

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement
For the Second Quarter ended 31 March 2009**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 March 2009 RM'000	Preceding Year Quarter ended 31 March 2008 RM'000	Current Year 6 months ended 31 March 2009 RM'000	Preceding Year 6 months ended 31 March 2008 RM'000
Revenue	50,617	60,989	120,475	116,060
Operating expenses	(43,745)	(55,062)	(95,501)	(101,600)
Other operating income	29,619	1,178	32,687	2,003
Finance cost	-	-	-	-
Share of results of associates	52,422	110,170	83,089	245,734
Profit before taxation	88,913	117,275	140,750	262,197
Income tax expense	(2,252)	(1,533)	(7,132)	(4,190)
Net profit for the period	86,661	115,742	133,618	258,007
Attributable to:				
Equity holders of the Company	85,355	114,073	129,251	254,656
Minority interests	1,306	1,669	4,367	3,351
	86,661	115,742	133,618	258,007
Earnings per share				
Basic	20.01 sen	26.41 sen	30.30 sen	58.96 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 March 2009**

(The figures have not been audited)

	31 March 2009 RM'000	30 September 2008 RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	158,469	145,695
Investment property	736	756
Prepaid land lease payments	15,398	15,008
Biological assets	38,441	37,598
Goodwill on consolidation	18,356	18,788
Investment in associates	2,302,452	2,491,264
Other investments	22,761	22,761
Deferred tax assets	660	944
	<u>2,557,273</u>	<u>2,732,814</u>
Current Assets		
Inventories	45,517	42,837
Trade receivables	51,659	82,411
Other receivables, deposits and prepayments	15,080	9,805
Tax recoverable	2,075	2,298
Short term funds	98,433	44,082
Term deposits	70,692	35,409
Cash and bank balances	1,919	2,048
	<u>285,375</u>	<u>218,890</u>
Non-Current Asset Held For Sale	-	3,855
TOTAL ASSETS	<u>2,842,648</u>	<u>2,955,559</u>
EQUITY AND LIABILITIES		
Share capital	435,951	435,951
Reserves	2,271,347	2,409,361
Equity attributable to equity holders of the Company	<u>2,707,298</u>	<u>2,845,312</u>
Minority interests	62,415	58,459
Total Equity	<u>2,769,713</u>	<u>2,903,771</u>
Non-Current Liabilities		
Provision for retirement benefits	3,117	3,077
Deferred tax liabilities	10,598	11,408
Term loans	35,583	-
	<u>49,298</u>	<u>14,485</u>
Current Liabilities		
Trade payables	3,457	16,824
Other payables and accruals	14,493	18,321
Provision for retirement benefits	61	125
Taxation	5,626	2,033
	<u>23,637</u>	<u>37,303</u>
Total Liabilities	<u>72,935</u>	<u>51,788</u>
TOTAL EQUITY AND LIABILITIES	<u>2,842,648</u>	<u>2,955,559</u>
Net assets per share attributable to equity holders of the Company (RM)	6.35	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 Second Quarter ended 31 March 2009

(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	-	-	(39)	(54,906)	(6,480)	-	-	(61,425)	-	(61,425)
Net profit for the period	-	-	-	-	-	129,251	-	129,251	4,367	133,618
Dividends paid	-	-	-	-	-	(199,382)	-	(199,382)	-	(199,382)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(411)	(411)
Share buy back	-	-	-	-	-	-	(6,458)	(6,458)	-	(6,458)
At 31 March 2009	<u>435,951</u>	<u>715</u>	<u>507,078</u>	<u>85,202</u>	<u>(7,859)</u>	<u>1,757,626</u>	<u>(71,415)</u>	<u>2,707,298</u>	<u>62,415</u>	<u>2,769,713</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	-	-	38	(30,918)	(300)	-	-	(31,180)	-	(31,180)
Net profit for the period	-	-	-	-	-	254,656	-	254,656	3,351	258,007
Dividends paid	-	-	-	-	-	(127,762)	-	(127,762)	-	(127,762)
Share buy back	-	-	-	-	-	-	(14,189)	(14,189)	-	(14,189)
At 31 March 2008	<u>435,951</u>	<u>715</u>	<u>507,244</u>	<u>105,093</u>	<u>(841)</u>	<u>1,624,772</u>	<u>(30,247)</u>	<u>2,642,687</u>	<u>67,165</u>	<u>2,709,852</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 Second Quarter ended 31 March 2009**

