



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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**  
**FOR THE FIRST QUARTER TO 31 MARCH 2016**



**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ended 31 December 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER TO 31 MARCH 2016**

	3 months ended		3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Revenue	404,030	268,170	404,030	268,170
Expenses excluding finance cost & tax	(369,542)	(226,613)	(369,542)	(226,613)
Depreciation and amortisation	(35,410)	(31,775)	(35,410)	(31,775)
Other operating (loss)/income	(25,267)	19,165	(25,267)	19,165
(Loss)/Profit from operations	(26,189)	28,947	(26,189)	28,947
Finance cost	(8,284)	(6,921)	(8,284)	(6,921)
Interest income	14,894	2,490	14,894	2,490
Share of profit in associates	132	68	132	68
(Loss)/Profit before taxation	(19,447)	24,584	(19,447)	24,584
Income tax expense	(4,079)	(9,554)	(4,079)	(9,554)
(Loss)/Profit from continuing operations	(23,526)	15,030	(23,526)	15,030
Discontinued operation				
Profit from discontinued operation, net of tax	-	1,336,489	-	1,336,489
(Loss)/Profit for the year	(23,526)	1,351,519	(23,526)	1,351,519
(Loss)/Profit attributable to:				
Owners of the company	(36,349)	1,360,502	(36,349)	1,360,502
Minority interest	12,823	(8,983)	12,823	(8,983)
(Loss)/Profit for the period	(23,526)	1,351,519	(23,526)	1,351,519
Basic earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
From continuing operations	(2.87)	0.89	(2.87)	0.89
From discontinued operations	-	101.59	-	101.59
Diluted earnings per ordinary share (sen):				
From continuing operations	(2.85)	0.88	(2.85)	0.88
From discontinued operations	-	100.86	-	100.86

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015

**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ended 31 December 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER TO 31 MARCH 2016**

	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(23,526)	1,351,519	(23,526)	1,351,519
Foreign currency translation differences for foreign operations	(10,808)	(10,274)	(10,808)	(10,274)
Cash flow hedge	(25)	(25)	(25)	(25)
Available for sale reserve	2,981	1,748	2,981	1,748
<b>Total comprehensive (loss)/income for the period</b>	<b>(31,378)</b>	<b>1,342,968</b>	<b>(31,378)</b>	<b>1,342,968</b>
Total comprehensive (loss)/income attributable to:				
Owners of the company	(38,426)	1,358,143	(38,426)	1,358,143
Minority interest	7,048	(15,175)	7,048	(15,175)
<b>Total comprehensive (loss)/income for the period</b>	<b>(31,378)</b>	<b>1,342,968</b>	<b>(31,378)</b>	<b>1,342,968</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2016**

	<b>AS AT END OF CURRENT QUARTER 31.03.2016</b>	<b>AS AT FINANCIAL YEAR 31.12.2015 (AUDITED)</b>
	RM'000	RM'000
<b>ASSETS</b>		
Property, plant and equipment	3,644,996	3,652,017
Investment property	115,028	115,028
Investment in associates	2,880	2,749
Other investments	269,350	279,393
Intangible assets:	115,765	121,852
Goodwill	114,098	120,663
Other intangibles	1,667	1,189
<b>Non-current assets</b>	<b>4,148,019</b>	<b>4,171,039</b>
Other investments	72,299	71,928
Inventories	48,384	69,346
Trade and other receivables	680,046	540,431
Derivative financial instruments	2,514	1,325
Tax recoverable	17,726	13,807
Cash and cash equivalents	1,622,202	1,532,399
	2,443,171	2,229,236
Assets of disposal group classified as held for sale	13,291	13,291
<b>Current assets</b>	<b>2,456,462</b>	<b>2,242,527</b>
<b>TOTAL ASSETS</b>	<b>6,604,481</b>	<b>6,413,566</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	348,454	337,605
Share premium	591,331	448,910
Other reserves:	1,069,881	1,100,141
Revaluation and other reserves	1,406,939	1,418,291
Warrant reserve	34,030	52,938
Treasury shares	(371,088)	(371,088)
Revenue reserves	2,839,801	2,876,137
Equity Attributable to Equity Holders of the Company	4,849,467	4,762,793
Minority Interest	270,667	263,621
<b>TOTAL EQUITY</b>	<b>5,120,134</b>	<b>5,026,414</b>
Loans and borrowings	416,347	404,671
Deferred tax liabilities	177,624	177,363
<b>Non current liabilities</b>	<b>593,971</b>	<b>582,034</b>
Trade and other payables	335,953	284,604
Current income tax liabilities	12,329	15,999
Loans and borrowings	542,094	504,515
<b>Current liabilities</b>	<b>890,376</b>	<b>805,118</b>
<b>TOTAL LIABILITIES</b>	<b>1,484,347</b>	<b>1,387,152</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,604,481</b>	<b>6,413,566</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>3.82</b>	<b>3.88</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015



