



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 THIRD QUARTER TO 30 SEPTEMBER 2014**

	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000 As restated	30.09.2014 RM'000	30.09.2013 RM'000 As restated
Revenue	263,592	257,111	811,525	761,186
Expenses excluding finance cost & tax	(130,419)	(138,836)	(510,630)	(411,338)
Depreciation and amortisation	(104,552)	(80,472)	(199,144)	(241,416)
Other operating income / (loss)	(4,678)	8,652	(215)	(13,285)
Profit from operations	23,943	46,455	101,536	95,147
Finance cost	(12,641)	(14,274)	(37,204)	(37,853)
Interest income	3,928	2,747	7,733	5,723
Share of profit in associates	25	18	207	184
Profit before taxation	15,255	34,946	72,272	63,201
Income tax expense	(5,577)	(15,942)	(9,882)	(28,100)
Profit from continuing operations	9,678	19,004	62,390	35,101
Discontinued operation				
Profit from discontinued operation, net of tax	19,357	(3,805)	203,208	449,605
Profit for the year	29,035	15,199	265,598	484,706
Profit attributable to:				
Owners of the company	17,681	13,818	154,249	438,679
Minority interest	11,354	1,381	111,349	46,027
Profit for the period	29,035	15,199	265,598	484,706
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	0.65	4.11	4.39	4.85
From discontinued operations	0.73	(3.02)	7.67	29.89
Diluted earnings per ordinary share (sen):				
From continuing operations	0.65	4.01	4.36	4.73
From discontinued operations	0.72	(2.94)	7.61	29.12

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 THIRD QUARTER TO 30 SEPTEMBER 2014**

	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000 As restated	30.09.2014 RM'000	30.09.2013 RM'000 As restated
Profit for the period	29,035	15,199	265,598	484,706
Foreign currency translation differences for foreign operations	(19,092)	(143,984)	(1,619)	(229,943)
Transfer (from) / to:				
- reserve	-	-	28	254
Cash flow hedge	(202)	-	(7,036)	(7,932)
Available for sale reserve	648	(338)	3,485	946
Total comprehensive income for the period	10,389	(129,123)	260,456	248,031
Total comprehensive income attributable to:				
Owners of the company	10,606	(54,586)	153,187	440,901
Minority interest	(217)	(74,537)	107,269	(192,870)
Total comprehensive income for the period	10,389	(129,123)	260,456	248,031

