-	(3,347)	(3,487)	(6,834)	
Fair value of available-for-sale financial assets	-	-	-	-	-	2,837	-	2,837	-	2,837	
Total other comprehensive income for the year	-	-	-	-	-	6,013	-	6,013	7,491	13,504	
Profit for the year	-	-	-	-	-	-	136,568	136,568	99,995	236,563	
Total comprehensive income for the year	-	-	-	-	-	6,013	136,568	142,581	107,486	250,067	
Warrant exercised	3,240	1	-	11	(2)	-	-	10	-	10	
Effect on reserves arising from disposal of subsidiaries	-	-	-	-	-	(24)	-	(24)	-	(24)	
Dividend to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	(10,474)	(10,474)	
Shares based payment under ESOS	-	44	-	650	-	2,438	-	3,132	-	3,132	
ESOS exercised	176,100	-	-	-	-	(157)	-	(157)	-	(157)	
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	19,072	19,072	
Balance as at 30 June 2014	1,294,232,451	323,558	(67,063)	248,168	90,584	1,288,980	2,041,972	3,926,199	1,462,575	5,388,774	


KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2014

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 JUNE 2014		
	AS AT 30.06.2014	AS AT 30.06.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- continued operations	308,820	66,078
- discontinued operations	-	425,795
	308,820	491,873
Non-cash item	134,244	(33,931)
Operating profit before changes in working capital	443,064	457,942
Changes in working capital:		
Inventories	(101,345)	68,334
Receivables	(128,572)	(27,278)
Payables	(27,601)	(90,080)
Cash generated from operations	185,546	408,918
Income tax (paid)/refund	338	(50,883)
Net cash (used in)/ generated from operating activities	185,884	358,035
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(55,335)	-
Interest received	3,825	2,979
Purchase of:		
- equity interest in:		
- associates	-	(42)
- other investments	(2,613)	(175,012)
- property, plant and equipment	(156,964)	(258,503)
Proceeds from:		
- disposal of other investment:		
- non-current	-	253,574
- disposal of property, plant and equipment	3,095	1
- disposal of subsidiaries	-	1,112,499
Net cash (used in)/generated from investing activities	(207,992)	935,496
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- shareholders of the Company	-	(1,158,450)
- minority shareholders of subsidiaries	(10,474)	-
Proceeds from term loans	156,243	338,454
Repayment of term loans	(216,834)	(294,418)
Proceeds from the issue of shares:		
- ESOS	694	-
- Warrants	10	31,970
(Purchase) / Disposal of treasury shares	-	(21,234)
Interest paid	(38,254)	(39,366)
Net cash (used in)/generated from financing activities	(108,615)	(1,143,044)
Net (decrease) in cash and cash equivalents	(130,723)	150,487
Effect of exchange reserve rate fluctuations on cash held	8,516	559
Cash and cash equivalents at 1 January	325,377	246,182
Cash and cash equivalents at 31 December	203,170	397,228
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Cash and bank balances	116,099	326,545
Deposits with licensed banks	132,807	97,737
	248,906	424,282
Less:		
Deposits pledged	(12,550)	-
Bank overdraft	(33,186)	(27,054)
	203,170	397,228



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 6 Months Ended 30 June 2014	Plantation		Intrapreneur Ventures (IV)		Investment 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	416,757	1,099,214	67,295	52,329	4,354	-	7,209	-	1,647,158
Segment results	91,539	268,000	18,221	2,849	1,617	182	(39,159)	-	343,249
Interest income	179	20	989	123	-	-	2,514	-	3,825
Finance costs	(17,159)	(13,691)	(6,888)	(748)	-	-	232	-	(38,254)
									-
Profit before tax	74,559	254,329	12,322	2,224	1,617	182	(36,413)	-	308,820

Results for 6 Months Ended 30 June 2013	Plantation		Intrapreneur Ventures (IV)		Investment 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	398,197	970,995	91,516	38,693	4,473	-	44,406	(41,171)	1,507,109
Segment results	65,696	60,275	11,231	1,943	2,424	166	(29,203)	(10,067)	102,465
Interest income	22	3	-	20	7	-	2,927	-	2,979
Finance costs	(16,168)	(15,777)	(9,088)	(655)	-	-	(36)	2,358	(39,366)
									-
Profit before tax	49,550	44,501	2,143	1,308	2,431	166	(26,312)	(7,709)	66,078



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 30 June 2014	Plantation		Intrapreneur Ventures (IV)		Investment 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	204,721	545,863	33,980	28,924	2,085	-	1,911	-	817,484
Segment results	46,129	190,820	7,582	174	734	74	(10,781)	-	234,732
Interest income	178	6	853	98	-	-	1,572	-	2,707
Finance costs	(8,952)	(6,916)	(3,072)	(377)	-	-	81	-	(19,236)
Profit before tax	37,355	183,910	5,363	(105)	734	74	(9,128)	-	218,203