**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ended 31 December 2016

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	←----- ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY ----->											
	←----- NON-DISTRIBUTABLE ----->						RESERVE OF DISPOSAL				MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
	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			
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	-	-	-	-	-	(4,081)	-	-	(4,081)	(6,193)	(10,274)	
Cash flow hedges	-	-	-	-	-	(25)	-	-	(25)	-	(25)	
Fair value of available-for-sale financial assets	-	-	-	-	-	1,748	-	-	1,748	-	1,748	
Total comprehensive (loss)/income for the year	-	-	-	-	-	(2,358)	-	-	(2,358)	(6,193)	(8,551)	
Profit for the year	-	-	-	-	-	-	-	1,360,502	1,360,502	(8,983)	1,351,519	
Total comprehensive (loss)/income for the year	-	-	-	-	-	(2,358)	-	1,360,502	1,358,144	(15,176)	1,342,968	
Partial disposal of shares by subsidiary to non controlling interest	-	-	-	-	-	10	-	-	10	-	10	
Treasury shares acquired	-	-	(27,406)	-	-	-	-	-	(27,406)	-	(27,406)	
Warrant exercised	38,000	10	-	137	(28)	-	-	-	119	-	119	
Acquisition from non controlling interest	-	-	-	-	-	56	-	-	56	65	121	
Grant of equity - settled share options to employees	787,600	197	-	2,906	-	(701)	-	-	2,402	-	2,402	
Exercised of employees share options	-	-	-	-	-	2,631	-	-	2,631	-	2,631	
Dividends to shareholders	-	-	-	-	-	-	-	(500,107)	(500,107)	-	(500,107)	
Dividends to non controlling interest	-	-	-	-	-	-	-	(2,000)	(2,000)	-	(2,000)	
Acquisition of new subsidiaries	-	-	-	-	-	1,897	-	-	1,897	23,345	25,242	
Disposal of subsidiary	-	-	-	-	-	2,228	51,622	-	53,850	(1,367,672)	(1,313,822)	
Balance as at 31 March 2015	1,343,328,156	335,833	(94,469)	425,488	55,707	1,387,552	-	2,801,991	4,912,102	230,759	5,142,861	
Balance as at 1 January 2016	1,350,420,935	337,605	(371,088)	448,910	52,938	1,418,280	-	2,876,150	4,762,795	263,619	5,026,414	
Foreign exchange translation differences	-	-	-	-	-	(5,033)	-	-	(5,033)	(5,775)	(10,808)	
Cash flow hedges	-	-	-	-	-	(25)	-	-	(25)	-	(25)	
Fair value of available-for-sale financial assets	-	-	-	-	-	2,981	-	-	2,981	-	2,981	
Total comprehensive (loss)/income for the year	-	-	-	-	-	(2,077)	-	-	(2,077)	(5,775)	(7,852)	
Profit for the year	-	-	-	-	-	-	-	(36,349)	(36,349)	12,823	(23,526)	
Total comprehensive (loss)/income for the year	-	-	-	-	-	(2,077)	-	(36,349)	(38,426)	7,048	(31,378)	
Partial disposal of shares by subsidiary to non controlling interest	-	-	-	-	-	265	-	-	265	-	265	
Warrant exercised	25,914,995	6,479	-	84,213	(18,908)	-	-	-	71,784	-	71,784	
Exercised of employees share options	17,479,900	4,370	-	58,208	-	(15,557)	-	-	47,021	-	47,021	
Grant of equity - settled share options to employees	-	-	-	-	-	6,003	-	-	6,003	-	6,003	
Disposal of subsidiary	-	-	-	-	-	25	-	-	25	-	25	
Balance as at 31 March 2016	1,393,815,830	348,454	(371,088)	591,331	34,030	1,406,939	-	2,839,801	4,849,467	270,667	5,120,134	

