



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND 12 MONTHS ENDED 31 DECEMBER 2014



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER TO 31 DECEMBER 2014**

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000 As restated	31.12.2014 RM'000	31.12.2013 RM'000 As restated
Revenue	283,633	251,972	1,095,158	1,013,158
Expenses excluding finance cost & tax	(199,715)	(156,448)	(859,041)	(767,786)
Depreciation and amortisation	(80,136)	(71,557)	(130,584)	(112,973)
Other operating income / (loss)	33,237	27,865	33,022	14,580
Profit from operations	37,019	51,832	138,555	146,979
Finance cost	(17,993)	(13,569)	(55,197)	(51,422)
Interest income	4,070	5,348	11,803	11,071
Share of profit in associates	165	116	372	300
Profit before taxation	23,261	43,727	95,533	106,928
Income tax expense	(20,060)	(38,730)	(29,942)	(66,830)
Profit from continuing operations	3,201	4,997	65,591	40,098
Discontinued operation				
Profit from discontinued operation, net of tax	53,429	(23,881)	256,637	425,724
Profit for the year	56,630	(18,884)	322,228	465,822
Profit attributable to:				
Owners of the company	23,091	(7,611)	177,340	431,068
Minority interest	33,539	(11,273)	144,888	34,754
Profit for the period	56,630	(18,884)	322,228	465,822
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	(0.33)	2.39	3.85	4.21
From discontinued operations	2.10	(2.99)	9.70	29.59
Diluted earnings per ordinary share (sen):				
From continuing operations	(0.32)	2.37	3.70	4.17
From discontinued operations	2.02	(2.96)	9.35	29.30

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 FOURTH QUARTER TO 31 DECEMBER 2014**

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000 As restated	31.12.2014 RM'000	31.12.2013 RM'000 As restated
Profit for the period	56,630	(18,884)	322,228	465,822
Foreign currency translation differences for foreign operations	78,790	(36,838)	77,191	(266,781)
Transfer (from) / to:				
- reserve	(28)	-	-	254
Cash flow hedge	16,575	9,505	9,539	1,573
Available for sale reserve	(1,982)	(1,601)	1,503	(655)
Total comprehensive income for the period	149,985	(47,818)	410,461	200,213
Total comprehensive income attributable to:				
Owners of the company	49,282	(133,947)	202,469	306,954
Minority interest	100,703	86,129	207,992	(106,741)
Total comprehensive income for the period	149,985	(47,818)	410,461	200,213

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 31 DECEMBER 2014**

	AS AT END OF CURRENT QUARTER 31.12.2014	AS AT FINANCIAL YEAR 31.12.2013 (AUDITED)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	3,437,001	6,433,580
Investment property	110,768	107,758
Investment in associates	76,307	2,060
Other investments	68,485	81,198
Intangible assets:	94,598	189,762
Goodwill (on consolidation)	25,765	25,768
Other intangibles (if any)	68,833	163,994
Deferred tax assets	867	-
Non-current assets	3,788,026	6,814,358
Other investments	16,839	12,609
Inventories	40,602	655,327
Trade and other receivables	249,700	526,771
Derivative financial instruments	2,449	16,119
Tax recoverable	18,230	27,536
Cash and cash equivalents	342,596	377,180
	670,416	1,615,542
Assets of disposal group classified as held for sale	4,547,331	-
Current assets	5,217,747	1,615,542
TOTAL ASSETS	9,005,773	8,429,900
EQUITY AND LIABILITIES		
Share capital	335,626	323,513
Share premium	422,445	247,507
Other reserves:	1,372,390	1,304,233
Revaluation and other reserves	1,383,718	1,280,710
Warrant reserve	55,735	90,586
Treasury shares	(67,063)	(67,063)
Revenue reserves	1,956,633	1,905,404
Reserves of disposal group classified as held for sale	(55,409)	-
Equity Attributable to Equity Holders of the Company	4,031,685	3,780,657
Minority Interest	1,574,917	1,346,491
Total equity	5,606,602	5,127,148
Loans and borrowings	455,707	1,032,921
Deferred tax liabilities	185,338	905,216
Non current liabilities	641,045	1,938,137
Trade and other payables	168,348	307,410
Current income tax liabilities	4,887	26,489
Loans and borrowings	746,478	1,030,716
	919,713	1,364,615
Liabilities of disposal group classified as held for sale	1,838,413	-
Current liabilities	2,758,126	1,364,615
TOTAL LIABILITIES	3,399,171	3,302,752
TOTAL EQUITY AND LIABILITIES	9,005,773	8,429,900
NET ASSETS PER SHARE (RM)	3.00	2.92

