



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER TO 31 DECEMBER 2015**

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
		As restated		As restated
Revenue	300,729	283,633	1,487,347	1,095,158
Expenses excluding finance cost & tax	(203,190)	(247,818)	(1,186,299)	(871,374)
Depreciation and amortisation	(45,973)	(33,509)	(141,637)	(119,727)
Other operating income / (loss)	(44,752)	34,713	5,182	34,498
Profit from operations	6,814	37,019	164,593	138,555
Finance cost	(6,478)	(17,993)	(32,999)	(55,197)
Interest income	6,868	4,070	36,908	11,803
Share of profit in associates	(5,088)	165	(5,996)	372
Profit before taxation	2,116	23,261	162,506	95,533
Income tax expense	(40,489)	(24,123)	(61,313)	(34,005)
Profit from continuing operations	(38,373)	(862)	101,193	61,528
Discontinued operation				
Profit from discontinued operation, net of tax	5,637	43,705	1,316,326	246,913
Profit for the year	(32,736)	42,843	1,417,519	308,441
Profit attributable to:				
Owners of the company	(35,980)	10,054	1,410,263	164,303
Minority interest	3,244	32,789	7,256	144,138
Profit for the period	(32,736)	42,843	1,417,519	308,441
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	(3.24)	(0.77)	6.36	3.65
From discontinued operations	0.44	1.54	103.42	8.90

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER TO 31 DECEMBER 2015**

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
		As restated		As restated
Profit for the period	(32,736)	42,843	1,417,519	308,441
Foreign currency translation differences for foreign operations	17,788	97,232	(3,766)	95,613
Transfer (from) / to:				
- reserve	-	(28)	-	-
Cash flow hedge	-	(2,468)	(25)	(9,504)
Available for sale reserve	(4,759)	(1,982)	(4,898)	1,503
Total comprehensive income for the period	(19,707)	135,597	1,408,830	396,053
Total comprehensive income attributable to:				
Owners of the company	(36,637)	40,101	1,413,201	193,288
Minority interest	16,930	95,496	(4,371)	202,765
Total comprehensive income for the period	(19,707)	135,597	1,408,830	396,053

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	AS AT END OF CURRENT QUARTER 31.12.2015	AS AT FINANCIAL YEAR 31.12.2014 (AUDITED)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	3,651,732	3,517,968
Investment property	115,028	110,768
Investment in associates	2,749	76,522
Other investments	279,393	68,485
Intangible assets:	121,852	33,439
Goodwill	120,661	25,768
Other intangibles	1,191	7,671
Non-current assets	4,170,754	3,807,182
Other investments	71,928	16,839
Inventories	69,346	40,602
Trade and other receivables	544,777	214,405
Derivative financial instruments	1,325	2,449
Tax recoverable	21,156	15,398
Cash and cash equivalents	1,533,588	342,597
	2,242,120	632,290
Assets of disposal group classified as held for sale	13,291	4,819,085
Current assets	2,255,411	5,451,375
TOTAL ASSETS	6,426,165	9,258,557
EQUITY AND LIABILITIES		
Share capital	337,605	335,626
Share premium	448,910	422,445
Other reserves:	1,100,140	1,372,461
Revaluation and other reserves	1,418,290	1,383,789
Warrant reserve	52,938	55,735
Treasury shares	(371,088)	(67,063)
Revenue reserves	2,853,752	1,943,596
Reserves of disposal group classified as held for sale	-	(51,622)
Equity Attributable to Equity Holders of the Company	4,740,407	4,022,506
Minority Interest	263,619	1,590,197
TOTAL EQUITY	5,004,026	5,612,703
Loans and borrowings	405,132	451,261
Deferred tax liabilities	198,902	185,700
Non current liabilities	604,034	636,961
Trade and other payables	289,856	168,565
Current income tax liabilities	24,195	4,887
Loans and borrowings	504,054	750,924
	818,105	924,376
Liabilities of disposal group classified as held for sale	-	2,084,517
Current liabilities	818,105	3,008,893
TOTAL LIABILITIES	1,422,139	3,645,854
TOTAL EQUITY AND LIABILITIES	6,426,165	9,258,557
NET ASSETS PER SHARE (RM)	3.86	3.03