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015)


**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ended 31 December 2016

<b>CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED 31 MARCH 2016</b>		
	<b>AS AT 31.03.2016 RM'000</b>	<b>AS AT 31.03.2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
- continued operations	(19,447)	24,584
- discontinued operations	-	1,339,743
	(19,447)	1,364,327
Adjustments for :		
Non-cash item	55,554	(1,478,759)
<b>Operating profit before changes in working capital</b>	<b>36,107</b>	<b>(114,432)</b>
Changes in working capital:		
Inventories	20,962	(7,576)
Receivables	(103,283)	(102,021)
Payables	51,349	62,794
Cash generated from operations	5,135	(161,235)
Income tax (paid)/refund	(8,008)	(11,129)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(2,873)</b>	<b>(172,364)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries, net of cash acquired	-	1,444
Dividends received	-	147
Interest received	14,894	2,490
Net cash inflow on disposal of subsidiaries	-	2,855,120
Payment of:		
- deferred farm expenditure	(10,769)	(21,460)
- other investments	-	(50,003)
- property, plant and equipment	(34,566)	(5,848)
<b>Net cash (used in)/generated from investing activities</b>	<b>(30,441)</b>	<b>2,781,890</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to:		
- shareholders of the Company	-	(500,107)
- non controlling interest of subsidiaries	-	(2,000)
Proceeds from borrowings	86,412	127,117
Repayment of borrowings	(27,888)	(609,343)
Proceeds from the issue of shares:		
- ESOS	47,021	2,631
- Warrants	71,784	119
Purchased of treasury share	-	(27,406)
Partial disposal of shares to non controlling interest	265	10
Partial acquisition of shares from non controlling interest	-	121
Interest paid	(8,284)	(6,921)
<b>Net cash (used in)/generated from financing activities</b>	<b>169,310</b>	<b>(1,015,779)</b>
Net (decrease) in cash and cash equivalents	135,996	1,593,747
Effect of exchange reserve rate fluctuations on cash held	(46,082)	-
Cash and cash equivalents at 1 January	1,511,847	345,278
<b>Cash and cash equivalents</b>	<b>1,601,761</b>	<b>1,939,025</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statements comprise the following statement of financial position amounts:		
Cash and bank balances	233,549	496,661
Deposits with licensed banks	1,388,653	1,462,312
	1,622,202	1,958,973
Less:		
Deposits pledged	(15,411)	(14,069)
Bank overdraft	(5,030)	(5,879)
	1,601,761	1,939,025
(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015)		



**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 2015.

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 2015.

**A2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2015. 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 2015.

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>
FRS 9 Financial Instruments (IFRS issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of opinion that the Standards, Amendments and Annual Improvements above would not have any material impact on the financial statements in the year of initial adoption.



**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 2018.

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 2018. 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.