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



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ended 31 December 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

	← ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY →										
	← NON-DISTRIBUTABLE						RESERVE OF DISPOSAL →				MINORITY INTEREST
	NO. OF SHARES	NOMINAL VALUE	TREASURY SHARES	SHARE PREMIUM	WARRANT RESERVE	REVALUATION & OTHER RESERVES	CLASSIFIED AS HELD FOR SALE	RETAINED EARNINGS	TOTAL		
Balance as at 1 January 2013	1,282,548,863	320,637	(45,829)	204,820	98,979	1,362,338	2,404	1,474,336	3,417,685	2,781,972	6,199,657
Foreign exchange translation differences	-	-	-	-	-	(124,483)	-	-	(124,483)	(142,298)	(266,781)
Transfer from reserves to retained profit	-	-	-	-	-	254	-	-	254	-	254
Cash flow hedges	-	-	-	-	-	770	-	-	770	803	1,573
Fair value of available-for-sale financial assets	-	-	-	-	-	(655)	-	-	(655)	-	(655)
Total other comprehensive income for the year	-	-	-	-	-	(124,114)	-	-	(124,114)	(141,495)	(265,609)
Profit for the year	-	-	-	-	-	-	-	431,068	431,068	34,754	465,822
Total comprehensive income for the year	-	-	-	-	-	(124,114)	-	431,068	306,954	(106,741)	200,213
Increase in minority interest	-	-	-	-	-	-	-	-	-	2,990	2,990
Warrant exercised	11,504,248	2,876	-	42,687	(8,393)	-	-	-	37,170	-	37,170
Disposal of subsidiaries	-	-	-	-	-	32,771	(2,404)	-	30,367	(1,307,012)	(1,276,645)
Dividend to minority interest of subsidiaries	-	-	-	-	-	-	-	-	-	(24,718)	(24,718)
Treasury shares acquired	-	-	(21,234)	-	-	-	-	-	(21,234)	-	(21,234)
Shares based payment under ESOS	-	-	-	-	-	9,715	-	-	9,715	-	9,715
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	-	-	-	-	-	18,954	-	-	18,954	58,237	77,191
Transfer from reserves to retained profit	-	-	-	-	-	1,503	-	-	1,503	-	1,503
Cash flow hedges	-	-	-	-	-	4,672	-	-	4,672	4,867	9,539
Total other comprehensive income for the year	-	-	-	-	-	25,129	-	-	25,129	63,104	88,233
Profit for the year	-	-	-	-	-	-	-	177,340	177,340	144,888	322,228
Total comprehensive income for the year	-	-	-	-	-	25,129	-	177,340	202,469	207,992	410,461
Issuances of share to Non-Controlling Interest	-	-	-	-	-	4,578	-	-	4,578	69,542	74,120
Premium paid to acquire Non-Controlling Interest	-	-	-	-	-	(1,488)	-	-	(1,488)	-	(1,488)
Arising from acquisition from Non-Controlling Interest	-	-	-	-	-	-	-	-	-	(28,806)	(28,806)
Interest	-	-	-	-	-	(267)	-	-	(267)	571	304
Disposal of discontinued operation	-	-	-	-	-	-	-	-	-	52	52
Warrant exercised	47,766,945	11,942	-	172,420	(34,851)	-	-	-	149,511	-	149,511
Effect on reserves arising from disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	(126,111)	(126,111)	-	(126,111)
Dividend to Non-Controlling Interest of subsidiaries	-	-	-	-	-	-	-	-	-	(43,483)	(43,483)
Shares based payment under ESOS	-	-	-	-	-	19,647	-	-	19,647	-	19,647
ESOS exercised	682,500	171	-	2,518	-	-	-	-	2,689	-	2,689
Reserve attributable to disposal group classified as held for sale	-	-	-	-	-	55,409	(55,409)	-	-	-	-
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	-	22,558	22,558
Balance as at 31 December 2014	1,342,502,556	335,626	(67,063)	422,445	55,735	1,383,718	(55,409)	1,956,633	4,031,685	1,574,917	5,606,602