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 SEPTEMBER 2014**

	AS AT END OF CURRENT QUARTER 30.09.2014	AS AT FINANCIAL YEAR 31.12.2013 (AUDITED)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	3,470,027	6,433,580
Investment property	107,758	107,758
Investment in associates	2,267	2,060
Other investments	85,634	81,198
Intangible assets:	110,829	189,762
Goodwill (on consolidation)	48,393	25,768
Other intangibles (if any)	62,436	163,994
Deferred tax assets	528	-
Non-current assets	3,777,043	6,814,358
Other investments	17,067	12,609
Inventories	52,275	655,327
Trade and other receivables	276,598	526,771
Derivative financial instruments	2,621	16,119
Tax recoverable	20,516	27,536
Cash and cash equivalents	188,576	377,180
	557,653	1,615,542
Assets of disposal group classified as held for sale	4,294,786	-
Current assets	4,852,439	1,615,542
TOTAL ASSETS	8,629,482	8,429,900
EQUITY AND LIABILITIES		
Share capital	323,608	323,513
Share premium	248,904	247,507
Other reserves:	1,359,790	1,304,233
Revaluation and other reserves	1,336,269	1,280,710
Warrant reserve	90,584	90,586
Treasury shares	(67,063)	(67,063)
Revenue reserves	2,060,406	1,905,404
Reserves of disposal group classified as held for sale	(41,781)	-
Equity Attributable to Equity Holders of the Company	3,950,927	3,780,657
Minority Interest	1,464,508	1,346,491
Total equity	5,415,435	5,127,148
Loans and borrowings	446,862	1,032,921
Deferred tax liabilities	180,466	905,216
Non current liabilities	627,328	1,938,137
Trade and other payables	171,198	307,410
Current income tax liabilities	-	26,489
Loans and borrowings	737,039	1,030,716
	908,237	1,364,615
Liabilities of disposal group classified as held for sale	1,678,482	-
Current liabilities	2,586,719	1,364,615
TOTAL LIABILITIES	3,214,047	3,302,752
TOTAL EQUITY AND LIABILITIES	8,629,482	8,429,900
NET ASSETS PER SHARE (RM)	3.05	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 THIRD QUARTER ENDED 30 SEPTEMBER 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	1,272,668,863	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
Acquisition of additional interest in subsidiaries	-	-	-	-	-	30,538	-	30,538	(1,225,285)	(1,194,747)
Treasury shares acquired	(15,322,000)	-	(21,234)	-	-	-	-	(21,234)	-	(21,234)
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
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	-	-	-	-	-	(1,129)	-	(1,129)	(490)	(1,619)
Transfer from reserves to retained profit	-	-	-	-	-	28	-	28	-	28
Cash flow hedges	-	-	-	-	-	(3,446)	-	(3,446)	(3,590)	(7,036)
Fair value of available-for-sale financial assets	-	-	-	-	-	3,485	-	3,485	-	3,485
Total other comprehensive income for the year	-	-	-	-	-	(1,062)	-	(1,062)	(4,080)	(5,142)
Profit for the year	-	-	-	-	-	-	154,249	154,249	111,349	265,598
Total comprehensive income for the year	-	-	-	-	-	(1,062)	154,249	153,187	107,269	260,456
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	-	-	-	-	-	-	-	-	(10,697)	(10,697)
Shares based payment under ESOS	-	-	-	-	-	15,198	-	15,198	-	15,198
ESOS exercised	375,500	94	-	1,386	-	(334)	-	1,146	-	1,146
Acquisition of new subsidiaries	-	-	-	-	-	-	753	753	21,445	22,198
Balance as at 30 September 2014	1,294,431,851	323,608	(67,063)	248,904	90,584	1,294,488	2,060,406	3,950,927	1,464,508	5,415,435



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2014

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014		
	AS AT 30.09.2014 RM'000	AS AT 30.09.2013 Restated RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- continued operations	72,272	63,201
- discontinued operations	284,689	410,516
	356,961	473,717
Non-cash item	231,144	(55,967)
Operating profit before changes in working capital	588,105	417,750
Changes in working capital:		
Inventories	46,344	78,227
Receivables	(149,832)	25,529
Payables	(18,912)	(58,777)
Cash generated from operations	465,705	462,729
Income tax (paid)/refund	(76,344)	(13,773)
Net cash (used in)/ generated from operating activities	389,361	448,956
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(55,335)	(1,340)
Dividends received	-	576
Interest received	7,762	5,736
Payment of:		
- deferred farm expenditure	-	(1,627)
- other investments	(4,297)	(261,100)
- property, plant and equipment	(324,236)	(380,930)
- intangible assets	(22,628)	-
Proceeds from:		
- disposal of other investment:		
- non-current	-	186,280
- disposal of property, plant and equipment	3,095	-
- disposal of subsidiaries	-	1,253,881
Net cash (used in)/generated from investing activities	(395,639)	801,476
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- shareholders of the Company	-	(1,158,450)
- minority shareholders of subsidiaries	(10,697)	-
Proceeds from term loans	178,951	279,464
Repayment of term loans	(231,912)	(366,939)
Proceeds from the issue of shares:		
- ESOS	1,146	-
- Warrants	10	37,100
Issue of shares to minority shareholders of subsidiaries	-	1,600
(Purchase) / Disposal of treasury shares	-	(21,234)
Interest paid	(57,828)	(61,324)
Net cash (used in)/generated from financing activities	(120,330)	(1,289,783)
Net (decrease) in cash and cash equivalents	(126,608)	(39,351)
Effect of exchange reserve rate fluctuations on cash held	8,516	1,542
Cash and cash equivalents at 1 January	325,377	246,182
Cash and cash equivalents at 30 September	207,285	208,373
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statements comprise the following statement of financial position amounts:		
Cash and bank balances:		
- Continuing operation	68,955	149,359
- Discontinuing operation	67,844	-
Deposits with licensed banks	119,622	83,747
	256,421	233,106
Less:		
Deposits pledged	(12,550)	-
Bank overdraft	(36,586)	(24,733)
	207,285	208,373



