

**BATU KAWAN BERHAD**

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement  
For the Year ended 30 September 2008**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2008 RM'000	Preceding Year Quarter ended 30 September 2007 RM'000	Current Year Year ended 30 September 2008 RM'000	Preceding Year Year ended 30 September 2007 RM'000
Revenue	95,609	54,598	284,087	219,242
Operating expenses	(86,614)	(50,645)	(250,366)	(189,560)
Other operating income	2,290	5,459	4,536	6,694
Finance cost	-	-	-	-
Share of results of associates	124,521	122,697	484,523	323,528
Profit before taxation	135,806	132,109	522,780	359,904
Income tax expense	(2,935)	(441)	(8,749)	(4,447)
Net profit for the period	132,871	131,668	514,031	355,457
Attributable to:				
Equity holders of the Company	129,930	130,400	505,539	348,413
Minority interests	2,941	1,268	8,492	7,044
	132,871	131,668	514,031	355,457
Earnings per share				
Basic	30.13 sen	30.09 sen	117.25 sen	80.39 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**

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheet****At 30 September 2008**

(The figures have not been audited)

	30 September 2008 RM'000	30 September 2007 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	145,695	123,922
Investment property	756	796
Prepaid land lease payments	15,008	14,103
Biological assets	37,598	-
Goodwill on consolidation	18,788	11,999
Investment in associates	2,491,264	2,204,565
Other investments	22,761	31,646
Deferred tax assets	944	730
	<u>2,732,814</u>	<u>2,387,761</u>
<b>Current Assets</b>		
Inventories	42,837	28,150
Trade receivables	82,411	49,456
Other receivables, deposits and prepayments	9,805	35,808
Tax recoverable	2,298	1,411
Short term funds	44,082	136,704
Term deposits	35,409	26,680
Cash and bank balances	2,048	1,250
	<u>218,890</u>	<u>279,459</u>
Non-Current Asset Held For Sale	<u>3,855</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>2,955,559</u>	<u>2,667,220</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	435,951	435,951
Reserves	<u>2,409,361</u>	<u>2,125,211</u>
Equity attributable to equity holders of the Company	2,845,312	2,561,162
Minority interests	<u>58,459</u>	<u>63,814</u>
<b>Total Equity</b>	<u>2,903,771</u>	<u>2,624,976</u>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	11,408	13,177
Provision for retirement benefits	<u>3,077</u>	<u>2,848</u>
	<u>14,485</u>	<u>16,025</u>
<b>Current Liabilities</b>		
Trade payables	16,824	9,305
Other payables and accruals	18,321	16,363
Provision for retirement benefits	125	64
Taxation	<u>2,033</u>	<u>487</u>
	<u>37,303</u>	<u>26,219</u>
<b>Total Liabilities</b>	<u>51,788</u>	<u>42,244</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,955,559</u>	<u>2,667,220</u>
Net assets per share attributable to equity holders of the Company (RM)	6.66	5.92

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 Year ended 30 September 2008**

(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	-	-	(89)	4,097	(838)	-	-	3,170	(13,847)	(10,677)
Net profit for the year	-	-	-	-	-	505,539	-	505,539	8,492	514,031
Dividends paid	-	-	-	-	-	(175,660)	-	(175,660)	-	(175,660)
Share buy back	-	-	-	-	-	-	(48,899)	(48,899)	-	(48,899)
At 30 September 2008	435,951	715	507,117	140,108	(1,379)	1,827,757	(64,957)	2,845,312	58,459	2,903,771
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	-	-	307	(18,580)	(386)	-	-	(18,659)	-	(18,659)
Net profit for the year	-	-	-	-	-	348,413	-	348,413	7,044	355,457
Bonus Issue	144,576	-	-	-	-	(144,576)	-	-	-	-
Dividends paid	-	-	-	-	-	(122,377)	-	(122,377)	-	(122,377)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(10,858)	(10,858)
Share buy back	-	-	-	-	-	-	(6,566)	(6,566)	-	(6,566)
At 30 September 2007	435,951	715	507,206	136,011	(541)	1,497,878	(16,058)	2,561,162	63,814	2,624,976

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 Year ended 30 September 2008**

(The figures have not been audited)

	Year ended 30 September	
	2008 RM'000	2007 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	522,780	359,904
Adjustments for:-		
Non-cash items	17,908	20,596
Non-operating items	(488,348)	(335,967)
Operating profit before working capital changes	52,340	44,533
Changes in working capital		
Net change in current assets	(14,889)	(17,184)
Net change in current liabilities	(37,008)	3,922
Cash (used in)/generated from operations	443	31,271
Interest received	822	2,354
Tax paid	(9,651)	(5,934)
Tax refund	391	271
Retirement benefits paid	(74)	(588)
Net cash (used in)/generated from operating activities	(8,069)	27,374
<b>Cash flows from investing activities</b>		
Equity investments	141,328	130,891
Other investments	(38,700)	(14,911)
Net cash generated from investing activities	102,628	115,980
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	(175,660)	(122,377)
Dividends paid to minority shareholders	-	(10,858)
Net cash used in financing activities	(175,660)	(133,235)
Net (decrease)/increase in cash and cash equivalents	(81,101)	10,119
Effects of exchange rate changes	(1,994)	(80)
Cash and cash equivalents at 1 October	164,634	154,595
Cash and cash equivalents at 30 September	81,539	164,634