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014


KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ended 31 December 2015

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

	←----- ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY ----->										
	←----- NON-DISTRIBUTABLE ----->						RESERVE OF DISPOSAL		DISTRIBUTABLE		
	NO. OF SHARES	NOMINAL VALUE RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	REVALUATION & OTHER RESERVES RM'000	CLASSIFIED AS HELD FOR SALE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTEREST RM'000	
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	
Foreign exchange translation differences	-	-	-	-	-	32,135	-	-	32,135	63,478	95,613
Cash flow hedges	-	-	-	-	-	(4,653)	-	-	(4,653)	(4,851)	(9,504)
Fair value of available-for-sale financial assets	-	-	-	-	-	1,503	-	-	1,503	-	1,503
Total other comprehensive income for the year	-	-	-	-	-	28,985	-	-	28,985	58,627	87,612
Profit for the year	-	-	-	-	-	-	-	164,303	164,303	144,138	308,441
Total comprehensive income for the year	-	-	-	-	-	28,985	-	164,303	193,288	202,765	396,053
Acquisition from non-controlling interest	-	-	-	-	-	(1,487)	-	-	(1,487)	(28,807)	(30,294)
Issue of share to non-controlling interest	-	-	-	-	-	4,579	-	-	4,579	69,541	74,120
Partial disposal of shares to non-controlling interest	-	-	-	-	-	(267)	-	-	(267)	570	303
Dividends to shareholders	-	-	-	-	-	-	-	(126,111)	(126,111)	-	(126,111)
Warrant exercised	47,766,945	11,942	-	172,420	(34,851)	-	-	-	149,511	-	149,511
Dividend to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	(43,484)	(43,484)
Grant of equity - settled share options to employees	-	-	-	-	-	20,254	-	-	20,254	-	20,254
Exercised of employees share options	682,500	171	-	2,518	-	(607)	-	-	2,082	-	2,082
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	-	42,366	42,366
Disposal of subsidiary	-	-	-	-	-	51,622	(51,622)	-	-	755	755
Balance as at 31 December 2014	1,342,502,556	335,626	(67,063)	422,445	55,735	1,383,789	(51,622)	1,943,596	4,022,506	1,590,197	5,612,703
Balance as at 1 January 2015	1,342,502,556	335,626	(67,063)	422,445	55,735	1,383,789	(51,622)	1,943,596	4,022,506	1,590,197	5,612,703
Foreign exchange translation differences	-	-	-	-	-	7,862	-	-	7,862	(11,628)	(3,766)
Cash flow hedges	-	-	-	-	-	(25)	-	-	(25)	-	(25)
Fair value of available-for-sale financial assets	-	-	-	-	-	(4,898)	-	-	(4,898)	-	(4,898)
Total other comprehensive income for the year	-	-	-	-	-	2,939	-	-	2,939	(11,628)	(8,689)
Profit for the year	-	-	-	-	-	-	-	1,410,263	1,410,263	7,256	1,417,519
Total comprehensive income for the year	-	-	-	-	-	2,939	-	1,410,263	1,413,202	(4,372)	1,408,830
Acquisition from non-controlling interest	-	-	-	-	-	5,070	-	-	5,070	24,656	29,726
Partial disposal of shares by subsidiary to non controlling interest	-	-	-	-	-	53	-	-	53	-	53
Treasury shares acquired	-	-	(304,025)	-	-	-	-	-	(304,025)	-	(304,025)
Warrant exercised	3,833,629	958	-	12,471	(2,797)	-	-	-	10,632	-	10,632
Exercised of employees share options	4,084,750	1,021	-	13,994	-	(3,635)	-	-	11,380	-	11,380
Grant of equity - settled share options to employees	-	-	-	-	-	10,525	-	-	10,525	-	10,525
Dividends to shareholders	-	-	-	-	-	-	-	(500,107)	(500,107)	-	(500,107)
Dividend to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	(2,535)	(2,535)
Acquisition of new subsidiaries	-	-	-	-	-	17,321	-	-	17,321	23,345	40,666
Reversal of associate to subsidiary	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	2,228	51,622	-	53,850	(1,367,672)	(1,313,822)
Balance as at 31 December 2015	1,350,420,935	337,605	(371,088)	448,910	52,938	1,418,290	-	2,853,752	4,740,407	263,619	5,004,026