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

The company had on 31 July 2014 announced that Kulim had sent a letter to the Board of Directors of NBPOL 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 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).

Further to that, on 30 September 2014 Kulim announced that following the expiry of the exclusivity period under the exclusivity agreement entered between Kulim and Sime Darby Berhad ("**Sime Darby**"), Kulim was on 30 September 2014 notified by Sime Darby of its decision not to pursue the transaction.

On 9 October 2014, Sime Darby Plantation ("**Sime Darby Plantation**") had served a takeover notice on NBPOL pursuant to Section 22(1) of the Takeovers Code 1998 of Papua New Guinea ("**PNG**") of its intention to make a cash offer to acquire all NBPOL Shares at an offer price of GBP7.15 or PNG Kina ("**PGK**") 28.79 per NBPOL Share.

Subject to receipt of a formal offer from Sime Darby Plantation on terms consistent with, and no more conditional than those set out in the announcement made by NBPOL on 9 October 2014, Kulim intends to convene an Extraordinary General Meeting ("**EGM**") of its shareholders to consider and approve the disposal of Kulim's entire interest in NBPOL.

Kulim intends to accept the offer to be made by Sime Darby Plantation subject to:

1. There being no superior offer for Kulim's shares in NBPOL; and
2. Approval of Kulim's shareholders in EGM for Kulim to dispose its entire interest in NBPOL.

Kulim's proposed acceptance of Sime Darby Plantation's intended offer will result in Kulim disposing its entire equity interest in NBPOL comprising 73,482,619 NBPOL's shares at the offer price of GBP7.15 per NBPOL Share for a disposal consideration approximately GBP525.40 million, which is equivalent to RM2.75 billion (based on current exchange rates).



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

On 23 October 2014, the company announced that Kulim had received the formal offer document from the Offeror (“**Offer Document**”) and in the absence of a superior offer, the Board has agreed to present the Proposed Disposal to the shareholders of Kulim at an EGM to be convened for their consideration and approval.

Based on the latest audited consolidated financial statements of Kulim Group as at 31 December 2013 and on the assumption that the Proposed Disposal had been effected on that date, Kulim expects to realise a gain on disposal of approximately RM1.56 billion to Kulim Group.

During the quarter, the results of NBPOL prior to its change of status (inclusive of the comparative figures) were reclassified as discontinued operation as required by FRS 5.

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 9 Months Ended 30 September 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	594,422	1,653,631	118,223	77,071	6,659	-	15,150	(1,653,631)	811,525
Segment results	139,323	309,379	21,322	1,596	2,514	207	(67,136)	(305,462)	101,743
Interest income	310	30	1,505	57	-	-	5,861	(30)	7,733
Finance costs	(25,421)	(20,624)	(10,783)	(1,316)	-	-	316	20,624	(37,204)
Profit before tax	114,212	288,785	12,044	337	2,514	207	(60,959)	(284,868)	72,272