(The figures have not been audited)

	6 months ended	
	31 March	
	2009	2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	140,750	262,197
Adjustments for:-		
Non-cash items	8,947	8,237
Non-operating items	(114,813)	(250,447)
Operating profit before working capital changes	34,884	19,987
Changes in working capital		
Net change in current assets	22,795	(30,641)
Net change in current liabilities	(17,195)	(3,896)
Cash generated from/(used in) operations	40,484	(14,550)
Interest received	311	399
Tax paid	(3,761)	(2,725)
Retirement benefits paid	(152)	(33)
Net cash generated from/(used in) operating activities	36,882	(16,909)
Cash flows from investing activities		
Equity investments	245,761	136,680
Other investments	(22,750)	(9,761)
Net cash generated from investing activities	223,011	126,919
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(199,382)	(127,762)
Dividends paid to minority shareholders	(411)	-
Proceeds from term loans	35,583	-
Net cash used in financing activities	(164,210)	(127,762)
Net increase/(decrease) in cash and cash equivalents	95,683	(17,752)
Effects of exchange rate changes	(6,178)	63
Cash and cash equivalents at 1 October	81,539	164,634
Cash and cash equivalents at 31 March	171,044	146,945

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

(i) Dividends Paid

	6 months ended 31 March 2009 RM'000	6 months ended 31 March 2008 RM'000
Dividends proposed in year 2008, paid in year 2009 - Final 49 sen comprising 9 sen less income tax @ 25% and 40 sen single-tier tax exempt (2007: 40 sen less income tax @ 26%)	199,382	127,762
	<u>199,382</u>	<u>127,762</u>

(ii) Dividend Proposed

A single-tier tax exempt interim dividend of 10 sen per share has been declared by the Directors in respect of the financial year ending 30 September 2009 (year ended 30 September 2008 : 15 sen less 26% Malaysian income tax) and will be paid on 12 August 2009 to shareholders registered in the Company's Register as at 16 July 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 14 July 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 16 July 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.

As at the date of this Report, a total dividend of 10 sen per share single-tier tax exempt has been declared for the financial year ending 30 September 2009 (year ended 30 September 2008 : 15 sen less 26% Malaysian income tax, 9 sen less 25% Malaysian income tax and 40 sen single-tier tax exempt).

A7. Segment information

The business segment information for the 6 months ended 31 March is as follows:-

6 months ended 31 March 2009

	Investment Holding RM'000	Chemicals RM'000	Plantations RM'000	Adjustments RM'000	Consolidated RM'000
REVENUE					
External Sales					
Chemicals	-	111,717	-	(3,226)	108,491
Transportation services	-	10,957	-	(1,750)	9,207
Dividends	310,538	351	-	(308,431)	2,458
Management services fees	-	8	-	-	8
Interest income	89	336	33	(147)	311
	<u>310,627</u>	<u>123,369</u>	<u>33</u>	<u>(313,554)</u>	<u>120,475</u>
Inter-segment Sales	-	-	-	-	-
	<u>310,627</u>	<u>123,369</u>	<u>33</u>	<u>(313,554)</u>	<u>120,475</u>
RESULTS					
Segment result	339,958	26,539	(7,706)	(301,130)	57,661
Finance cost	(115)	-	-	115	-
Share of results of associates	83,131	(42)	-	-	83,089
Profit before taxation	<u>422,974</u>	<u>26,497</u>	<u>(7,706)</u>	<u>(301,015)</u>	<u>140,750</u>
Taxation					(7,132)
Profit after taxation					<u>133,618</u>

6 months ended 31 March 2008

	Investment Holding RM'000	Chemicals RM'000	Plantations RM'000	Adjustments RM'000	Consolidated RM'000
REVENUE					
External Sales					
Chemicals	-	104,963	-	(1,315)	103,648
Transportation services	-	9,927	-	(2,065)	7,862
Dividends	201,536	929	-	(198,361)	4,104
Management services fees	-	47	-	-	47
Interest income	172	227	-	-	399
	<u>201,708</u>	<u>116,093</u>	<u>-</u>	<u>(201,741)</u>	<u>116,060</u>
Inter-segment Sales	-	-	-	-	-
	<u>201,708</u>	<u>116,093</u>	<u>-</u>	<u>(201,741)</u>	<u>116,060</u>
RESULTS					
Segment result	198,190	16,549	-	(198,276)	16,463
Finance cost	-	-	-	-	-
Share of results of associates	245,766	(32)	-	-	245,734
Profit before taxation	<u>443,956</u>	<u>16,517</u>	<u>-</u>	<u>(198,276)</u>	<u>262,197</u>
Taxation					(4,190)
Profit after taxation					<u>258,007</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**