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014)



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015		
	AS AT 31.12.2015 RM'000	AS AT 31.12.2014 Restated RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- continued operations	162,506	95,533
- discontinued operations	1,319,580	382,600
	1,482,086	478,133
Adjustments for :		
Non-cash item	(1,177,161)	466,889
Operating profit before changes in working capital	304,925	945,022
Changes in working capital:		
Inventories	5,188	40,940
Receivables	(320,295)	38,024
Payables	86,326	(220,035)
Cash generated from operations	76,144	803,951
Income tax (paid)/refund	(32,581)	(120,757)
Net cash (used in)/ generated from operating activities	43,563	683,194
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	295	(58,184)
Dividends received	1,940	1,377
Interest received	36,908	11,820
Net cash inflow on disposal of subsidiaries	2,662,306	27,437
Payment of:		
- deferred farm expenditure	(52,559)	(38,794)
- other investments	(51,335)	(21,816)
- property, plant and equipment	(257,200)	(474,788)
Addition to fixed deposit	(52,405)	(32,115)
Proceeds from:		
- disposal of property, plant and equipment	-	19,761
- disposal of other investment	2,100	161
Net cash (used in)/generated from investing activities	2,290,050	(565,141)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- shareholders of the Company	(500,107)	(126,111)
- non controlling interest of subsidiaries	(2,535)	(43,484)
Proceeds from borrowings	283,704	283,299
Repayment of borrowings	(665,831)	(329,042)
Proceeds from the issue of shares:		
- ESOS	11,380	2,082
- Warrants	10,632	149,511
Purchased of treasury share	(304,025)	-
Partial disposal of shares to non controlling interest	53	74,423
Partial acquisition of shares from non controlling interest	-	(30,294)
Interest paid	(32,999)	(83,072)
Net cash (used in)/generated from financing activities	(1,199,728)	(102,688)
Net (decrease) in cash and cash equivalents	1,133,885	15,365
Effect of exchange reserve rate fluctuations on cash held	35,214	8,682
Cash and cash equivalents at 1 January	345,278	321,231
Cash and cash equivalents	1,514,377	345,278
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	175,670	217,821
Deposits with licensed banks	1,357,918	124,776
	1,533,588	342,597
Add:		
Discontinued operation	-	59,268
Less:		
Deposits pledged	(14,069)	(48,812)
Bank overdraft	(5,142)	(7,775)
	1,514,377	345,278
(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014)		



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 2014.

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 2014.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2014. 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 2014.

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>
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendment to FRS 10 and FRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendment to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
Amendment to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendment to FRS 127 : Equity Method in Separate Financial Statements Applying the Consolidated Exception	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
FRS 9: Financial Instruments	1 January 2016

The directors expect that the adoption of the above standards and interpretations will not have any material impact on the financial statements in the period of initial application.



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

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. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. 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 are in the midst of assessing the impact of adopting 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 material unusual items affecting assets, liabilities, equity, net income or cash flow during the financial period 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

No dividend has been paid during the quarter ended 31 December 2015.

