

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement
For the First Quarter ended 31 December 2008**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 December 2008 RM'000	Preceding Year Quarter ended 31 December 2007 RM'000	Current Year 3 months ended 31 December 2008 RM'000	Preceding Year 3 months ended 31 December 2007 RM'000
Revenue	69,858	55,071	69,858	55,071
Operating expenses	(51,756)	(46,538)	(51,756)	(46,538)
Other operating income	3,068	825	3,068	825
Finance cost	-	-	-	-
Share of results of associates	30,667	135,564	30,667	135,564
Profit before taxation	51,837	144,922	51,837	144,922
Income tax expense	(4,880)	(2,657)	(4,880)	(2,657)
Net profit for the period	46,957	142,265	46,957	142,265
Attributable to:				
Equity holders of the Company	43,896	140,583	43,896	140,583
Minority interests	3,061	1,682	3,061	1,682
	46,957	142,265	46,957	142,265
Earnings per share				
Basic	10.29 sen	32.52 sen	10.29 sen	32.52 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 2008.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet**At 31 December 2008**

(The figures have not been audited)

	31 December 2008 RM'000	30 September 2008 RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	153,205	145,695
Investment property	746	756
Prepaid land lease payments	14,848	15,008
Biological assets	35,717	37,598
Goodwill on consolidation	18,356	18,788
Investment in associates	2,466,426	2,491,264
Other investments	22,761	22,761
Deferred tax assets	695	944
	<u>2,712,754</u>	<u>2,732,814</u>
Current Assets		
Inventories	53,213	42,837
Trade receivables	65,066	82,411
Other receivables, deposits and prepayments	9,940	9,805
Tax recoverable	2,185	2,298
Short term funds	44,263	44,082
Term deposits	29,891	35,409
Cash and bank balances	3,925	2,048
	<u>208,483</u>	<u>218,890</u>
Non-Current Asset Held For Sale	<u>3,893</u>	<u>3,855</u>
TOTAL ASSETS	<u>2,925,130</u>	<u>2,955,559</u>
EQUITY AND LIABILITIES		
Share capital	435,951	435,951
Reserves	2,383,299	2,409,361
Equity attributable to equity holders of the Company	<u>2,819,250</u>	<u>2,845,312</u>
Minority interests	61,520	58,459
Total Equity	<u>2,880,770</u>	<u>2,903,771</u>
Non-Current Liabilities		
Provision for retirement benefits	3,118	3,077
Deferred tax liabilities	11,265	11,408
	<u>14,383</u>	<u>14,485</u>
Current Liabilities		
Trade payables	7,482	16,824
Other payables and accruals	17,555	18,321
Provision for retirement benefits	105	125
Taxation	4,835	2,033
	<u>29,977</u>	<u>37,303</u>
Total Liabilities	<u>44,360</u>	<u>51,788</u>
TOTAL EQUITY AND LIABILITIES	<u>2,925,130</u>	<u>2,955,559</u>
Net assets per share attributable to equity holders of the Company (RM)	6.61	6.66

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Report for the year ended 30 September 2008.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

Condensed Consolidated Statement Of Changes In Equity For the First Quarter ended 31 December 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 2008	435,951	715	507,117	140,108	(1,379)	1,827,757	(64,957)	2,845,312	58,459	2,903,771
Net gains/(losses) not recognised in the income statement	-	-	(7)	(55,498)	(7,995)	-	-	(63,500)	-	(63,500)
Net profit for the period	-	-	-	-	-	43,896	-	43,896	3,061	46,957
Share buy back	-	-	-	-	-	-	(6,458)	(6,458)	-	(6,458)
At 31 December 2008	<u>435,951</u>	<u>715</u>	<u>507,110</u>	<u>84,610</u>	<u>(9,374)</u>	<u>1,871,653</u>	<u>(71,415)</u>	<u>2,819,250</u>	<u>61,520</u>	<u>2,880,770</u>
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>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2008.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Cash Flow Statement
For the First Quarter ended 31 December 2008**

(The figures have not been audited)

	3 months ended	
	31 December	
	2008	2007
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	51,837	144,922
Adjustments for:-		
Non-cash items	4,420	4,310
Non-operating items	(33,128)	(138,561)
Operating profit before working capital changes	23,129	10,671
Changes in working capital		
Net change in current assets	6,834	(3,632)
Net change in current liabilities	(10,108)	(3,947)
Cash generated from operations	19,855	3,092
Interest received	175	187
Tax paid	(1,857)	(1,707)
Retirement benefits paid	(20)	(10)
Net cash generated from operating activities	18,153	1,562
Cash flows from investing activities		
Equity investments	(4,281)	(10,418)
Other investments	(14,965)	(3,149)
Net cash used in investing activities	(19,246)	(13,567)
Cash flows from financing activities		
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(1,093)	(12,005)
Effects of exchange rate changes	(2,367)	(28)
Cash and cash equivalents at 1 October	81,539	164,634
Cash and cash equivalents at 31 December	78,079	152,601

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Report for the year ended 30 September 2008.