**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 2016

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A9. Segmental Information (continued)**

Results for 3 Months Ended 31 March 2016	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
<b>Operating revenue</b>	173,754	18,734	131,302	1,346	2,164	-	76,730	<b>404,030</b>
<b>Segment results</b>	(3,621)	2,506	31,112	(3,186)	797	132	(53,797)	<b>(26,057)</b>
Interest income	14,438	24	236	-	4	-	192	14,894
Finance costs	(2,227)	(117)	(5,933)	(2)	-	-	(5)	(8,284)
<b>Profit/(loss) before tax</b>	<b>8,590</b>	<b>2,413</b>	<b>25,415</b>	<b>(3,188)</b>	<b>801</b>	<b>132</b>	<b>(53,610)</b>	<b>(19,447)</b>
<hr/>								
Results for 3 Months Ended 31 March 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
<b>Operating revenue</b>	<b>146,513</b>	<b>18,533</b>	<b>78,822</b>	<b>2,752</b>	<b>2,132</b>	<b>-</b>	<b>19,418</b>	<b>268,170</b>
<b>Segment results</b>	<b>8,627</b>	<b>4,104</b>	<b>9,593</b>	<b>(9,194)</b>	<b>966</b>	<b>68</b>	<b>14,851</b>	<b>29,015</b>
Interest income	1,727	25	10	4	1	-	723	2,490
Finance costs	(5,524)	(153)	(1,221)	(12)	-	-	(11)	(6,921)
<b>Profit/(loss) before tax</b>	<b>4,830</b>	<b>3,976</b>	<b>8,382</b>	<b>(9,202)</b>	<b>967</b>	<b>68</b>	<b>15,563</b>	<b>24,584</b>



**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ended 31 December 2016

**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
As at 31 March 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,701,876	83,146	1,047,150	26,978	115,028	2,880	363,104	6,340,162
Unallocated Corporate Assets							264,319	264,319
<b>Total assets</b>	<b>4,701,876</b>	<b>83,146</b>	<b>1,047,150</b>	<b>26,978</b>	<b>115,028</b>	<b>2,880</b>	<b>627,423</b>	<b>6,604,481</b>
Segment liabilities	325,852	72,902	714,542	31,307	-	-	149,806	1,294,409
Unallocated Corporate Liabilities							189,938	189,938
<b>Total liabilities</b>	<b>325,852</b>	<b>72,902</b>	<b>714,542</b>	<b>31,307</b>	<b>-</b>	<b>-</b>	<b>339,744</b>	<b>1,484,347</b>

  

Assets and Liabilities	Plantation	Intrapreneur Ventures (IV)	Oil & Gas support services	Agro-Foods	Investment property	Associated company	Others	Consolidated
As at 31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,549,988	91,484	1,015,779	27,391	115,028	2,749	344,353	6,146,772
Unallocated Corporate Assets	-	-	-	-	-	-	266,794	266,794
<b>Total assets</b>	<b>4,549,988</b>	<b>91,484</b>	<b>1,015,779</b>	<b>27,391</b>	<b>115,028</b>	<b>2,749</b>	<b>611,147</b>	<b>6,413,566</b>
Segment liabilities	254,626	82,483	707,384	31,525	-	-	119,631	1,195,649
Unallocated Corporate Liabilities	-	-	-	-	-	-	191,503	191,503
<b>Total liabilities</b>	<b>254,626</b>	<b>82,483</b>	<b>707,384</b>	<b>31,525</b>	<b>-</b>	<b>-</b>	<b>311,134</b>	<b>1,387,152</b>



**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 31<sup>st</sup> 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 March 2016 are as follows:

	31.03.2016 RM'000
Contracted	39,800
Not contracted	17,209
Total	57,009

**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		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM '000	RM '000	RM '000	RM '000
<b>Johor Corporation Group of Companies</b>				
- Agency fee received	196	410	196	410
- Purchasing and sales commission received	7	11	7	11
- Planting advisory and agronomy fee received	164	171	164	171
- Computer charged received	295	1,109	295	1,109
- Rental payable	(157)	(157)	(157)	(157)



**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 a revenue of RM404.03 million for the first quarter 2016 compared to the corresponding period in 2015 with revenue of RM268.17 million, an increase of 50.66%.