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014		
	AS AT 31.12.2014 RM'000	AS AT 31.12.2013 Restated RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- continued operations	95,533	106,928
- discontinued operations	390,813	459,964
	486,346	566,892
Non-cash item	39,435	56,946
Operating profit before changes in working capital	525,781	623,838
Changes in working capital:		
Inventories	95,423	55,953
Receivables	128,654	86,846
Payables	(58,463)	(13,810)
Cash generated from operations	691,395	752,827
Income tax (paid)/refund	(101,792)	(47,500)
Net cash (used in)/ generated from operating activities	589,603	705,327
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(55,335)	(6,648)
Dividends received	160	1,831
Interest received	9,602	11,109
Payment of:		
- deferred farm expenditure	(18,435)	-
- other investments	(14,297)	(33,045)
- property, plant and equipment	(432,232)	(596,581)
Proceeds from:		
- non-current	-	43,006
- disposal of property, plant and equipment	18,500	3,867
- disposal of subsidiaries	27,404	982,126
Net cash (used in)/generated from investing activities	(464,633)	405,665
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- shareholders of the Company	(126,111)	(1,158,450)
- minority shareholders of subsidiaries	(43,483)	(24,718)
Proceeds from term loans	215,031	638,281
Repayment of term loans	(258,160)	(734,372)
Proceeds from the issue of shares:		
- ESOS	2,689	-
- Warrants	149,511	37,170
Issue of shares to minority shareholders of subsidiaries	-	2,990
(Purchase) / Disposal of treasury shares	-	(21,234)
Interest paid	(75,757)	(84,811)
Net cash (used in)/generated from financing activities	(136,280)	(1,345,144)
Net (decrease) in cash and cash equivalents	(11,310)	(234,152)
Effect of exchange reserve rate fluctuations on cash held	8,516	46,410
Cash and cash equivalents at 1 January	325,377	513,119
Cash and cash equivalents at 31 December	322,583	325,377
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	231,381	203,940
Deposits with licensed banks	107,713	173,240
	339,094	377,180
Less:		
Deposits pledged	(12,551)	(12,551)
Bank overdraft	(3,960)	(39,252)
	322,583	325,377



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

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 Extraordinary General Meeting ("**EGM**") to be convened for their consideration and approval.

On 3 December 2014 the Board of Directors of Kulim (Malaysia) Berhad ("Kulim") announced that the resolution as set out in the Notice of EGM of the Company dated 18 November 2014, was duly approved at the EGM of the Company held on even date.

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.

On 26 February 2015, the company announced that the Disposal was completed on even date, following the receipt of the Disposal Consideration from Sime Darby Plantation. Accordingly, NBPOL shall cease to be a subsidiary of Kulim Group.

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

During the quarter, the Board declared a single tier interim dividend of 9.5 sen per share totaling approximately RM126.11 million on 3 December 2014 and the payments were made on the 29 December 2014.

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 ended 31 December 2014

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 12 Months Ended 31 December 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	768,758	2,097,946	155,657	110,976	8,836	-	50,941	(2,097,956)	1,095,158
Segment results	185,644	423,892	31,960	(2,512)	3,193	372	(85,101)	(418,521)	138,927
Interest income	993	54	2,163	129	-	-	8,518	(54)	11,803
Finance costs	(37,324)	(27,761)	(14,323)	(5,270)	-	-	1,721	27,760	(55,197)
Profit before tax	149,313	396,185	19,800	(7,653)	3,193	372	(74,862)	(390,815)	95,533

Results for 12 Months Ended 31 December 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	780,334	1,789,642	121,118	101,892	9,260	-	68,134	(1,857,222)	1,013,158
Segment results	163,854	86,190	71,822	7,540	5,103	300	(81,000)	(106,530)	147,279
Interest income	4,385	42	2,087	63	-	-	5,700	(1,206)	11,071
Finance costs	(35,171)	(30,798)	(14,541)	(1,970)	-	-	28	31,030	(51,422)
Profit before tax	133,068	55,434	59,368	5,633	5,103	300	(75,272)	(76,706)	106,928



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ended 31 December 2014

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 3 Months Ended 31 December 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					
	174,336	444,315	42,178	29,161	2,177	-	35,791	(444,325)	283,633
Segment results	46,321	114,513	8,752	(2,222)	679	165	(17,965)	(113,059)	37,184
Interest income	683	24	1,635	(905)	-	-	2,657	(24)	4,070
Finance costs	(11,903)	(7,137)	(3,849)	(3,645)	-	-	1,405	7,136	(17,993)
Profit before tax	35,101	107,400	6,538	(6,772)	679	165	(13,903)	(105,947)	23,261

Results for 3 Months Ended 31 December 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	188,277	406,793	33,415	34,502	2,547	-	6,004	(419,566)	251,972
Segment results	52,239	3,391	6,500	(10,638)	1,566	116	(30,752)	29,526	51,948
Interest income	3,344	29	1,042	5	(7)	-	1,058	(123)	5,348
Finance costs	(8,818)	(7,337)	(3,670)	(1,082)	-	-	1,242	6,096	(13,569)
Profit before tax	46,765	(3,917)	3,872	(11,715)	1,559	116	(28,452)	35,499	43,727



