

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement
For the Year ended 30 September 2006**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2006 RM'000	Preceding Year Quarter ended 30 September 2005 Restated RM'000	Current Year Year ended 30 September 2006 RM'000	Preceding Year Year ended 30 September 2005 Restated RM'000
Revenue	70,281	60,480	231,858	213,029
Operating expenses	(55,693)	(47,536)	(197,353)	(170,034)
Other operating income	8,144	3,191	39,070	4,257
Profit from operations	22,732	16,135	73,575	47,252
Finance cost	-	-	-	(3)
Share of results of associated companies	59,090	69,944	275,334	269,938
Profit before taxation	81,822	86,079	348,909	317,187
Taxation	(20,158)	(20,922)	(75,144)	(80,430)
Profit after taxation	61,664	65,157	273,765	236,757
Minority interests	(2,186)	(1,924)	(7,243)	(6,732)
Net profit for the period	59,478	63,233	266,522	230,025
Earnings per share				
Basic	20.57 sen	21.87 sen	92.17 sen	79.55 sen
Diluted	Not applicable	Not applicable	Not applicable	Not applicable

Notes:

Earnings per share is calculated based on 289,152,000 ordinary shares (excluding Treasury shares) on net profit for the period.

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Report for the year ended 30 September 2005.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet**At 30 September 2006**

(The figures have not been audited)

	30 September 2006	30 September 2005
	RM'000	Restated RM'000
PROPERTY, PLANT AND EQUIPMENT	142,813	144,731
INVESTMENT IN ASSOCIATED COMPANIES	2,004,803	1,884,214
OTHER INVESTMENTS	27,138	32,631
DEFERRED TAX ASSETS	472	-
	<u>2,175,226</u>	<u>2,061,576</u>
CURRENT ASSETS		
Inventories	23,837	28,645
Trade receivables	53,314	50,459
Other receivables, deposits and prepayments	18,621	12,927
Amount due from associated company	551	399
Tax recoverable	770	506
Term deposits	152,250	80,000
Cash and bank balances	2,345	1,526
	<u>251,688</u>	<u>174,462</u>
CURRENT LIABILITIES		
Trade payables	6,949	7,030
Other payables and accruals	14,798	13,214
Provision for retirement benefits	53	11
Taxation	721	207
	<u>22,521</u>	<u>20,462</u>
NET CURRENT ASSETS	<u>229,167</u>	<u>154,000</u>
GOODWILL ON CONSOLIDATION	<u>11,999</u>	<u>11,999</u>
	<u>2,416,392</u>	<u>2,227,575</u>
FINANCED BY:-		
SHARE CAPITAL	291,375	291,375
RESERVES	2,041,733	1,854,666
	<u>2,333,108</u>	<u>2,146,041</u>
MINORITY SHAREHOLDERS' INTERESTS	67,628	64,659
DEFERRED TAX LIABILITIES	13,897	15,287
PROVISION FOR RETIREMENT BENEFITS	1,759	1,588
	<u>2,416,392</u>	<u>2,227,575</u>
NET ASSETS PER SHARE (RM)	8.07	7.42
NET TANGIBLE ASSETS PER SHARE (RM)	8.03	7.38

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Report for the year ended 30 September 2005.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

Condensed Consolidated Statement Of Changes In Equity For the Year ended 30 September 2006

(The figures have not been audited)

	Share Capital RM'000	Revaluation Reserve RM'000	Capital Reserve RM'000	General Reserve RM'000	Exchange Fluctuation Reserve RM'000	Reserve on Consolidation RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 October 2005, as previously reported	291,375	715	510,348	86,842	(39)	13,113	1,243,229	(9,492)	2,136,091
Effect of adopting FRS 121 by an associated company	-	-	-	47,872	-	-	(37,922)	-	9,950
As restated	<u>291,375</u>	<u>715</u>	<u>510,348</u>	<u>134,714</u>	<u>(39)</u>	<u>13,113</u>	<u>1,205,307</u>	<u>(9,492)</u>	<u>2,146,041</u>
Net gains/(losses) not recognised in the income statement	-	-	(3,449)	19,877	(116)	-	-	-	16,312
Net profit for the year	-	-	-	-	-	-	266,522	-	266,522
Dividends paid	-	-	-	-	-	-	(95,767)	-	(95,767)
At 30 September 2006	<u>291,375</u>	<u>715</u>	<u>506,899</u>	<u>154,591</u>	<u>(155)</u>	<u>13,113</u>	<u>1,376,062</u>	<u>(9,492)</u>	<u>2,333,108</u>
At 1 October 2004, as previously reported	291,375	716	496,578	100,237	-	13,113	1,096,475	(9,492)	1,989,002
Effect of adopting FRS 121 by an associated company	-	-	-	54,141	-	-	(42,885)	-	11,256
As restated	<u>291,375</u>	<u>716</u>	<u>496,578</u>	<u>154,378</u>	<u>-</u>	<u>13,113</u>	<u>1,053,590</u>	<u>(9,492)</u>	<u>2,000,258</u>
Net gains/(losses) not recognised in the income statement	-	-	13,770	(19,664)	(39)	-	(13,770)	-	(19,703)
Net profit for the year	-	-	-	-	-	-	230,025	-	230,025
Dividends paid	-	-	-	-	-	-	(64,539)	-	(64,539)
Transfer from revaluation reserve to retained profits	-	(1)	-	-	-	-	1	-	-
At 30 September 2005	<u>291,375</u>	<u>715</u>	<u>510,348</u>	<u>134,714</u>	<u>(39)</u>	<u>13,113</u>	<u>1,205,307</u>	<u>(9,492)</u>	<u>2,146,041</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2005.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Cash Flow Statement
For the Year ended 30 September 2006**