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

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## 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 and Amendment to FRS 119<sub>2004</sub> – Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures, 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 119<sub>2004</sub> and 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 5,520,600 shares in the Company from the open market. The average price paid for the shares repurchased was RM8.83 per share and the total consideration paid, including transaction costs, was RM48,898,911. The shares bought back were financed by internally generated funds and held as treasury shares.

**A6. Dividends**

- (i) Dividends Paid

	Year ended 30 September 2008 RM'000	Year ended 30 September 2007 RM'000
Interim: 15 sen less income tax @ 26% (2007: 10 sen less income tax @ 27%)	47,898	31,612
Dividends proposed in year 2007, paid in year 2008		
- Final 40 sen less income tax @ 26% (2006: 13 sen less income tax @ 27%)	127,762	27,441
- Special NIL (2006: 30 sen less income tax @ 27%)	-	63,324
	175,660	122,377

- (ii) Dividend Proposed

A final dividend of 49 sen per share comprising of a 9 sen dividend less 25% Malaysian income tax and a 40 sen single-tier tax exempt dividend, has been recommended by the Directors in respect of the financial year ended 30 September 2008 (financial year ended 30 September 2007 : final dividend of 40 sen less 26% Malaysian income tax) and subject to approval at the forthcoming Annual General Meeting, will be paid on 19 March 2009 to shareholders registered in the Company's Register as at 20 February 2009.

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

- (a) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 18 February 2009, in respect of securities which are exempted from mandatory deposit;
- (b) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 20 February 2009, in respect of transfers; and
- (c) 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 2008 are 9 sen per share less 25% Malaysian income tax, 40 sen single-tier tax exempt dividend and 15 sen per share less 26% Malaysian income tax (financial year ended 30 September 2007 : 10 sen less 27% Malaysian income tax and 40 sen less 26% Malaysian income tax).

**A7. Segment information**

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

**Year ended 30 September 2008**

	Investment Holding RM'000	Chemicals RM'000	Adjustments RM'000	Consolidated RM'000
<b>REVENUE</b>				
External Sales				
Chemicals	-	263,548	(3,979)	259,569
Transportation services	-	22,172	(4,543)	17,629
Dividends	276,929	1,827	(272,746)	6,010
Management services fees	-	64	-	64
Interest income	495	441	(121)	815
	<u>277,424</u>	<u>288,052</u>	<u>(281,389)</u>	<u>284,087</u>
Inter-segment Sales	-	-	-	-
	<u>277,424</u>	<u>288,052</u>	<u>(281,389)</u>	<u>284,087</u>
<b>RESULTS</b>				
Segment result	271,189	39,413	(272,345)	38,257
Finance cost	-	-	-	-
Share of results of associates	484,580	(57)	-	484,523
Profit before taxation	<u>755,769</u>	<u>39,356</u>	<u>(272,345)</u>	<u>522,780</u>
Taxation				(8,749)
Profit after taxation				<u>514,031</u>

**Year ended 30 September 2007**

	Investment Holding RM'000	Chemicals RM'000	Adjustments RM'000	Consolidated RM'000
<b>REVENUE</b>				
External Sales				
Chemicals	-	193,481	(1,029)	192,452
Transportation services	-	21,172	(1,981)	19,191
Dividends	234,915	1,165	(230,791)	5,289
Management services fees	-	48	-	48
Interest income	1,023	1,239	-	2,262
	<u>235,938</u>	<u>217,105</u>	<u>(233,801)</u>	<u>219,242</u>
Inter-segment Sales	-	-	-	-
	<u>235,938</u>	<u>217,105</u>	<u>(233,801)</u>	<u>219,242</u>
<b>RESULTS</b>				
Segment result	235,695	31,240	(230,559)	36,376
Finance cost	-	-	-	-
Share of results of associates	323,233	295	-	323,528
Profit before taxation	<u>558,928</u>	<u>31,535</u>	<u>(230,559)</u>	<u>359,904</u>
Taxation				(4,447)
Profit after taxation				<u>355,457</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 except for a wholly-owned subsidiary's disposal of its investment, as disclosed in B8 of this report.