The Group recorded a loss before tax of RM19.45 million for the first quarter 2016 compared to profit before tax of RM24.58 million for the corresponding period in 2015, a decrease of 179.10% mainly due to unrealized foreign exchange loss recorded during this quarter amounting to RM16.56 million and additional ESOS expenses amounting to RM6 million.

**Plantation Operation - Malaysia**

The revenue for the Plantation business was at RM173.75 million for the first quarter 2016 compared to the corresponding period in 2015 with revenue of RM146.51 million, an increase of 18.59%.

The Plantation business recorded a profit before tax of RM8.59 million for the first quarter 2016 compared to profit before tax of RM4.83 million for the corresponding period in 2015, an increase of 77.85%.

The Group's FFB production for the first quarter 2016 was at 148,723mt compared to the corresponding period in 2015 at 167,793mt a decrease of 11.37%.

The Group's CPO production for the first quarter 2016 was at 50,971mt compared to the corresponding period in 2015 at 52,425mt a decrease of 2.77%.

The Group's OER for the first quarter 2016 was marginally lower at 20.39% compared to 21.04% for the corresponding period in 2015.

Total FFB processed by the Group mills for the first quarter 2016 was at 249,980mt which was 0.43% higher compared to the corresponding period in 2015 at 248,908mt. Total FFB processed was inclusive of crops purchased from outside the Group.

Malaysian plantation operation achieved average CPO price of RM2,253 and PK at RM1,820 per mt respectively for the first quarter 2016 compared to RM2,257 and RM1,591 per mt for CPO and PK respectively for the corresponding period in 2015.



**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**

**Intrapreneur Ventures (IV)**

The revenue of the IV businesses was at RM18.73 million for the first quarter 2016, an increase of 1.08% as compared to the corresponding period in 2015.

The profit before tax of IV businesses decreased to RM2.41 million for the first quarter 2016, a decrease by 39.31% compared to the corresponding period in 2015.

**Oil and Gas Support Services**

The revenue of oil and gas support services increased to RM131.30 million for the first quarter 2016, an increase by 66.58% compared to the corresponding period in 2015.

This segment recorded the profit before tax of RM25.42 million for the first quarter 2016, an increase by 203.21% compared to the corresponding period in 2015.

**B2. Material Changes in the Quarterly Results**

The Group recorded a loss before tax for the first quarter 2016 mainly due to unrealized foreign exchange loss and additional ESOS incurred during the quarter.

**B3. Current Year Prospects**

The outlook for oil palm prices is still stable at improved level, coupled with improved productivity and greater cost efficiency and notwithstanding the challenges in the financial year 2016, we still expect respectable results from plantations.

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

The Group also foresee encouraging results to be expected arising from E.A Technique (M) Bhd under Oil and Gas support services segment.

**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		3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Current Taxation				
- Malaysia	(3,818)	(9,343)	(3,818)	(9,343)
	(3,818)	(9,343)	(3,818)	(9,343)
Transfer to deferred taxation				
- Malaysia	(261)	(211)	(261)	(211)
Total	(4,079)	(9,554)	(4,079)	(9,554)

**B6. Other operating income / (expenses)**

	3 months ended		3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Unrealised foreign exchange(losses)/gain	(16,564)	21,254	(16,564)	21,254
Realised foreign exchange gain	279	-	279	-
Grant of equity - settled share options to employees (ESOS)	(6,003)	(1,754)	(6,003)	(1,754)
Amortisation of revaluation surplus	(2,161)	(2,161)	(2,161)	(2,161)
Government grant	29	566	29	566
Miscellaneous (expenses)/income	(847)	1,260	(847)	1,260
Total other operating income / (losses)	(25,267)	19,165	(25,267)	19,165





**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)**

**Announcement made by Kulim (Malaysia) Berhad (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 had on 6 May 2016 further announced that the Parties had mutually agreed to extend the CP period for another six (6) months from 6 May 2016 to 6 November 2016.

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.