(The figures have not been audited)

	Year ended 30 September	
	2006	2005
	RM'000	Restated RM'000
Cash flows from operating activities		
Profit before taxation	348,909	317,187
Adjustments for:-		
Non-cash items	22,563	23,533
Non-operating items	(321,611)	(290,335)
Operating profit before working capital changes	49,861	50,385
Changes in working capital		
Net change in current assets	(3,839)	(20,516)
Net change in current liabilities	1,503	2,491
Cash generated from operations	47,525	32,360
Interest received	3,857	1,508
Interest paid	-	(3)
Tax paid	(4,545)	(3,165)
Retirement benefits paid	(57)	(86)
Net cash generated from operating activities	46,780	30,614
Cash flows from investing activities		
Equity investments	146,685	66,626
Other investments	(20,330)	(20,107)
Net cash generated from investing activities	126,355	46,519
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(95,767)	(66,706)
Dividends paid to minority shareholders	(4,274)	-
Bank borrowings	-	(2,850)
Net cash used in financing activities	(100,041)	(69,556)
Net increase in cash and cash equivalents	73,094	7,577
Effects of exchange rate changes	(25)	(75)
Cash and cash equivalents at 1 October	81,526	74,024
Cash and cash equivalents at 30 September	154,595	81,526

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Report for the year ended 30 September 2005.

BATU KAWAN BERHAD
(6292-U)
(Incorporated in Malaysia)

Notes to Interim Financial Report

A. Explanatory Notes as required by FRS 134₂₀₀₄

A1. Accounting policies

The interim financial report has been prepared in compliance with FRS 134₂₀₀₄ *Interim Financial Reporting*.

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those adopted in the annual financial statements for the year ended 30 September 2005.

A2. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2005 was not subject to any qualifications.

A3. Seasonal and cyclical operations

The Group's operations are affected to the extent that the operations of its major associate, Kuala Lumpur Kepong Berhad ("KLK"), are influenced by seasonal crop production, fluctuations in commodity prices and impact of seasonal sales on its retailing operations.

A4. Unusual items

There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

A5. Changes in estimates

There were no material changes in the estimates of amounts reported in prior interim period of the current and prior financial year.

A6. Issuance and repayment of debt and equity securities

There were no issuances and repayments of debt securities, share buy-backs, share cancellations or resale of treasury shares for the financial year to-date.

A7. Dividends

(i) Dividends Paid

	Year ended 30 September 2006 RM'000	Year ended 30 September 2005 RM'000
Interim: 12% less income tax @ 28% (2005: 6% less income tax @ 28%)	24,983	12,492
Dividends proposed in year 2005, paid in year 2006		
- Final 9% less income tax @ 28% (2004: 9% less income tax @ 28%)	18,737	18,737
- Special 25% less income tax @ 28% (2004: 16% less income tax @ 28%)	52,047	33,310
	<u>95,767</u>	<u>64,539</u>

(ii) Dividends Proposed

A final dividend of 13 sen per share less 27% Malaysian income tax and a special dividend of 30 sen per share less 27% Malaysian income tax have been recommended by the Directors in respect of the financial year ended 30 September 2006 (year ended 30 September 2005 : final dividend of 9 sen less 28% Malaysian income tax and special dividend of 25 sen less 28% Malaysian income tax) and subject to approval at the forthcoming Annual General Meeting, will be paid on 15 March 2007 to shareholders registered in the Company's Register as at 16 February 2007.

A Depositor with the Bursa Malaysia Depository Sdn Bhd shall qualify for entitlement to the dividend only in respect of:-

- Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 14 February 2007, in respect of securities which are exempted from mandatory deposit;
- Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 16 February 2007, in respect of transfers; and
- Securities bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of the Bursa Securities.

