

**BATU KAWAN BERHAD**

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement  
For the First Quarter ended 31 December 2007**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 December 2007 RM'000	Preceding Year Quarter ended 31 December 2006 RM'000	Current Year 3 months ended 31 December 2007 RM'000	Preceding Year 3 months ended 31 December 2006 RM'000
Revenue	55,071	58,216	55,071	58,216
Operating expenses	(46,538)	(47,409)	(46,538)	(47,409)
Other operating income	825	519	825	519
Finance cost	-	-	-	-
Share of results of associates	135,564	72,726	135,564	72,726
Profit before taxation	144,922	84,052	144,922	84,052
Income tax expense	(2,657)	(1,761)	(2,657)	(1,761)
Net profit for the period	142,265	82,291	142,265	82,291
Attributable to:				
Equity holders of the Company	140,583	80,100	140,583	80,100
Minority interests	1,682	2,191	1,682	2,191
	142,265	82,291	142,265	82,291
Earnings per share				
Basic	32.52 sen	18.47 sen	32.52 sen	18.47 sen
Diluted	Not applicable	Not applicable	Not applicable	Not applicable

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Report for the year ended 30 September 2007.

**BATU KAWAN BERHAD**

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(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheet****At 31 December 2007**

(The figures have not been audited)

	31 December 2007 RM'000	30 September 2007 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	122,896	123,922
Investment property	786	796
Prepaid land lease payments	14,004	14,103
Goodwill on consolidation	11,999	11,999
Investment in associates	2,308,508	2,204,565
Other investments	31,250	31,646
Deferred tax assets	709	730
	<u>2,490,152</u>	<u>2,387,761</u>
<b>Current Assets</b>		
Inventories	24,804	28,150
Trade receivables	51,919	49,456
Other receivables, deposits and prepayments	39,852	35,112
Amount due from an associate	470	696
Tax recoverable	1,669	1,411
Short term funds	122,237	136,704
Term deposits	28,480	26,680
Cash and bank balances	1,884	1,250
	<u>271,315</u>	<u>279,459</u>
<b>TOTAL ASSETS</b>	<u><u>2,761,467</u></u>	<u><u>2,667,220</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	435,951	435,951
Reserves	2,220,964	2,125,211
Equity attributable to equity holders of the parent	<u>2,656,915</u>	<u>2,561,162</u>
Minority interests	65,496	63,814
<b>Total Equity</b>	<u><u>2,722,411</u></u>	<u><u>2,624,976</u></u>
<b>Non-Current Liabilities</b>		
Provision for retirement benefits	2,871	2,848
Deferred tax liabilities	12,455	13,177
	<u>15,326</u>	<u>16,025</u>
<b>Current Liabilities</b>		
Trade payables	7,970	9,305
Other payables and accruals	13,751	16,363
Provision for retirement benefits	47	64
Taxation	1,962	487
	<u>23,730</u>	<u>26,219</u>
<b>Total Liabilities</b>	<u>39,056</u>	<u>42,244</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,761,467</u></u>	<u><u>2,667,220</u></u>
Net assets per share attributable to equity holders of the Company (RM)	6.15	5.91

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Report for the year ended 30 September 2007.

# BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

## Condensed Consolidated Statement Of Changes In Equity For the First Quarter ended 31 December 2007

(The figures have not been audited)

	← Attributable to the Equity Holders of the Company →									
	Share Capital RM'000	Revaluation Reserve RM'000	Capital Reserve RM'000	General Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 October 2007	435,951	715	507,206	136,011	(541)	1,497,878	(16,058)	2,561,162	63,814	2,624,976
Net gains/(losses) not recognised in the income statement	-	-	16	(31,638)	(141)	-	-	(31,763)	-	(31,763)
Net profit for the period	-	-	-	-	-	140,583	-	140,583	1,682	142,265
Share buy back	-	-	-	-	-	-	(13,067)	(13,067)	-	(13,067)
At 31 December 2007	<u>435,951</u>	<u>715</u>	<u>507,222</u>	<u>104,373</u>	<u>(682)</u>	<u>1,638,461</u>	<u>(29,125)</u>	<u>2,656,915</u>	<u>65,496</u>	<u>2,722,411</u>
At 1 October 2006	291,375	715	506,899	154,591	(155)	1,416,418	(9,492)	2,360,351	67,628	2,427,979
Net gains/(losses) not recognised in the income statement	-	-	197	(14,261)	(219)	-	-	(14,283)	-	(14,283)
Net profit for the period	-	-	-	-	-	80,100	-	80,100	2,191	82,291
At 31 December 2006	<u>291,375</u>	<u>715</u>	<u>507,096</u>	<u>140,330</u>	<u>(374)</u>	<u>1,496,518</u>	<u>(9,492)</u>	<u>2,426,168</u>	<u>69,819</u>	<u>2,495,987</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2007.