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

During the current quarter and financial year to-date, there were no changes to the composition of the Group except for the following:-

- i) the Group increased its effective shareholding in Malay-Sino Chemical Industries Sdn Bhd ("MSCI") from 76.48% to 84.30%;
- ii) Omega Network Sdn Bhd, a wholly-owned subsidiary of MSCI, was placed under members' voluntary winding up on 20 June 2008; and
- iii) Whitmore Holdings Sdn Bhd, a wholly-owned subsidiary of Batu Kawan Berhad ("BKB") completed the acquisition of the 92% equity interest in PT Satu Sembilan Delapan on 1 July 2008.

There were no material effects on the results of the Group arising from the above changes for 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**

The Group's pre-tax profit for the current quarter was RM135.8 million, marginally higher compared to the RM132.1 million reported in the corresponding quarter last year. This was mainly due to higher profit contribution from the chemical subsidiaries arising from higher average selling prices. KLK's profit contribution was similar to the corresponding quarter last year.

For the year ended 30 September 2008, Group pre-tax profit was RM522.8 million, substantially higher than the RM359.9 million recorded last financial year, mainly due to higher profit contribution from KLK. KLK's profit was boosted by the high palm product prices, increased FFB production and yield, and higher manufacturing profit. Profit contribution from a chemical subsidiary was also higher which benefited from increase in average selling prices.

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

Group pre-tax profit of RM135.8 million achieved in the current quarter was higher compared to the RM124.8 million reported in the preceding quarter due to higher profit contributions from KLK and from the chemical subsidiaries.

**B3. Current year's prospects**

The Directors are of the opinion that the Group's pre-tax profit for the current financial year ending 30 September 2009 would be lower than that of the financial year just ended in view of the prevailing lower commodity prices affecting the profits of 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 30 September 2008.

**B5. Income tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2008 RM'000	Preceding Year Quarter ended 30 September 2007 RM'000	Current Year Year ended 30 September 2008 RM'000	Preceding Year Year ended 30 September 2007 RM'000
Current tax				
Malaysian income tax	3,576	1,156	10,712	5,284
Foreign tax on overseas dividend	61	143	61	143
Deferred tax				
Relating to origination and reversal of temporary differences	(340)	(858)	(1,677)	(977)
Over provision in respect of previous year				
- Malaysian income tax	(362)	-	(347)	(3)
	<u>2,935</u>	<u>441</u>	<u>8,749</u>	<u>4,447</u>

The effective tax rate for the current quarter and financial year to-date is lower than the statutory tax rate mainly due to the tax exempt dividend income of the Company and certain subsidiaries.

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

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

- a) See Sen Chemical Berhad, a subsidiary, had on 28 March 2008 entered into a Sale and Purchase Agreement with Evercoat Industries Sdn Bhd for the disposal of a piece of freehold industrial land at Nilai, Negeri Sembilan for a total consideration of RM1,762,513. The transaction was completed on 8 July 2008 and a loss of RM82,961 was recognised.

**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 30 September 2008 were as follows:-

		At 30 September 2008 RM'000	At 30 September 2007 RM'000
(i) Quoted shares at cost	- Associated company	418,839	418,839
	- Other investments	8,170	11,401
		<u>427,009</u>	<u>430,240</u>
(ii) Carrying value/book value	- Associated company	2,489,694	2,202,939
	- Other investments	8,170	11,401
		<u>2,497,864</u>	<u>2,214,340</u>
(iii) Market value	- Associated company	4,760,655	6,545,900
	- Other investments	8,170	11,843
		<u>4,768,825</u>	<u>6,557,743</u>

**B8. Status of corporate proposals**

Forever Green Venture Limited (“FGVL”), a wholly-owned subsidiary, had on 21 October 2008 entered into a Sales and Purchase Agreement with KL-Kepong Plantation Holdings Sdn Bhd (“KLKPH”) for the disposal of its entire shareholding in PT Sekarbumi Alamlestari (“PTSA”) comprising of 9,860 shares of Rp1,000,000 each and representing 17% of PTSA’s issued and paid-up share capital, to KLKPH, for a total cash consideration of USD12.9 million (“the Disposal”).

The Disposal will not have any effect on the share capital and shareholding structure of the Company and will not have any material effect on the net tangible assets and earnings of the Group for the current financial year ending 30 September 2008.

**B9. Group borrowings**

There were no group borrowings 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 14 November 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>1,923</u>	<u>4,569</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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2008	Preceding Year Quarter ended 30 September 2007	Current Year Year ended 30 September 2008	Preceding Year Year ended 30 September 2007
Net profit for the period attributable to equity holders of the parent (RM'000)	<u>129,930</u>	<u>130,400</u>	<u>505,539</u>	<u>348,413</u>
Weighted average number of shares	<u>431,179,206</u>	<u>433,393,079</u>	<u>431,179,206</u>	<u>433,393,079</u>
Earnings per share (sen)	<u>30.13</u>	<u>30.09</u>	<u>117.25</u>	<u>80.39</u>

**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

21 November 2008