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ended 31 December 2014

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Assets and Liabilities As at 31 December 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	3,369,085	4,484,112	666,078	227,591	110,768	76,307	3,347	8,937,288
Unallocated corporate assets	-	-	-	-	-	-	68,485	68,485
Total assets	3,369,085	4,484,112	666,078	227,591	110,768	76,307	71,832	9,005,773
Segment liabilities	1,659,553	1,052,738	397,041	95,593	-	-	8,908	3,213,833
Unallocated corporate liabilities	173,563	785,675	17	-	-	-	(773,917)	185,338
Total liabilities	1,833,116	1,838,413	397,058	95,593	-	-	(765,009)	3,399,171

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”.

On 11 December 2014, the company announced that E.A. Technique (M) Berhad (“EAT”), a subsidiary company of Kulim held through Sindora Berhad (“Sindora”) were successfully listed and quoted on the Main Market of Bursa Securities.

A12. Changes in the Composition of the Group

On 3 December 2014, the company announced that Disposal of Nexsol Sdn Bhd had been completed on even date, following the receipt of the Disposal Consideration from PGEO Group. Accordingly, Nexsol ceased to be a subsidiary of Kulim Group.

On 26 February 2015, the company announced that that the Disposal was completed on even date, following the receipt of the Disposal Consideration from Sime Darby Plantation. Accordingly, NBPOL shall cease to be a subsidiary of Kulim Group.

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 December 2014 are as follows:

	31.12.2014 RM'000
Contracted	223,936
Not contracted	18,782
Total	242,718



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		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM '000	RM '000	RM '000	RM '000
Group				
Ultimate holding corporation				
Johor Corporation				
- Agency fee received	122	30	486	176
- Sales of oil palm fresh fruit bunches	-	37	-	14,578
- Purchasing and sales commission received	43	62	170	1,614
- Planting advisory and agronomy fee received	36	22	80	95
- Computer charged received	3,568	11	4,094	72
- Inspection fee received	-	-	-	23
- Rental payable	629	158	629	629



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 RM1.10 billion for the cumulative quarters under review compared to the corresponding period 2013 with revenue of RM1.01 billion, an increase of 8.09%.

The Group's recorded a PBT of RM95.53 million for the cumulative quarters 2014 compared to PBT of RM106.93 million for the corresponding period in 2013, a decrease of 10.66%.

Plantation Operation - Malaysia

The Group's FFB production for the fourth quarter 2014 is at 282,160mt compared to the corresponding period in 2013 at 234,583mt an increase of 20.28%.

The Group's cumulative FFB production for the cumulative quarters ending December 2014 was at 841,079mt. This was 3.09% higher compared to the FFB production for the corresponding period in 2013 at 815,896mt.

The Group's CPO production for the fourth quarter 2014 was at 65,266mt compared to the corresponding period in 2013 at 71,560mt a decrease of 8.80%.

The Group's cumulative CPO production for the cumulative quarters ending December 2014 was at 257,928mt. This was 1.25% higher compared to the CPO production for the corresponding period in 2013 at 254,735mt.

The Group's OER for the cumulative quarters 2014 is marginally higher at 20.59% compared to 20.22% for the corresponding period 2013.

Total FFB processed by the Malaysian mills for the cumulative quarters 2014 was at 1,252,825mt which was 0.56% lower compared to the corresponding period 2013 at 1,259,858mt. Total FFB processed was inclusive of crops purchased from outside the Group.

Malaysian plantation operation achieved average CPO price of RM2,370 and PK at RM1,708 per mt respectively for the cumulative quarters 2014 compared to RM2,472 and RM1,287 per mt for CPO and PK respectively 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 RM110.98 million for the cumulative quarters 2014, an increase of 8.92% as compared to the corresponding quarter last year.

IV businesses recorded a loss before tax amounting to RM7.65 million for the cumulative quarters under review, significant decrease by 235.86% compared to the corresponding quarter last year mainly due to ceased operation of Bio compost production at Kulim Nursery Sdn Bhd and poor performance of Kulim Civil Works Sdn Bhd Group.

The revenue of shipping business increased to RM155.66 million for the cumulative quarters under review, an increase of 28.52% compared to the corresponding quarter last year.

The profit before tax of shipping business decrease to RM19.80 million for the cumulative quarters under review, a decrease by 66.65% compared to the corresponding quarter last year, mainly due to gain in disposal of an associate company amounting to RM37.5 million and share of profit from associate amounting to RM2.9 million.