The Group's pre-tax profit of RM88.9 million for the current quarter was lower than the RM117.3 million achieved corresponding quarter last year, due to lower profit contribution from our plantation associate, KLK, which reported lower plantation and manufacturing profits.

For the first half financial year 2009, Group pre-tax profit at RM140.8 million was substantially lower than the RM262.2 million achieved last year. This was also mainly due to lower profit contribution from KLK, which was affected by additional write-down in their quoted investment value, lower plantation profit and losses from both its manufacturing and retailing sectors.

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

Pre-tax profit for the current quarter of RM88.9 million was higher than the RM51.8 million reported in the preceding quarter, mainly due to a USD8.0 million surplus on disposal of an overseas investment by a foreign subsidiary.

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 the preceding year, due to expected much lower profit contribution from 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 March 2009.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 March 2009 RM'000	Preceding Year Quarter ended 31 March 2008 RM'000	Current Year 6 months ended 31 March 2009 RM'000	Preceding Year 6 months ended 31 March 2008 RM'000
Current tax				
Malaysian income tax	2,805	1,616	7,688	4,976
Deferred tax				
Relating to origination and reversal of temporary differences	(553)	(83)	(556)	(786)
	<u>2,252</u>	<u>1,533</u>	<u>7,132</u>	<u>4,190</u>

The effective tax rate for the current quarter and financial year to-date is lower than the statutory tax rate mainly due to a foreign subsidiary's tax exempt income.

B6. Sale of unquoted investments and/or properties

a) Sale of unquoted investments

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Quarter ended	6 months ended	6 months ended
	31 March	31 March	31 March	31 March
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Surplus on sales of unquoted investment by a subsidiary	28,899	-	28,899	-

b) There was no sale of 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 March 2009 were as follows:-

		At 31 March 2009 RM'000	At 30 September 2008 RM'000
(i) Quoted shares at cost	- Associate	418,839	418,839
	- Other investment	8,170	8,170
		<u>427,009</u>	<u>427,009</u>
(ii) Carrying value/book value	- Associate	2,300,923	2,489,694
	- Other investment	8,170	8,170
		<u>2,309,093</u>	<u>2,497,864</u>
(iii) Market value	- Associate	5,256,556	4,760,655
	- Other investment	4,771	8,170
		<u>5,261,327</u>	<u>4,768,825</u>

B8. Status of corporate proposals

Forever Green Venture Limited, a wholly-owned subsidiary, completed on 1 April 2009 the disposal of its 17% shareholding in PT Sekarbumi Alamlestari, comprising of 9,860 shares of Rp1,000,000 each, to KL-Kepong Plantation Holdings Sdn Bhd, for a total cash consideration of USD12.8 million.

B9. Group borrowing

As at the end of the reporting period, the Group's borrowings were as follows:-

	At 31 March 2009 RM'000	At 30 September 2008 RM'000
Secured term loans:-		
- Repayable within 12 months	-	-
- Repayable after 12 months	35,583	-
	<u>35,583</u>	<u>-</u>

As at the end of the reporting period, the Group does not have any borrowings or debt securities denominated in foreign currency.

B10. Off Balance Sheet Financial Instruments

The forward exchange contracts entered into by the Group as at 20 May 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>1,260</u>	<u>3,039</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 31 March 2009	Preceding Year Quarter ended 31 March 2008	Current Year 6 months ended 31 March 2009	Preceding Year 6 months ended 31 March 2008
Net profit for the period attributable to equity holders of the parent (RM'000)	<u>85,355</u>	<u>114,073</u>	<u>129,251</u>	<u>254,656</u>
Weighted average number of shares ('000)	<u>426,599</u>	<u>431,939</u>	<u>426,599</u>	<u>431,939</u>
Earnings per share (sen)	<u>20.01</u>	<u>26.41</u>	<u>30.30</u>	<u>58.96</u>

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

27 May 2009