A9. Segmental Information

Segmental information for the current financial year based on geographical locations and business segments within the geographical locations are as follows:



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Interim report for the financial year ended 31 December 2015

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 12 Months Ended 31 December 2015	Plantation	Intraprenuer Ventures (IV)	Oil & Gas support services	Agro-Foods	Investment property	Associated company	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	777,264	64,057	582,304	24,578	7,774	-	31,370	1,487,347
Segment results	85,114	1,629	62,205	(9,571)	4,233	(5,996)	20,983	158,597
Interest income	984	116	2,322	14	4	-	33,468	36,908
Finance costs	(15,827)	(657)	(16,184)	(39)	-	-	(292)	(32,999)
Profit before tax	70,271	1,088	48,343	(9,596)	4,237	(5,996)	54,159	162,506
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Results for 12 Months Ended 31 December 2014	Plantation	Intraprenuer Ventures (IV)	Oil & Gas support services	Agro-Foods	Investment property	Associated company	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	760,536	70,103	181,803	14,405	8,627	-	59,684	1,095,158
Segment results	125,814	(1,084)	32,524	(8,799)	6,128	372	(16,028)	138,927
Interest income	8,802	122	2,163	7	7	-	702	11,803
Finance costs	(37,324)	(1,159)	(14,969)	(777)	-	-	(968)	(55,197)
Profit before tax	97,292	(2,121)	19,718	(9,569)	6,135	372	(16,294)	95,533



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Interim report for the financial year ended 31 December 2015

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Results for 3 Months Ended 31 December 2015	Plantation	Intrapreneur Ventures (IV)	Oil & Gas support services	Agro-Foods	Investment property	Associated company	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	91,441	17,335	180,623	18,971	2,075	-	(9,716)	300,729
Segment results	30,029	(6,076)	23,412	(1,385)	1,079	(5,088)	(40,245)	1,726
Interest income	2,615	40	2,322	-	2	-	1,889	6,868
Finance costs	(2,800)	64	(3,490)	(39)	-	-	(213)	(6,478)
Profit before tax	29,844	(5,972)	22,244	(1,424)	1,081	(5,088)	(38,569)	2,116
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Results for 3 Months Ended 31 December 2014	Plantation	Intrapreneur Ventures (IV)	Oil & Gas support services	Agro-Foods	Investment property	Associated company	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	166,538	13,852	49,386	7,355	1,968	-	44,534	283,633
Segment results	(17,306)	(7,973)	11,782	(4,206)	3,614	165	51,108	37,184
Interest income	2,492	65	658	7	7	-	841	4,070
Finance costs	(11,903)	(239)	(4,186)	(777)	-	-	(888)	(17,993)
Profit before tax	(26,717)	(8,147)	8,254	(4,976)	3,621	165	51,061	23,261



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Interim report for the financial year ended 31 December 2015

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

Assets and Liabilities	Plantation	Intrapreneur Ventures (IV)	Oil & Gas support services	Agro-Foods	Investment property	Associated company	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2015								
Segment assets	4,549,988	91,484	1,015,779	27,391	115,028	2,749	344,353	6,146,772
Unallocated corporate assets	-	-	-	-	-	-	279,393	279,393
Total assets	4,549,988	91,484	1,015,779	27,391	115,028	2,749	623,746	6,426,165
Segment liabilities	254,626	82,483	707,384	31,525	-	-	119,631	1,195,649
Unallocated corporate liabilities	-	-	-	-	-	-	226,490	226,490
Total liabilities	254,626	82,483	707,384	31,525	-	-	346,121	1,422,139
Assets and Liabilities	Plantation	Intrapreneur Ventures (IV)	Oil & Gas support services	Agro-Foods	Investment property	Associated company	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2014								
Segment assets	3,353,979	231,062	677,566	27,137	110,768	76,522	169,941	4,646,975
Unallocated corporate assets	-	-	-	-	-	-	4,611,582	4,611,582
Total assets	3,353,979	231,062	677,566	27,137	110,768	76,522	4,781,523	9,258,557
Segment liabilities	1,045,968	95,414	398,527	28,128	-	-	21,428	1,589,465
Unallocated corporate liabilities	-	-	-	-	-	-	2,056,389	2,056,389
Total liabilities	1,045,968	95,414	398,527	28,128	-	-	2,077,817	3,645,854



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

None.

A12. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period under review.

A13. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities and contingent assets during the financial period under review.