**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)**

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 (“Code”).

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 10 February 2016, the company announced that the 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 Code in relation to the Proposed SCR, subject to compliance with the requirements under Paragraph 1.2 of PN 44 of the Code.

On 5 April 2016, the company announced that the SC had vide its letter dated 4 April 2016, which was received on 5 April 2016, granted its consent for the contents and the issuance of the circular, explanatory statement and the independent advice letter to the shareholders of Kulim in relation to the Proposed SCR pursuant to Sections 1.2(b), (c) and (d) of Practice Note 44 of Code.

On 3 May 2016, the company announced that the non-interested shareholders of Kulim approved the special resolution in relation to the Proposed SCR as set out in the notice of Extraordinary General Meeting (“EGM”) dated 11 April 2016. The application to the High Court of Malaya to obtain an order confirming the Proposed SCR pursuant to Section 64 of the Companies Act, 1965 will be made in due course.

On 9 May 2016, the company announced that the Company had on 5 May 2016 filed the petition to the High Court of Malaya at Kuala Lumpur (“High Court”) to obtain an order of the High Court to confirm the Proposed SCR pursuant to Section 64 of the Companies Act, 1965



**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)**

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 31.03.2016 RM'000	As at 31.12.2015 RM'000
<b>Non-current</b>		
<b>Secured:</b>		
Obligations under finance leases	9,771	3,280
Term loans	310,724	291,789
	320,495	295,069
<b>Unsecured:</b>		
Term loans	95,852	109,602
	95,852	109,602
<b>Non-current loans and borrowings</b>	<b>416,347</b>	<b>404,671</b>
<b>Current</b>		
<b>Secured:</b>		
Obligations under finance leases	3,265	1,204
Bank overdrafts	1,476	-
Revolving credit	261,330	222,171
Bankers' acceptances	36,501	67,282
Term loans	1,204	1,760
	303,776	292,417
<b>Unsecured:</b>		
Bank overdrafts	3,554	5,141
Bankers' acceptances	2,214	1,659
Revolving credit	177,550	150,298
Term loans	55,000	55,000
	238,318	212,098
<b>Current loans and borrowings</b>	<b>542,094</b>	<b>504,515</b>
<b>Total loans and borrowings</b>	<b>958,441</b>	<b>909,186</b>



**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, 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.

The case is discontinued upon the Notice of Discontinuance filed by the Plaintiff on 7.12.2015.

**B10. Dividend Proposed**

There were no dividend proposed during the quarter.

**B11. Earnings Per Share (“EPS”)**

	3 months ended		3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Profit attributable to owners of the company	(36,349)	1,360,502	(36,349)	1,360,502
Weighted average no of share in issue	1,268,016	1,327,553	1,268,016	1,327,553
Basic earnings per share (sen)	(2.87)	102.48	(2.87)	102.48
Diluted earnings per share (sen)	(2.85)	101.74	(2.85)	101.74



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

**12. Currency Translation**

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

	Current Quarter 2016		Corresponding Quarter 2015	
	31.03.2016		31.03.2015	
	Mth-End Rate	Average Rate	Mth-End Rate	Average Rate
Indonesia Rupiah (IDR '000)	0.2950	0.2960	0.2840	0.2813
United Kingdom Pound Sterling (GBP)	5.6234	5.6317	5.4975	5.5473
United States of America Dollar (USD)	3.9220	3.9270	3.7130	3.6383
Europe (EUR)	4.4377	4.4442	4.0230	4.0506
Singapore Dollar (SGD)	2.9023	2.9065	2.6988	2.6713

**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 31.03.2016 RM'000	As at 31.12.2015 RM'000
	3,139,475	3,962,280
	(176,213)	(242,114)
	2,963,262	3,720,166
	2,212	(4,046)
	2,965,474	3,716,120
	(125,673)	(839,983)
	2,839,801	2,876,137

By Order of the Board  
**KULIM (MALAYSIA) BERHAD**

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

Dated : 27 May 2016