**BATU KAWAN BERHAD**

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Cash Flow Statement  
For the First Quarter ended 31 December 2007**

(The figures have not been audited)

	3 months ended	
	31 December	
	2007	2006
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	144,922	84,052
Adjustments for:-		
Non-cash items	4,310	4,346
Non-operating items	(138,561)	(75,754)
Operating profit before working capital changes	10,671	12,644
Changes in working capital		
Net change in current assets	(3,632)	(5,992)
Net change in current liabilities	(3,947)	(2,758)
Cash generated from operations	3,092	3,894
Interest received	187	1,257
Tax paid	(1,707)	(1,247)
Retirement benefits paid	(10)	(24)
Net cash generated from operating activities	1,562	3,880
<b>Cash flows from investing activities</b>		
Equity investments	(10,418)	1,269
Other investments	(3,149)	(2,607)
Net cash used in investing activities	(13,567)	(1,338)
<b>Cash flows from financing activities</b>		
Net cash used in financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(12,005)	2,542
Effects of exchange rate changes	(28)	(46)
Cash and cash equivalents at 1 October	164,634	154,595
Cash and cash equivalents at 31 December	152,601	157,091

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Report for the year ended 30 September 2007.

# BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

## Notes to Interim Financial Report

### A. Explanatory Notes as required by Financial Reporting Standard (“FRS”) 134

#### A1. Accounting policies

The interim financial report is unaudited and has been prepared in compliance with FRS 134 - Interim Financial Reporting, issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 30 September 2007, except for the adoption of FRS 6 - Exploration for and Evaluation of Mineral Resources, which became effective for the financial periods beginning on or after 1 January 2007.

The Group has also adopted the following FRSs, amendments to FRS and Issues Committee (“IC”) Interpretations which are effective for financial periods beginning on or after 1 July 2007:-

FRS 107 - Cash Flow Statements

FRS 111 - Construction Contracts

FRS 112 - Income Taxes

FRS 118 - Revenue

FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance

FRS 134 - Interim Financial Reporting

FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2 - Members’ Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

IC Interpretation 7 - Applying the Restatement Approach under FRS 129<sub>2004</sub> - Financial Reporting in Hyperinflationary Economies

IC Interpretation 8 - Scope of FRS 2

The adoption of FRSs 107, 111, 112, 118, 134, 137 and amendments to FRS 121 did not have any significant financial impact on the results and the financial position of the Group upon their initial application. FRSs 6 and 120 and IC Interpretations 1, 2, 5, 6, 7 and 8 are not relevant to the Group’s operation.

#### A2. 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 for its retailing operations.

**A3. 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.

**A4. 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.

**A5. 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 except for:-

- (i) share buy back of 1,327,800 shares in the Company from the open market. The average price paid for the shares repurchased was RM9.81 per share and the total consideration paid, including transaction costs, was RM13,066,559. The shares bought back were financed by internally generated funds and held as treasury shares.

**A6. Dividends**

No dividends were paid during the current quarter and current financial year to-date. The Directors do not recommend the payment of any dividends for the quarter ended 31 December 2007.

**A7. Segment information**

The business segment information for the 3 months ended 31 December is as follows:-

**3 months ended 31 December 2007**

	Investment Holding RM'000	Chemicals RM'000	Adjustments RM'000	Consolidated RM'000
<b>REVENUE</b>				
External Sales				
Chemicals	-	49,257	(628)	48,629
Transportation services	-	4,519	(898)	3,621
Dividends	2,209	406	-	2,615
Management services fees	-	19	-	19
Interest income	74	113	-	187
	<u>2,283</u>	<u>54,314</u>	<u>(1,526)</u>	<u>55,071</u>
Inter-segment Sales	-	-	-	-
	<u>2,283</u>	<u>54,314</u>	<u>(1,526)</u>	<u>55,071</u>
<b>RESULTS</b>				
Segment result	794	8,521	43	9,358
Finance cost	-	-	-	-
Share of results of associates	135,568	(4)	-	135,564
Profit before taxation	<u>136,362</u>	<u>8,517</u>	<u>43</u>	<u>144,922</u>
Taxation				<u>(2,657)</u>
Profit after taxation				<u>142,265</u>