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A14. Capital Commitment

Authorised capital expenditures not provided for in the financial statements as at 31 December 2015 are as follows:

	31.12.2015 RM'000
Contracted	70,481
Not contracted	33,171
Total	103,652

A15. Impairment of Assets

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

As at the reporting date for this period ended, the group has recognized impairment amounting to RM10.06 million.

A16. Related Party Disclosures

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

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM '000	RM '000	RM '000	RM '000
Johor Corporation Group of Companies				
- Agency fee received	640	30	1,744	486
- Purchasing and sales commission received	(25)	62	18	170
- Planting advisory and agronomy fee received	(459)	22	-	80
- Computer charged received	563	11	3,054	4,094
- Rental payable	199	158	700	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 recorded revenue of RM1.48 billion for the year ended 2015 compared to the corresponding year ended 2014 with revenue of RM1.10 billion, an increase of 35.81%.

The Group recorded a profit before tax of RM162.51 million for the year ended 2015 compared to PBT of RM95.53 million for the corresponding year ended 2014, an increase of 70.10%.

The Group recorded revenue of RM300.73 million for the fourth quarter 2015 compared to the corresponding period in 2014 with revenue of RM283.63 million, an increase of 6.03%.

The Group recorded a profit before tax of RM2.12 million for the fourth quarter 2015 compared to profit before tax of RM23.26 million for the corresponding period in 2014, a decrease of 90.90% mainly due to the provision of doubtful debts amounting to RM21.93 million recorded at E.A Technique (M) Bhd.

Plantation Operation - Malaysia

The revenue for the Plantation business was at RM777.26 million for the year ended 2015, an increase of 2.20% as compared to the corresponding year ended 2014.

The profit before tax for Plantation business decreased to RM27.02 million for the year ended 2015, a decrease of 27.77% compared to the corresponding year ended 2014.

The lower profit before tax for the year ended 2015 was mainly due to lower CPO and PK average price by 11.31% and 13.81% respectively.

The Group's FFB production for the fourth quarter 2015 was at 230,250mt compared to the corresponding period in 2014 at 218,919mt an increase of 5.18%.

The Group's cumulative FFB production for the year ended 2015 was at 886,172mt. This was 5.36% higher compared to the FFB production for the corresponding year ended 2014 at 841,079mt.

The Group's CPO production for the fourth quarter 2015 was at 77,743mt compared to the corresponding period in 2014 at 65,266mt an increase of 19.12%.

The Group's cumulative CPO production for the year ended 2015 was at 294,284mt. This was 14.10% higher compared to the CPO production for the corresponding year ended 2014 at 257,928mt.

The Group's OER for the year ended 2015 was marginally higher at 20.86% compared to 20.54% for the corresponding year ended 2014.

Total FFB processed by the Group mills for the year ended 2015 was at 1,410,658mt which was 12.60% higher compared to the corresponding year ended 2014 at 1,252,825mt. Total FFB processed was inclusive of crops purchased from outside the Group.



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

Plantation Operation - Malaysia (Continued)

Malaysian plantation operation achieved average CPO price of RM2,187 and PK at RM1,479 per mt respectively for the year ended 2015 compared to RM2,466 and RM1,716 per mt for CPO and PK respectively for the corresponding year ended 2014.

Intrapreneur Ventures (IV)

The revenue of the IV businesses was at RM64.06 million for the year ended 2015, a decrease of 8.62% as compared to the corresponding year ended 2014.

The profit before tax of IV businesses increased to RM1.09 million for the year ended 2015, an increase by 151.30% compared to the corresponding year ended 2014. The significant increase was mainly due to additional contribution from Information Technology (IT) businesses.

Oil and Gas Support Services

The revenue of oil and gas support services increased to RM582.30 million for the year ended 2015, an increase by 220.29% compared to the corresponding year ended 2014.

This segment recorded the profit before tax of RM48.34 million for the year ended 2015, an increase by 145.17% compared to the corresponding year ended 2014. The significant increase was mainly due to contribution from E.A Technique (M) Bhd due to additional two new contracts which was secured at the end of last year and Floating Storage Offloading ("FSO") Nautica Tembikai which was delivered to an oil field in July 2015.