Results for 9 Months Ended 30 September 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	592,057	1,382,849	125,046	69,448	6,713	-	62,130	(1,477,057)	761,186
Segment results	111,615	82,799	20,423	9,155	3,537	184	(50,248)	(82,134)	95,331
Interest income	1,041	13	-	33	7	-	4,642	(13)	5,723
Finance costs	(26,353)	(23,461)	(11,766)	(888)	-	-	(1,214)	25,829	(37,853)
Profit before tax	86,303	59,351	8,657	8,300	3,544	184	(46,820)	(56,318)	63,201



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 September 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	177,665	554,417	50,928	24,742	2,305	-	7,952	(554,417)	263,592
Segment results	47,784	41,379	3,101	(1,253)	897	25	(27,975)	(39,990)	23,968
Interest income	131	10	516	(66)	-	-	3,347	(10)	3,928
Finance costs	(8,262)	(6,933)	(3,895)	(568)	-	-	84	6,933	(12,641)
Profit before tax	39,653	34,456	(278)	(1,887)	897	25	(24,544)	(33,067)	15,255

Results for 3 Months Ended 30 September 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	193,860	411,854	33,530	30,755	2,240	-	17,724	(432,852)	257,111
Segment results	45,918	22,523	9,192	9,082	1,113	18	(22,914)	(18,459)	46,473
Interest income	1,019	10	-	13	-	-	1,715	(10)	2,747
Finance costs	(10,185)	(7,684)	(2,677)	(233)	-	-	(1,179)	7,684	(14,274)
Profit before tax	36,752	14,849	6,515	8,862	1,113	18	(22,378)	(10,785)	34,946



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 September 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	3,417,554	4,264,023	516,179	233,393	107,758	2,267	2,674	8,543,848
Unallocated corporate assets	-	-	-	-	-	-	85,634	85,634
Total assets	3,417,554	4,264,023	516,179	233,393	107,758	2,267	88,308	8,629,482
Segment liabilities	1,639,296	966,737	324,580	97,286	-	-	5,682	3,033,581
Unallocated corporate liabilities	168,651	710,907	-	-	-	-	(699,092)	180,466
Total liabilities	1,807,947	1,677,644	324,580	97,286	-	-	(693,410)	3,214,047

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

Please refer to the note A5 “Proposed disposal of NBPOL” and note B7 (1) “Proposed Listing of E.A Technique.”

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 September 2014 are as follows:

	30.09.2014 RM'000
Contracted	66,037
Not contracted	15,416
Total	81,453



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	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	1,104	45	1,265	101
- Sales of oil palm fresh fruit bunches	-	7,004	-	11,536
- Purchase of oil palm fresh fruit bunches	2,362	-	3,381	-
- Planting advisory and agronomy fee received	483	21	526	51
- Computer charged received	1,116	11	1,161	44
- Rental payable	202	209	644	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 recorded revenue of RM811.52 million for the cumulative quarters under review compared to the corresponding period 2013 with revenue of RM761.18 million, an increase of 6.61%.

The Group recorded a PBT of RM72.27 million for the cumulative quarters 2014 compared to PBT of RM63.20 million for the corresponding period in 2013, an increase of 14.35%.

Plantation Operation - Malaysia

The Group's FFB production for the third quarter 2014 is at 184,891mt compared to the corresponding period in 2013 at 242,788mt a decrease of 23.84%.

The Group's cumulative FFB production for the cumulative quarters ending September 2014 was at 558,919mt. This was 3.85% lower compared to the FFB production for the corresponding period in 2013 at 581,313mt.

The Group's CPO production for the third quarter 2014 was at 69,944mt compared to the corresponding period in 2013 at 70,010mt a decrease of 0.09%.

The Group's cumulative CPO production for the cumulative quarters ending September 2014 was at 192,662mt. This was 5.18% higher compared to the CPO production for the corresponding period in 2013 at 183,175mt.

The Group's OER for the cumulative quarters 2014 is marginally higher at 20.52% compared to 20.10% for the corresponding period 2013.