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 2008.

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 share buy back of 949,900 shares in the Company from the open market. The average price paid for the shares repurchased was RM6.77 per share and the total consideration paid, including transaction costs, was RM6,458,072. 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 2008.

A7. Segment information

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

3 months ended 31 December 2008

	Investment Holding RM'000	Chemicals RM'000	Plantations RM'000	Adjustments RM'000	Consolidated RM'000
REVENUE					
External Sales					
Chemicals	-	64,303	-	(1,641)	62,662
Transportation services	-	5,814	-	(1,081)	4,733
Dividends	2,107	181	-	-	2,288
Management services fees	-	-	-	-	-
Interest income	58	167	31	(81)	175
	<u>2,165</u>	<u>70,465</u>	<u>31</u>	<u>(2,803)</u>	<u>69,858</u>
Inter-segment Sales	-	-	-	-	-
	<u>2,165</u>	<u>70,465</u>	<u>31</u>	<u>(2,803)</u>	<u>69,858</u>
RESULTS					
Segment result	3,926	17,821	(7,872)	7,295	21,170
Finance cost	(49)	-	-	49	-
Share of results of associates	30,661	6	-	-	30,667
Profit before taxation	<u>34,538</u>	<u>17,827</u>	<u>(7,872)</u>	<u>7,344</u>	<u>51,837</u>
Taxation					(4,880)
Profit after taxation					<u>46,957</u>

3 months ended 31 December 2007

	Investment Holding RM'000	Chemicals RM'000	Plantations RM'000	Adjustments RM'000	Consolidated RM'000
REVENUE					
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>-</u>	<u>(1,526)</u>	<u>55,071</u>
Inter-segment Sales	-	-	-	-	-
	<u>2,283</u>	<u>54,314</u>	<u>-</u>	<u>(1,526)</u>	<u>55,071</u>
RESULTS					
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>-</u>	<u>43</u>	<u>144,922</u>
Taxation					(2,657)
Profit after taxation					<u>142,265</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 2008.

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

For the current quarter ended 31 December 2008, Group pre-tax profit was RM51.8 million, substantially lower than the RM144.9 million achieved in the corresponding quarter last year. This was mainly due to lower profit contribution from KLK, which was affected by higher write-down in their quoted investment value, as well as lower manufacturing and retailing profits.

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

The current quarter's pre-tax profit of RM51.8 million was substantially lower than the RM135.8 million reported in the preceding quarter mainly due to lower profit contribution from KLK. KLK reported a lower profit mainly due to deterioration in its manufacturing sector's performance and from higher write-down of their quoted investments.

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 lower than that of last year in view of the current world economic crisis and prevailing low commodity prices affecting 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 2008.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Quarter ended	3 months ended	3 months ended
	31 December	31 December	31 December	31 December
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	4,883	3,359	4,883	3,359
Deferred tax				
Relating to origination and reversal of temporary differences	(3)	(702)	(3)	(702)
	<u>4,880</u>	<u>2,657</u>	<u>4,880</u>	<u>2,657</u>

The effective tax rate for the current quarter and financial year to-date is higher than the statutory tax rate mainly due to 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 2008 were as follows:-

		At 31 December 2008 RM'000	At 30 September 2008 RM'000
(i) Quoted shares at cost	- Associated company	418,839	418,839
	- Other investments	8,170	8,170
		<u>427,009</u>	<u>427,009</u>
(ii) Carrying value/book value	- Associated company	2,464,850	2,489,694
	- Other investments	8,170	8,170
		<u>2,473,020</u>	<u>2,497,864</u>
(iii) Market value	- Associated company	4,413,524	4,760,655
	- Other investments	4,693	8,170
		<u>4,418,217</u>	<u>4,768,825</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") and subject to adjustment for any difference in PTSA's net current assets as at 30 June 2008 and the Completion Date.

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 11 February 2009 (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	SGD	<u>1,196</u>	<u>2,867</u>	1 to 2 months
(b) Purchases contracts	EURO	<u>630</u>	<u>2,957</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.

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 31 December 2008	Preceding Year Quarter ended 31 December 2007	Current Year 3 months ended 31 December 2008	Preceding Year 3 months ended 31 December 2007
Net profit for the period attributable to equity holders of the parent (RM'000)	43,896	140,583	43,896	140,583
Weighted average number of shares	426,709,326	432,258,552	426,709,326	432,258,552
Earnings per share (sen)	10.29	32.52	10.29	32.52

B13. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2008 was not subject to any qualifications.

By Order of the Board

J.C. LIM
CHONG SEE TECK
Company Secretaries

18 February 2009