Results for 3 Months Ended 30 June 2013	Plantation		Intrapreneur Ventures (IV)		Investment 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	202,204	515,038	35,935	5,753	2,218	-	41,079	(9,936)	792,291
Segment results	28,434	37,435	(4,791)	(2,956)	1,368	135	(8,828)	(390)	50,407
Interest income	(195)	3	-	20	7	-	2,699	-	2,534
Finance costs	(8,257)	(7,762)	(3,084)	(497)	-	-	115	-	(19,485)
Profit before tax	19,982	29,676	(7,875)	(3,433)	1,375	135	(6,014)	(390)	33,456



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)

Assets and Liabilities As at 30 June 2014	Plantation		Intrapreneur Ventures (IV)		Investment 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	3,492,176	4,381,368	516,179	65,040	107,758	2,241	2,925	8,567,687
Unallocated corporate assets	-	-	-	-	-	-	83,412	83,412
Total assets	3,492,176	4,381,368	516,179	65,040	107,758	2,241	86,337	8,651,099
Segment liabilities	860,424	1,098,318	324,580	94,402	-	-	5,290	2,383,014
Unallocated corporate liabilities	168,651	698,846	-	-	-	-	11,814	879,311
Total liabilities	1,029,075	1,797,164	324,580	94,402	-	-	17,104	3,262,325

Assets and Liabilities As at 31 December 2013	Plantation		Intrapreneur Ventures (IV)		Investment 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

On 31 July 2014, the Company announced that it had sent a letter to the Board of Directors of NBPOL (New Britain Palm Oil Limited) and the relevant government authorities in Papua New Guinea informing them of Kulim's intention to sell its entire equity stake in NBPOL to Sime Darby Berhad ("**Sime Darby**"). In relation thereto, Kulim has now entered into exclusive discussions with Sime Darby to finalise the terms of the transaction for a period of sixty (60) days (or such longer period to be mutually agreed).

The investment in NBPOL will be classified as Held for Sale once the terms of the proposed disposal have been finalized.

A12. Changes in the Composition of the Group

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

A13. Changes in Contingent Liabilities or Contingent Assets

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

A14. Capital Commitment

Authorised capital expenditures not provided for in the financial statements as at 30 June 2014 are as follows:

	30.06.2014 RM'000
Contracted	56,153
Not contracted	48,822
Total	104,975



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		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	34	45	161	101
- Sales of oil palm fresh fruit bunches	-	7,004	-	11,536
- Purchasing and sales commission received	352	521	397	1,026
- Planting advisory and agronomy fee received	22	21	43	51
- Computer charged received	40	11	45	44
- Inspection fee received	-	7	15	15
- Rental payable	285	209	442	314



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's recorded revenue of RM1.65 billion for the cumulative quarters under review compared to the corresponding period 2013 with revenue of RM1.51 billion, an increase of 9.29%.

The Group's recorded a PBT of RM308.82 million for the cumulative quarters 2014 compared to PBT of RM66.08 million for the corresponding period in 2013, an increase of 367.36%.

Plantation Operation - Malaysia

The Group's FFB production for the second quarter 2014 is at 196,629mt compared to the corresponding period in 2013 at 179,466mt an increase of 9.56%.

The Group's cumulative FFB production for the cumulative quarters ending June 2014 was at 374,028mt. This was 10.56% higher compared to the FFB production for the corresponding period in 2013 at 338,293mt.

The Group's CPO production for the second quarter 2014 was at 62,754mt compared to the corresponding period in 2013 at 61,620mt an increase of 1.84%.

The Group's cumulative CPO production for the cumulative quarters ending June 2014 was at 122,718mt. This was 8.44% higher compared to the CPO production for the corresponding period in 2013 at 113,165mt.

The Group's OER for the cumulative quarters 2014 is marginally higher at 20.74% compared to 20.32% for the corresponding period 2013.

Total FFB processed by the Group mills for the cumulative quarters 2014 was at 592,150mt which was 6.34% higher compared to the corresponding period 2013 at 556,828mt. Total FFB processed was inclusive of crops purchased from outside the Group.

Malaysian plantation operation achieved average CPO price of RM2,436 and PK at RM1,936 per mt respectively for the cumulative quarters 2014 compared to RM2,392 and RM1,279 per mt for CPO and PK respectively for the corresponding period in 2013.

Plantation Operation - Papua New Guinea & Solomon Island

NBPOL Group produced 485,958mt FFB in the current quarter 2014 which was 14.22% higher compared to the corresponding period in 2013. Together with crops purchased from outside the Group, NBPOL Group processed 684,503mt FFB for the current quarter which was 14.19% higher compared to the corresponding period in 2013.

The Group's cumulative FFB production for the cumulative quarters ending June 2014 was at 941,946mt. This was 13.45% higher compared to the FFB production for the corresponding period in 2013. FFB processed for the cumulative quarters was at 1,303,383mt which was 12.31% higher compared to the corresponding period in 2013.

NBPOL Group OER for the cumulative quarters 2014 was at 22.29% compared to the corresponding period in 2013 at 22.50%.