B2. Material Changes in the Quarterly Results

The Oil Palm sector recorded lower profits for the fourth quarter 2015 mainly due to lower average price of CPO and PK compared to the corresponding period in 2014.

B3. Current Year Prospects

The outlook for palm oil prices remain favorable and is expected to contribute significantly in maintaining Group's earnings. On the cost side, the Group is confident that fertilizer costs, the main expenditure item, would be well contained without compromising on the Group's norm and adherence to the agricultural standards. The major concern and challenges remain on the availability and the productive management of the plantation workers.

The IV division's performance is expected to maintain similar result as per 2015.

The Oil & Gas support services has registered improved performance as all the vessels ordered from long term contracts secured have been progressively delivered to the oil majors on term charter which is currently operating smoothly.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B4. Profit Forecast/Profit Guarantee**

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

B5. Taxation

	3 months ended		12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Current Taxation				
- Malaysia	(17,953)	(20,019)	(47,346)	(28,300)
	(17,953)	(20,019)	(47,346)	(28,300)
Transfer to deferred taxation				
- Malaysia	(22,536)	(4,104)	(13,967)	(5,705)
Total	(40,489)	(24,123)	(61,313)	(34,005)

B6. Other operating income / (expenses)

	3 months ended		12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Impairment of assets	(3,154)	(3,815)	(10,058)	(3,815)
Unrealised foreign exchange gain/(losses)	(18,601)	654	35,214	410
Realised foreign exchange gain/(losses)	(2,180)	-	14,391	-
Amortisation of revaluation surplus	(2,161)	(1,752)	(8,644)	(8,644)
Government grant	494	671	2,522	2,627
Provision of doubtful debts	(21,935)	(5,646)	(21,935)	(5,646)
Miscellaneous income / (expenses)	2,785	44,601	(6,308)	49,566
Total other operating income / (losses)	(44,752)	34,713	5,182	34,498



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 27 August 2014, the company announced that it had entered into 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.

On 26 November 2015, the company announced that PGEO Edible had agreed to extend the period for the fulfillment of the conditions precedent pursuant to Proposed Disposal 2 for six (6) months from 26 November 2015 to 25 May 2016.

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

2. On 10 December 2014, the company announced that Kulim Energy Nusantara Sdn Bhd ("KENSUB"), 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) 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.

On 1 June 2015, the company announced that the Parties had mutually agreed to extend the Condition Precedent ("CP") period for five (5) months from 7 June 2015 to 7 November 2015.

On 11 November 2015, the company has further announced that the Parties had mutually agreed to extend the CP period for another six (6) months from 7 November 2015 to 6 May 2016.

Following the current lower levels of prices of oil and gas as compared to the date of signing of the CSSPA.

On 10 February 2016, the company announced that KENSUB had on 7 February 2016 entered into a Supplemental Agreement ("SA") with CSE and the Sellers for modifying the terms of the CSSPA and that the parties have agreed that the total consideration under the Acquisition and Further Investment (both as defined herein) will be at USD80.00 million (equivalent to approximately RM344.08 million) as follows:-

- i. the transfer of 3,740 CSE Shares from WIS and 935 CSE Shares from IES, collectively 4,675 CSE shares to KENSUB for a cash consideration of approximately USD24.149 million (equivalent to approximately RM102.33 million) ("Shares Transactions");



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 (continued)

- ii. the issuance of 10,813 new CSE Shares to be subscribed by KENSB at the par value of IDR1,000 per CSE Share, for a cash consideration of approximately USD40.850 million (equivalent to approximately RM173.10 million) (“Issuance of Shares”); (Collectively, the Shares Transactions and Issuance of Shares are referred to as the “Acquisition”)
- iii. the injection by Kulim of USD15.00 million (equivalent to approximately RM63.56 million) into CSE as working capital for development of SWBB PSC (“Further Investment”); and
- iv. a call option for KENSB to acquire additional 5% equity interest in CSE at a consideration of USD4.67 million (equivalent to approximately RM19.79 million) and exercisable within a period of one (1) year to enable KENSB to increase the equity interest in CSE to 65% from 60%.