B2. Material Changes in the Quarterly Results

The Oil Palm sector recorded lower profits for the fourth quarter 2014 mainly due to lower average price of CPO from Malaysia plantation segment compared to the corresponding quarter last year.

B3. Current Year Prospects

The outlook for oil palm prices is still stable albeit at lower level. However, with improved productivity and greater cost efficiency and notwithstanding the challenges in the financial year 2015, the Board expects the Group's performance in the next quarter 2015 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		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Current Taxation				
- Malaysia	(20,726)	(23,090)	(29,007)	(36,264)
	(20,726)	(23,090)	(29,007)	(36,264)
Transfer to deferred taxation				
- Malaysia	666	(15,640)	(935)	(30,566)
Total	(20,060)	(38,730)	(29,942)	(66,830)

B6. Other operating income / (expenses)

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Impairment of assets	-	18,350	-	-
Foreign exchange gain or loss	655	(1)	410	(1)
Rental income	845	672	3,380	2,686
Miscellaneous income / (expenses)	31,737	8,844	29,232	11,895
Total other operating income / (losses)	33,237	27,865	33,022	14,580



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.

1. 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.

2. On 27 August 2014, the company announced that it had entered into the following:-
 - (i) A land transfer agreement with PGEO Edible for the proposed disposal of the Nexsol Land 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 Disposals.

3. On 10 December 2014, the company announced that Kulim Energy Nusantara Sdn Bhd (“KENS”), its wholly owned subsidiary company had entered into a Conditional Subscription and Shares Purchase Agreement (“CSSPA”) with Citra Sarana Energi (“CSE”) and its existing shareholders namely, PT Wisesa Inspirasi Sumatera (“WIS”) and PT Inti Energi Sejahtera (“IES”) (collectively referred to as the “Sellers”), for a total cash consideration of approximately USD133.55 million (equivalent to approximately RM462.68 million) (“Purchase Consideration”) in relation to the acquisition of 60% equity interest in CSE to participate in the exploration and development of oil & gas (O&G) field in South West Bukit Barisan Block, Central Sumatera, Indonesia.

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



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 31 December 2014 RM'000	As at 31 December 2013 RM'000
Non-current		
Secured:		
Obligations under finance leases	2,981	1,257
Term loans	288,389	813,318
	291,370	814,575
Unsecured:		
Term loans	164,338	218,346
	164,338	218,346
Non-current loans and borrowings	455,708	1,032,921
Current		
Secured:		
Obligations under finance leases	1,129	926
Bank overdrafts	1,472	34,278
Revolving credit	170,000	288,060
Bankers' acceptances	660	47,048
Term loans	47,058	138,137
	220,319	508,449
Unsecured:		
Bank overdrafts	2,492	4,974
Bankers' acceptances	-	1,857
Revolving credit	468,666	460,436
Term loans	55,000	55,000
	526,158	522,267
Current loans and borrowings	746,477	1,030,716
Total loans and borrowings	1,202,185	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 with 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 had fixed new trial dates on 4, 5 and 6 March 2015 and a further case management date was fixed on 25 February 2015.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B10. Dividend Proposed**

On 26 February 2015, the Board declared a Special dividend of RM0.3765 per ordinary share of RM0.25 each in Kulim (Malaysia) Berhad (“Kulim”) arising from the disposal by Kulim of 73,482,619 ordinary shares in New Britain Palm Oil Limited (“NBPOL”), representing its entire equity interest in NBPOL to Sime Darby Plantation Sdn Bhd, a wholly-owned subsidiary of Sime Darby Berhad for a disposal consideration of approximately GBP525.40 million, to all entitled shareholders of Kulim.

B11. Earnings Per Share (“EPS”)

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Profit attributable to owners of the company	23,091	(7,611)	177,340	431,068
Weighted average no of share in issue	1,308,969	1,275,386	1,308,969	1,275,386
Basic earnings per share (sen)	1.77	(0.60)	13.55	33.80
Diluted earnings per share (sen)	1.70	(0.59)	13.05	33.47

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



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 31.12.2014 RM'000	As at 31.12.2013 RM'000
3,815,601	4,136,816
(851,565)	(783,171)
2,964,036	3,353,645
1,632	300
2,965,668	3,353,945
(1,009,035)	(1,448,541)
1,956,633	1,905,404

By Order of the Board
KULIM (MALAYSIA) BERHAD

IDHAM JIHADI BIN ABU BAKAR, MAICSA 7007381
NURALIZA BINTI A. RAHMAN, MAICSA 7067934
(Secretaries)

Dated : 27 February 2015