Total FFB processed by the Group mills for the cumulative quarters 2014 was at 938,970mt which was 3.05% higher compared to the corresponding period 2013 at 911,192mt. Total FFB processed was inclusive of crops purchased from outside the Group.

Malaysian plantation operation achieved average CPO price of RM2,548 and PK at RM1,709 per mt respectively for the cumulative quarters 2014 compared to RM2,692 and RM1,229 per mt for CPO and PK respectively for the corresponding period in 2013.

Plantation Operation - Papua New Guinea & Solomon Island

NBPOL Group produced 353,814mt FFB in the current quarter 2014 which was 8.66% higher compared to the corresponding period in 2013. Together with crops purchased from outside the Group, NBPOL Group processed 498,774mt FFB for the current quarter which was 8.55% higher compared to the corresponding period in 2013.

The Group's cumulative FFB production for the cumulative quarters ending September 2014 was at 1,295,760mt. This was 12.07% higher compared to the FFB production for the corresponding period in 2013. FFB processed for the cumulative quarters was at 1,802,157mt which was 11.24% higher compared to the corresponding period in 2013.

NBPOL Group OER for the cumulative quarters 2014 was at 22.09% compared to the corresponding period in 2013 at 21.98%.

NBPOL Group achieved CPO price averages of USD922 per mt for the cumulative quarters 2014 compared to USD879 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 RM77.07 million for the cumulative quarters 2014, an increase of 10.98% as compared to the corresponding quarter last year.

The profit before tax of IV businesses decrease to RM0.34 million for the cumulative quarters under review, a decrease by 95.94% compared to the corresponding quarter last year. The decrease is mainly due to the delay on the fabrication work due to customer technical issue contribution from Danamin Sdn Bhd.

The revenue of shipping business decreased to RM118.22 million for the cumulative quarters under review, a decrease of 5.46% 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 RM12.04 million for the cumulative quarters under review, an increase by 39.12% 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 lower profits for the third quarter 2014 mainly due to lower production of FFB and CPO from Malaysia plantation segment 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. To enhance competitiveness of the Group, the plantation division has since taken concrete step 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 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		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Current Taxation				
- Malaysia	(3,090)	(11,991)	(8,281)	(13,174)
	(3,090)	(11,991)	(8,281)	(13,174)
Transfer to deferred taxation				
- Malaysia	(2,487)	(3,951)	(1,601)	(14,926)
Total	(5,577)	(15,942)	(9,882)	(28,100)

B6. Other operating income / (expenses)

	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Impairment of assets	-	(2,450)	-	(18,351)
Foreign exchange gain or loss	(61)	-	(244)	-
Rental income	845	1,419	2,535	2,795
Miscellaneous income / (expenses)	(5,462)	9,683	(2,505)	2,271
Total other operating income / (losses)	(4,678)	8,652	(215)	(13,285)



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:

Announcements made by Kulim (Malaysia) Berhad

1. On 14 April 2014, the Company announced that E.A. Technique (M) Berhad (“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 Initial Public Offering (“**Proposed IPO**”), 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, 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 Berhad 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

On 3 September 2014, the company announced that the SC had, vide its letter dated 3 September 2014, approved the Proposed Listing. In the aforesaid letter, SC has stated that E.A. Technique's application has been approved under the equity requirement for public companies and that the listing prospectus of E.A. Technique has been approved-in-principle for registration. The approval by the SC is subject to the following conditions:

- (i) RHB Investment Bank/E.A. Technique are to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Proposed Listing;
- (ii) Two (2) additional independent directors are to be appointed, and one (1) of the independent directors is to be designated as the Senior Independent Director, prior to the submission of confirmation for registration of prospectus;
- (iii) The building plan approval in respect of one (1) unit of 2-storey office building and one (1) unit of covered workshop in the rented shipyard in Hutan Melintang, Perak is to be obtained from Majlis Perbandaran Teluk Intan prior to the submission of confirmation for registration of prospectus;
- (iv) Approval for the inclusion of the category of liquefied petroleum gas (LPG) tanker in E.A. Technique's license issued by Petroliaam Nasional Berhad is to be obtained prior to the submission of confirmation for registration of prospectus; and
- (v) Dato' Ir. Abdul Hak bin Md. Amin is to provide an undertaking that as long as he remains as a promoter, director, substantial shareholder and/or key management of the E.A. Technique Group, the companies that he is involved in (which are not part of the E.A. Technique Group) shall not directly or indirectly compete with or carry out businesses in conflict with the businesses of the E.A. Technique Group, and such undertaking is to be disclosed in the prospectus.

Pursuant to the above, the Board of Directors of Kulim and E.A. Technique will deliberate on the conditions imposed by the SC on the Proposed Listing and consider the appropriate course of action.

On 15 October 2014, the company announced that Bursa Securities had, vide its letter dated 15 October 2014, approved the admission to its official list and the listing of and quotation for the entire issued and paid-up share capital of E.A. Technique of 504,000,000 ordinary shares of RM0.25 each on the "Trading/Services" sector of the Main Market of Bursa Securities.



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

E.A. Technique and RHB Investment Bank are required to comply with the following:-

- a. Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 (“PN21”) of the Main Market Listing Requirements (“LR”);
- b. Furnish Bursa Securities with the following prior to the listing date (except as stated otherwise):-
 - (i) A copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of E.A. Technique on the first day of listing;
 - (ii) Letter of undertaking in the form of Annexure PN21-C of the LR and a letter of confirmation in the form of Annexure PN21-D of the LR duly executed by each of the new independent directors to be appointed; and
 - (iii) A cheque drawn to the order of Bursa Securities for the initial listing fees based on the final issue price (in excess of the listing fees as provided in the listing application), together with a copy of the details of the computation of the amount of initial listing fees payable (where applicable).

On 6 November 2014, the company announced that the Ministry of International Trade and Industry had, vide its letter dated 5 November 2014, which was received on 6 November 2014, granted its approval and has no objection for E.A. Technique to implement the Proposed IPO and Proposed Listing.

On 14 November 2014, the company announced that the SC had on 14 November 2014, approved the revision to the condition of approval for the Proposed Listing of E.A. Technique, where, in lieu of the appointment of two (2) additional independent directors as imposed by the SC, E.A. Technique would instead replace one (1) of the existing non-independent non-executive directors with the appointment of one (1) new independent director. All other terms and conditions of the SC’s approval dated 3 September shall remain unchanged.

2. On the 16 July 2014, the company announced that, vide its wholly-owned subsidiary, EPA Management Sdn Bhd (“EPA”) had on even date entered into a Share Sale Agreement (“SSA”) for the sale of 25,000 ordinary shares in Kulim Safety Training And Services Sdn Bhd (“KSTSSB”) to Mohd Khir Bin Tamby (“**The Intrapreneur**”) at the total consideration price of RM25,000 representing 25% of KSTSSB’s share capital (“**Proposed KSTSSB Disposal**”). The SSA also incorporates a shareholders agreement to provide for certain arrangements relating to the KSTSSB’s operations and affairs and to determine certain rights and obligations of KSTSSB and its shareholders.

The Company is in the midst of completing the conditions precedent as defined in the respective agreements in relation to the Proposed KSTSSB Disposal

3. On 27 August 2014, the company announced that it’s had entered into the following:-
 - (i) A share purchase agreement with PGEO Group, a subsidiary of Wilmar for the proposed disposal of the entire equity interest in Nexsol for a cash consideration of RM27.0 million; and



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

- (ii) A land transfer agreement with PGEO Edible for the proposed disposal of the Nexsol Land (as defined herein) to PGEO Edible, a wholly-owned subsidiary of PGEO Group, which in turn is a wholly-owned subsidiary of Wilmar for a cash consideration of RM23.0 million.