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

3. On 5 November 2015, the company announced that the Board of Directors (“Board”) of Kulim had received a letter from its major shareholder, Johor Corporation and parties acting in concert, requesting for the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965 (“Act”) (“Offer” or “Proposed SCR”). The Proposed SCR entails a capital repayment of the proposed cash amount of RM4.10 per ordinary share of RM0.25 each in Kulim held by the entitled shareholders of Kulim on an entitlement date to be determined later.

The Offer will remain open for the Board’s acceptance until 5.00 p.m. on 20 November 2015. The non-interested directors will deliberate on the Proposed SCR and upon consultation with an Independent Adviser to be appointed will decide on the next course of action. Accordingly, a further announcement will be made in due course.

On 18 November 2015, the company announced that the Board, save for the Interested Directors, had at a meeting held on 17 November 2015 deliberated on the contents of the Offer Letter and has decided to present the Proposed SCR to shareholders of Kulim for their consideration.

On 14 December 2015, the company announced that, the Board, had appointed AmInvestment Bank Berhad (“AmBank”) as the Independent Adviser to advise the Entitled Shareholders and the non-interested directors of Kulim in relation to the Proposed SCR. On 22 December 2015, the company announced that the relevant applications in relation to the Proposed SCR have been submitted to the SC pursuant to Sections 1.1, 1.2(b) and 1.2(c), Practice Note 44 of the Malaysian Code on Take-Overs and Mergers, 2010.

On 10 February 2016, the company announced that SC had vide its letter dated 5 February 2016, which was received on 10 February 2016, approved the proposed exemption under Paragraph 1.1 of Practice Note (“PN”) 44 of the Malaysian Code on Take-Overs and Mergers 2010 (“Code”) in relation to the Proposed SCR, subject to compliance with the requirements under Paragraph 1.2 of PN 44 of the Code.



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 (continued)

Announcement made by Kulim (Malaysia) Berhad (continued)

Refer to the announcement made by the company on 31 December 2013, the Board of Kulim had offered up to 63,935,462 ESOS Options to eligible Kulim employees with the vesting period of the ESOS Options staggered over a five (5) year period (“ESOS Options Vesting Period”).

Given that the Proposed SCR will take place prior to the completion of the ESOS Options Vesting Period, any ESOS Options not exercised prior to the Entitlement Date shall automatically lapse and shall thereafter be null and void in accordance with the terms of the ESOS by-laws. As such, in accordance with by-law 11.5 of the ESOS by-laws.

On 4 January 2016, the ESOS Committee had proposed to accelerate the vesting of the remaining 35,579,110 ESOS Options that have been granted but yet to be vested (“Vesting of ESOS Options”). In relation thereto, the Company had pursuant to paragraph 6.1(a) of the Offer Letter, sought and procured the written consent of JCorp in relation to the acceleration of the Vesting of ESOS Options.

4. On 11 February 2016, the company announced that PT WIN, a 74.0% owned subsidiary of Kulim had on 10 February 2016 entered into four (4) conditional share purchase agreements (“CSPA(s)”) with the following:-

- i. PT Agro Maju Raya (“PT AMR”) and PT Mitra Plantation (“PT MP”) in relation to the proposed acquisition of 1,362,855,000 PT Nusa Persada Indonesia (“PT NPI”) shares and 363,428,000 PT NPI shares, respectively representing 95.0% equity interest in PT NPI;
- ii. PT AMR in relation to the proposed acquisition of 447,450 PT Surya Panen Subur (“PT SPS”) shares representing 95.0% equity interest in PT SPS;
- iii. PT Agri Capital Resources (“PT ACR”) in relation to the proposed acquisition of 22,800 PT Tempirai Palm Resources (“PT TPR”) shares representing 95.0% equity interest in PT TPR; and
- iv. PT ACR in relation to the proposed acquisition of 22,800 PT Rambang Agro Jaya (“PT RAJ”) shares representing 95.0% equity interest in PT RAJ;