The total dividends declared to-date for the financial year ended 30 September 2006 are 12 sen per share less 28% Malaysian income tax and 43 sen per share less 27% Malaysian income tax (year ended 30 September 2005 : 40 sen less 28% Malaysian income tax).

A8. Segment information

The business segment information for the year ended 30 September is as follows:-

Year ended 30 September 2006

	Investment Holding RM'000	Chemicals RM'000	Adjustments RM'000	Consolidated RM'000
REVENUE				
External Sales				
Chemicals	-	199,015	(741)	198,274
Freight & haulage	-	17,708	(425)	17,283
Dividends	172,562	-	(160,208)	12,354
Management services fees	-	36	-	36
Interest income	2,263	1,648	-	3,911
	<u>174,825</u>	<u>218,407</u>	<u>(161,374)</u>	<u>231,858</u>
Inter-segment Sales	-	-	-	-
	<u>174,825</u>	<u>218,407</u>	<u>(161,374)</u>	<u>231,858</u>
RESULTS				
Segment result	194,311	31,709	(152,445)	73,575
Finance cost	-	-	-	-
Share of results of associated companies	275,162	172	-	275,334
Profit before taxation	<u>469,473</u>	<u>31,881</u>	<u>(152,445)</u>	<u>348,909</u>
Taxation				<u>(75,144)</u>
Profit after taxation				<u>273,765</u>

Year ended 30 September 2005

	Investment Holding RM'000	Chemicals RM'000	Adjustments RM'000	Consolidated RM'000
REVENUE				
External Sales				
Chemicals	-	183,465	(637)	182,828
Freight & haulage	-	12,952	(84)	12,868
Dividends	119,537	-	(103,766)	15,771
Management services fees	-	34	-	34
Interest income	756	772	-	1,528
	<u>120,293</u>	<u>197,223</u>	<u>(104,487)</u>	<u>213,029</u>
Inter-segment Sales	-	-	-	-
	<u>120,293</u>	<u>197,223</u>	<u>(104,487)</u>	<u>213,029</u>
RESULTS				
Segment result	120,853	29,829	(103,430)	47,252
Finance cost	(3)	-	-	(3)
Share of results of associated companies	270,098 *	(160)	-	269,938 *
Profit before taxation	<u>390,948 *</u>	<u>29,669</u>	<u>(103,430)</u>	<u>317,187 *</u>
Taxation				<u>(80,430) *</u>
Profit after taxation				<u>236,757 *</u>

* Restated

A9. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward from the annual financial statements for the year ended 30 September 2005 without amendment.

A10. Material events subsequent to end of period

In the interval between the end of the reporting period and this report date, no material events have arisen which have not been reflected in the financial statement for the said period.

A11. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter. During the financial year to-date, the Group's equity shareholdings in KLK, our major associate, increased from 46.46% to 46.57% following the purchases of additional KLK shares by the Company.

There was no material effect on the results of the Group arising from the above change for the financial year to-date.

A12. Changes in contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since the date of the last annual financial statements for the year ended 30 September 2005.

A13. Comparative figures

Certain comparative figures have been reclassified to reflect the early retrospective adoption of FRS 121 *The Effects of Changes in Foreign Exchange Rates* by KLK, as follows:-

	Year ended 30 September 2005	
	As restated RM'000	As previously reported RM'000
Condensed Consolidated Income Statement		
Share of results of associated companies	269,938	263,671
Taxation	80,430	79,126
Condensed Consolidated Cash Flow Statement		
Non-operating items	290,335	284,068
Earnings per share	79.55 sen	77.84 sen
	As at 30 September 2005	
	As restated RM'000	As previously reported RM'000
Condensed Consolidated Balance Sheet		
Investment in associated companies	1,884,214	1,874,264
Reserves	1,854,666	1,844,716
Net tangible assets per share	RM7.38	RM7.35

B. Explanatory Notes as required by the Bursa Securities' Listing Requirements

B1. Review of Performance

The Group's pre-tax profit for the current quarter was RM81.8 million, lower than the RM86.1 million reported in the corresponding quarter last year. Higher investment dividend income during the current quarter was offset by lower profit contribution from our major plantation associate, KLK and a RM4.8 million provision for diminution in value of an oversea investment. KLK's pre-tax profit was affected by the loss contribution from its manufacturing sector.

For the year ended 30 September 2006, the Group's pre-tax profit was RM348.9 million, 10% higher than the RM317.2 million achieved last financial year due to:-

- (i) investment gains arising from the capital distribution of an associate company undergoing voluntary liquidation and from the sale of a quoted investment, and
- (ii) higher profit contributions from KLK resulting from improved selling price of rubber and the surplus arising from Government acquisition of land.