The Company is in the midst of completing the conditions precedent as defined in the respective agreements in relation to the Proposed Nexsol Disposal.

4. On 25 September 2014, the company announced that it's had entered into a Sale and Purchase Agreement ("SPA") with Mohd Sukri for disposal of 200,000 ordinary shares of RM1.00 each in Superior Harbour Sdn Bhd ("SHSB"), representing its 100% shareholding in SHSB to Mohd Sukri for a total consideration of RM320,000 ("The Disposal"). Upon completion of the Disposal, SHSB will cease to become a subsidiary of EPA.

The Company is in the midst of completing the conditions precedent as defined in the respective agreements in relation to the Proposed SHSB Disposals.

5. On 27 October 2014, the company announced that Kulim Energy Nusantara Sdn Bhd, its wholly owned subsidiary company, had on 24 October 2014 entered into a Joint Operating Agreement ("JOA") with PT Radiant Bukit Barisan E&P and PT Graha Sumber Berkah to participate in the exploration and development of oil & gas (O&G) field in South West Bukit Barisan Block, Central Sumatera, Indonesia, (collectively, referred to as the "Project").

The Project is in the midst of completing the conditions precedent as defined in the respective agreements in relation to the JOA.



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 September 2014 RM'000	As at 31 December 2013 RM'000
Non-current		
Secured:		
Obligations under finance leases	2,316	1,257
Term loans	240,004	813,318
	242,320	814,575
Unsecured:		
Obligations under finance leases	-	-
Term loans	204,542	218,346
	204,542	218,346
Non-current loans and borrowings	446,862	1,032,921
Current		
Secured:		
Obligations under finance leases	1,082	926
Bank overdrafts	2,130	34,278
Revolving credit	170,000	288,060
Bankers' acceptances	738	47,048
Term loans	56,337	138,137
	230,287	508,449
Unsecured:		
Obligations under finance leases	-	-
Bank overdrafts	5,011	4,974
Bankers' acceptances	-	1,857
Revolving credit	460,491	460,436
Term loans	41,250	55,000
	506,752	522,267
Current loans and borrowings	737,039	1,030,716
Total loans and borrowings	1,183,901	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.

On 30 October 2014, Kulim announced that the High Court has vacated the trial dates fixed on 25 and 26 November, 2014 as previously announced and has fixed new trial dates on 4, 5 and 6 March 2015 and a further case management date has been fixed on 25 February 2015.

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		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Net profit for the period	17,681	13,818	154,249	438,679
Weighted average no of share in issue	1,278,981	1,262,740	1,278,981	1,262,740
Basic earnings per share (sen)	1.38	1.09	12.06	34.74
Diluted earnings per share (sen)	1.37	1.07	11.97	33.85

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)	0.2695	0.2948	0.3200	0.3110
Papua New Guinea Kina (KINA)	1.3215	1.2903	1.2590	1.3848
United Kingdom Pound Sterling (GBP)	5.4710	5.3683	5.2655	5.1218
United States of America Dollar (USD)	3.2115	3.2350	3.2585	3.1523
Europe (EUR)	4.3820	4.3895	4.3970	4.1785
Singapore Dollar (SGD)	2.5708	2.5805	2.5903	2.5455
Solomon Islands Dollar (SBD)	0.4486	1.3765	2.3045	2.2980



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

B13. Realised and unrealised profits or losses

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

	As at 30 September 2014 RM'000	As at 31 Dec 2013 RM'000
The retained earnings of the Group is made up as follows:		
- realised	3,829,553	4,136,816
- unrealised	(771,568)	(783,171)
	3,057,985	3,353,645
Total share of retained earnings of associates:		
- realised	1,467	300
	3,059,452	3,353,945
Add: Consolidation adjustments	(999,046)	(1,448,541)
Total retained earnings	2,060,406	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 : 28 November 2014