(collectively, PT NPI, PT SPS, PT TPR and PT RAJ are referred to as the “Target Companies” and PT AMR, PT MP and PT ACR are referred to as the “Vendor(s)”) for IDR1.64 trillion (equivalent to approximately RM509.35 million) in cash, comprising the purchase consideration for the Target Companies of IDR781.01 billion (equivalent to approximately RM242.89 million) (“Purchase Consideration”) and the settlement of outstanding shareholders’ loans and advances of the Target Companies of approximately IDR856.79 billion (equivalent to approximately RM266.46 million) upon Completion (as defined herein) (“Settlement of Shareholders’ Loans and Advances”) (“Total Consideration”).



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 31.12.2015 RM'000	As at 31.12.2014 RM'000
Non-current		
Secured:		
Obligations under finance leases	3,280	2,980
Term loans	292,250	283,943
	295,530	286,923
Unsecured:		
Term loans	109,602	164,338
	109,602	164,338
Non-current loans and borrowings	405,132	451,261
Current		
Secured:		
Obligations under finance leases	1,204	1,130
Bank overdrafts	-	1,472
Revolving credit	222,171	176,400
Bankers' acceptances	1,760	660
Term loans	66,821	41,293
	291,956	220,955
Unsecured:		
Bank overdrafts	5,142	6,303
Bankers' acceptances	1,659	-
Revolving credit	150,297	468,666
Term loans	55,000	55,000
	212,098	529,969
Current loans and borrowings	504,054	750,924
Total loans and borrowings	909,186	1,202,185



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 relation 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, the company 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, the company 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, the company 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.

On 6 March 2015, the company announced that the Trial proceeded on 4 and 5 March, 2015 and was completed. The Court has directed the parties to file written submissions and the suit has been fixed for clarification on 15 May 2015.



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 (continued)

On 29 June 2015, the company announced that the High Court had dismissed the Claim filed by the Plaintiff against the First and Second Defendants at the costs amounting to RM30,000.

On 25 August, the company announced that the Plaintiff has filed an Appeal against the decision of the High Court dated 26 June 2015. The Appeal has been fixed for case management on 29 September 2015. Nonetheless, the hearing date for the Appeal is yet to be fixed.

On 30 September 2015, the company announced that the Plaintiff appeal against the High Court Order dated 26 June 2015 has been fixed for case management on 3 November 2015.

On 5 November 2015, the company announced that the Plaintiff appeal against the High Court Order dated 26 June 2015 has been fixed for case management on 8 December 2015 to enable the plaintiff to file the Notice of Discontinuance.

B10. Dividend Proposed

There was no dividend proposed during the quarter.

B11. Earnings Per Share (“EPS”)

	3 months ended		12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Profit attributable to owners of the company	(35,980)	10,054	1,410,263	164,303
Weighted average no of share in issue	1,284,614	1,308,969	1,284,614	1,308,969
Basic earnings per share (sen)	(2.80)	0.77	109.78	12.55

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B12. Currency Translation**

The exchange rates used for each unit of the currencies in the Group for the current financial period are:

	Current Quarter 2015		Corresponding Quarter 2014	
	31.12.2015		31.12.2014	
	Mth-End Rate	Average Rate	Mth-End Rate	Average Rate
Indonesia Rupiah (IDR '000)	0.3109	0.2958	0.2807	0.2754
United Kingdom Pound Sterling (GBP)	6.3655	5.9044	5.4433	5.4388
United States of America Dollar (USD)	4.2942	3.8948	3.4954	3.3954
Europe (EUR)	4.6916	4.4678	4.2440	4.3904
Singapore Dollar (SGD)	3.0362	2.8395	2.6428	2.6206

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 31.12.2015 RM'000	As at 31.12.2014 RM'000
	3,122,157	2,965,387
	575,625	(244,782)
	3,697,782	2,720,605
	(4,047)	1,846
	3,693,735	2,722,451
	(839,983)	(778,855)
	2,853,752	1,943,596

By Order of the Board
KULIM (MALAYSIA) BERHAD

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

Dated : 29 February 2016