B2. Comparison of current quarter's results to the preceding quarter

The current quarter's pre-tax profit is higher at RM81.8 million compared to the RM77.4 million achieved in the preceding quarter mainly due to higher investment dividend income. However, this was partly offset by the following:-

- (i) lower profit contribution from KLK resulting from higher retailing loss and loss from its manufacturing sector, and
- (ii) a RM4.8 million provision for diminution in value of an oversea investment.

B3. Current year's prospects

The Directors are of the opinion that the Group's pre-tax profit for the current financial year will be better than that of the financial year just ended in view of improving commodity prices impacting the profit contribution from our associate, KLK.

B4. Variance of actual profit from forecast profit

The Group did not issue any forecast profit or profit guarantee during the financial year to-date.

B5. Taxation

Taxation comprises the following:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2006 RM'000	Preceding Year Quarter ended 30 September 2005 Restated RM'000	Current Year Year ended 30 September 2006 RM'000	Preceding Year Year ended 30 September 2005 Restated RM'000
Current tax - Malaysian income tax	1,077	1,890	4,939	6,535
Foreign tax on overseas dividend	23	-	23	-
Over provision in respect of previous year - Malaysian income tax	6	(7)	(1)	(16)
Over provision of RPGT in prior years	(98)	-	(98)	-
Deferred tax relating to origination and reversal of temporary differences	(1,421)	(529)	(1,862)	595
	(413)	1,354	3,001	7,114
Share of taxation of associated companies	20,571	19,568	72,143	73,316
	20,158	20,922	75,144	80,430

The Group's effective tax rate for the current quarter and financial year to-date is lower than the statutory tax rate applicable mainly due to non-taxable income of the Company and a major associated company, and the availability of tax incentives for certain subsidiary companies.

B6. Sale of unquoted investments and/or properties

a) There was no sale of unquoted investments for the current quarter and financial year to-date.

b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2006 RM'000	Preceding Year Quarter ended 30 September 2005 RM'000	Current Year Year ended 30 September 2006 RM'000	Preceding Year Year ended 30 September 2005 RM'000
Surplus arising from government acquisition of land	-	-	-	83

B7. Quoted securities

a) Purchases and sales of quoted securities for the current quarter and financial year to-date were as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2006 RM'000	Preceding Year Quarter ended 30 September 2005 RM'000	Current Year Year ended 30 September 2006 RM'000	Preceding Year Year ended 30 September 2005 RM'000
Purchases of quoted securities	-	-	5,705	24,808
Sale proceeds of quoted securities	-	3,164	8,370	3,345
Surplus on sales of quoted securities	-	2,931	7,782	3,018

b) Investments in quoted shares as at 30 September 2006 were as follows:-

		At 30 September 2006 RM'000	At 30 September 2005 RM'000
(i) Quoted shares at cost	- Associated company	418,839	413,134
	- Other investments	11,401	11,989
		<u>430,240</u>	<u>425,123</u>
(ii) Carrying value/book value	- Associated company	2,003,471	* 1,882,942
	- Other investments	11,401	11,989
		<u>2,014,872</u>	<u>* 1,894,931</u>
(iii) Market value	- Associated company	3,603,551	2,556,579
	- Other investments	6,568	13,538
		<u>3,610,119</u>	<u>2,570,117</u>

* Restated

B8. Status of corporate proposals

The proposed acquisition by our wholly-owned subsidiary, Forever Green Venture Limited, of a 75% equity stake in PT Satu Sembilan Delapan, an Indonesian company, remains uncompleted pending the fulfilment of conditions precedent.

On 22 November 2006, the Company has proposed a bonus issue of 1 bonus share for every 2 existing shares held to be credited as fully paid-up to shareholders of the Company, at an entitlement date to be determined later. A separate announcement will be made to Bursa Malaysia Securities Berhad regarding the bonus issue today.

B9. Group borrowing

There was no group borrowing as at the end of the reporting period.

B10. Off Balance Sheet Financial Instruments

The forward exchange contracts entered into by the Group as at 16 November 2006 (being a date not earlier than 7 days from the date of this report) were as follows:-

	Currency	Contract Amount '000	Equivalent Amount RM'000	Maturity Period
(a) Sales contracts	USD	<u>410</u>	<u>1,510</u>	1 month

The contracts were entered into by the Group as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments.

The transactions in foreign currencies which are hedged by forward foreign exchange contracts are recorded in the books at their contracted rates. Any gains or losses arising from forward contracts are recognised in the Income Statement upon maturity.

There is minimal credit risk for the forward foreign exchange contracts because these contracts are entered into with licensed financial institutions.

B11. Material Litigation

The BKB Group is not engaged in any material litigation either as plaintiff or defendant and the Directors of BKB do not know of any proceedings, pending or threatened against the BKB Group or of any fact likely to give rise to any proceedings which might materially affect the position or business of the BKB Group.

By Order of the Board

J.C. LIM
LEONG SEA FOOK
Company Secretaries

22 November 2006