**3 months ended 31 December 2006**

	Investment Holding RM'000	Chemicals RM'000	Adjustments RM'000	Consolidated RM'000
<b>REVENUE</b>				
External Sales				
Chemicals	-	50,252	(154)	50,098
Transportation services	-	5,330	(241)	5,089
Dividends	1,763	-	-	1,763
Management services fees	-	9	-	9
Interest income	720	537	-	1,257
	<u>2,483</u>	<u>56,128</u>	<u>(395)</u>	<u>58,216</u>
Inter-segment Sales	-	-	-	-
	<u>2,483</u>	<u>56,128</u>	<u>(395)</u>	<u>58,216</u>
<b>RESULTS</b>				
Segment result	1,241	10,027	58	11,326
Finance cost	-	-	-	-
Share of results of associates	72,694	32	-	72,726
Profit before taxation	<u>73,935</u>	<u>10,059</u>	<u>58</u>	<u>84,052</u>
Taxation				<u>(1,761)</u>
Profit after taxation				<u>82,291</u>

**A8. 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.

**A9. Changes in composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial year to-date.

**A10. 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 2007.

**B. Explanatory Notes as required by the Bursa Securities' Listing Requirements****B1. Review of performance**

For the current quarter ended 31 December 2007, Group pre-tax profit was RM144.9 million, substantially higher than the RM84.1 million reported in the corresponding quarter last year. The higher profit contribution from KLK was attributable to higher plantation, manufacturing and retailing profits. KLK's plantation profit was significantly increased by record high palm product prices.

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

The current quarter's pre-tax profit of RM144.9 million was 9.7% higher than the RM132.1 million reported in the preceding quarter. This was due to higher profit contribution from KLK, resulting from higher plantation, manufacturing and retailing profits.

**B3. Current year's prospects**

The Directors are of the opinion that the Group's pre-tax profit for the current financial year should be substantially higher than that of last year's in view of prevailing high palm products prices benefitting our plantation associate, KLK.

**B4. Variance of actual profit from forecast profit**

The Group did not issue any forecast profit or profit guarantee for the quarter ended 31 December 2007.

**B5. Income tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 December 2007 RM'000	Preceding Year Quarter ended 31 December 2006 RM'000	Current Year 3 months ended 31 December 2007 RM'000	Preceding Year 3 months ended 31 December 2006 RM'000
Current tax				
Malaysian income tax	3,359	1,855	3,359	1,855
Deferred tax				
Relating to origination and reversal of temporary differences	(702)	(94)	(702)	(94)
	<u>2,657</u>	<u>1,761</u>	<u>2,657</u>	<u>1,761</u>

The effective tax rate for the current quarter and financial year to-date is now higher than the statutory tax rate mainly due to full utilisation of tax incentives and the impact of non tax-deductible expenses.



**B6. Sale of unquoted investments and/or properties**

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

**B7. Quoted securities**

a) There were no purchases or sales of quoted securities for the current quarter and financial year to-date.

b) Investments in quoted shares as at 31 December 2007 were as follows:-

		At 31 December 2007 RM'000	At 30 September 2007 RM'000
(i) Quoted shares at cost	- Associated company	418,839	418,839
	- Other investments	11,401	11,401
		<u>430,240</u>	<u>430,240</u>
(ii) Carrying value/book value	- Associated company	2,306,884	2,202,939
	- Other investments	11,401	11,401
		<u>2,318,285</u>	<u>2,214,340</u>
(iii) Market value	- Associated company	8,628,687	6,545,900
	- Other investments	10,947	11,843
		<u>8,639,634</u>	<u>6,557,743</u>

**B8. Status of corporate proposals**

Our wholly-owned subsidiary, Forever Green Venture Limited ("FGVL"), had an outstanding agreement to purchase a 75% equity share in PT Satu Sembilan Delapan ("PTSSD"), an Indonesian company for a purchase price of USD1,500,000. On 13 September 2007, the Sales and Purchase Agreement ("SPA") was amended, for FGVL to purchase an increased 92% equity share in PTSSD for an amended purchase price of USD620,080 and based on a lower land hectareage held by PTSSD. The completion date for this conditional SPA has also been extended.

**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 13 February 2008 (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
Sales contracts	SGD	<u>1,448</u>	<u>3,290</u>	1 to 2 months

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.

**B12. Earnings Per Share***Basic earnings per share*

The earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the parent by the weighted average number of shares of the Company in issue during the period. Comparative earnings per share has been retrospectively adjusted for the effect of the 1 for 2 Bonus Issue.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 December 2007	Preceding Year Quarter ended 31 December 2006	Current Year 3 months ended 31 December 2007	Preceding Year 3 months ended 31 December 2006
Net profit for the period attributable to equity holders of the parent (RM'000)	140,583	80,100	140,583	80,100
Weighted average number of shares	432,258,552	433,728,000	432,258,552	433,728,000
Earnings per share (sen)	32.52	18.47	32.52	18.47

**B13. Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the year ended 30 September 2007 was not subject to any qualifications.

By Order of the Board

J.C. LIM  
CHONG SEE TECK  
Company Secretaries

20 February 2008