NBPOL Group achieved CPO price averages of USD935 per mt for the cumulative quarters 2014 compared to USD889 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 of the IV businesses excluding shipping services was RM52.33 million for the cumulative quarters 2014, an increase of 35.24% as compared to the corresponding quarter last year.

The profit before tax of IV businesses increase to RM2.22 million for the cumulative quarters under review, an increase by 70.03% compared to the corresponding quarter last year. The increase is mainly due significant contribution from new business lines acquired in prior year through Danamin Sdn Bhd.

The revenue of shipping business decreased to RM67.3 million for the cumulative quarters under review, a decrease of 26.47% compared to the corresponding quarter last year. The decrease is mainly due to the disposal of ORKIM Sdn Bhd on April 2013.

The profit before tax of shipping business increase to RM12.32 million for the cumulative quarters under review, an increase by 474.99% compared to the corresponding quarter last year. The increase is mainly due to better performance as MT Nautica Muar start to generate revenue alongside with new contract with Northport.

B2. Material Changes in the Quarterly Results

The Oil Palm sector recorded higher profits for the second quarter 2014 mainly due to higher of palm product prices and production of FFB and CPO compared to the corresponding quarter last year.

B3. Current Year Prospects

The Group expects to achieve improved FFB, CPO, and PK productions compared to 2013. Additionally, the Group is also confident that CPO price for the coming periods would improve from the current level.

The Board is of the view that the Group's performance for the remaining periods and for the year to be better than the preceding year.

B4. Profit Forecast/Profit Guarantee

The Company is not subjected 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		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Current Taxation				
- Malaysia	(15,700)	(4,696)	(18,702)	(8,112)
- Overseas	(2,253)	(6,279)	(11,381)	(7,518)
	(17,953)	(10,975)	(30,083)	(15,630)
Transfer to deferred taxation				
- Malaysia	201	(10,078)	(9,701)	(10,975)
- Overseas	(30,602)	(6,900)	(32,473)	(9,369)
	(30,401)	(16,978)	(42,174)	(20,344)
Total	(48,354)	(27,953)	(72,257)	(35,974)

B6. Other operating income / (expenses)

	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Impairment of assets	-	(15,901)	-	(15,901)
Gain on fair value changes of derivatives	(318)	20,537	56,701	52,476
Foreign exchange gain or loss	40,977	(21,581)	9,363	(44,776)
Rental income	845	536	1,690	1,376
Miscellaneous income / (expenses)	6,511	(2,815)	5,954	(5,386)
Total other operating income / (losses)	48,015	(19,224)	73,708	(12,211)



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 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:

Announcement made by Kulim (Malaysia) Berhad.

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 (“ECU”) of the SC under the equity requirement for public companies; and
- (iii) the Ministry of International Trade and Industry (“MITI”).

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

On 9 June 2014, the Company announced that E.A. Technique had submitted the applications in relation to the Proposals to the SC, ECU and MITI.



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

B8. Borrowings and Debt Securities

	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Non-current		
Secured:		
Obligations under finance leases	2,197	1,257
Term loans	809,765	813,318
	811,962	814,575
Unsecured:		
Term loans	190,791	218,346
	190,791	218,346
Non-current loans and borrowings	1,002,753	1,032,921
Current		
Secured:		
Obligations under finance leases	1,131	926
Bank overdrafts	29,473	34,278
Revolving credit	284,486	288,060
Bankers' acceptances	43,942	47,048
Term loans	146,333	138,137
	505,365	508,449
Unsecured:		
Bank overdrafts	3,712	4,974
Bankers' acceptances	1,287	1,857
Revolving credit	460,491	460,436
Term loans	55,000	55,000
	520,490	522,267
Current loans and borrowings	1,025,855	1,030,716
Total loans and borrowings	2,028,608	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.

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		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Net profit for the period	98,432	66,113	136,568	411,262
Weighted average no of share in issue	1,278,891	1,262,113	1,278,891	1,262,113
Basic earnings per share (sen)	7.70	5.24	10.68	32.59
Diluted earnings per share (sen)	7.64	5.14	10.60	32.00

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
Indonesia Rupiah (IDR '000)	0.2675	0.2689	0.2695	0.2693
Papua New Guinea Kina (KINA)	1.3280	1.3350	1.4350	1.4728
United Kingdom Pound Sterling (GBP)	5.4710	5.4527	4.8445	4.9113
United States of America Dollar (USD)	3.2115	3.2534	3.1765	3.1113
Europe (EUR)	4.3820	4.4595	4.1415	4.0508
Singapore Dollar (SGD)	2.5708	2.5846	2.5073	2.5040
Solomon Islands Dollar (SBD)	0.4486	0.4493	1.4350	1.4350



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 30 June 2014 RM'000	As at 31 Dec 2013 RM'000
3,761,534	4,136,816
(756,315)	(783,171)
3,005,219	3,353,645
1,441	300
3,006,660	3,353,945
(964,688)	(1,448,541)
2,041,972	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 : 25 August 2014