

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement
For the Third Quarter ended 30 June 2009**

(The figures have not been audited)

| | Individual Quarter | | Cumulative Quarter | |
|--------------------------------|--|--|---|---|
| | Current Year Quarter ended 30 June 2009 RM'000 | Preceding Year Quarter ended 30 June 2008 RM'000 | Current Year 9 months ended 30 June 2009 RM'000 | Preceding Year 9 months ended 30 June 2008 RM'000 |
| Revenue | 61,751 | 72,418 | 182,226 | 188,478 |
| Operating expenses | (65,084) | (62,152) | (160,585) | (163,752) |
| Other operating income | 14,729 | 243 | 47,416 | 2,246 |
| Finance cost | (418) | - | (418) | - |
| Share of results of associates | 88,699 | 114,268 | 171,788 | 360,002 |
| Profit before taxation | 99,677 | 124,777 | 240,427 | 386,974 |
| Income tax expense | 1,078 | (1,624) | (6,054) | (5,814) |
| Net profit for the period | 100,755 | 123,153 | 234,373 | 381,160 |
| Attributable to: | | | | |
| Equity holders of the Company | 101,829 | 120,953 | 231,080 | 375,609 |
| Minority interests | (1,074) | 2,200 | 3,293 | 5,551 |
| | 100,755 | 123,153 | 234,373 | 381,160 |
| Earnings per share | | | | |
| Basic | 23.88 sen | 28.01 sen | 54.19 sen | 86.99 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 30 June 2009**

(The figures have not been audited)

| | 30 June 2009 | 30 September 2008 |
|---|------------------|----------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant & equipment | 102,191 | 145,695 |
| Investment properties | 56,382 | 756 |
| Prepaid land lease payments | 15,492 | 15,008 |
| Biological assets | 45,404 | 37,598 |
| Goodwill on consolidation | 18,616 | 18,788 |
| Investment in associates | 2,437,514 | 2,491,264 |
| Other investments | 22,761 | 22,761 |
| Deferred tax assets | 652 | 944 |
| | <u>2,699,012</u> | <u>2,732,814</u> |
| Current Assets | | |
| Inventories | 33,791 | 42,837 |
| Trade receivables | 53,638 | 82,411 |
| Other receivables, deposits and prepayments | 17,904 | 9,805 |
| Tax recoverable | 2,084 | 2,298 |
| Short term funds | 138,319 | 44,082 |
| Term deposits | 36,186 | 35,409 |
| Cash and bank balances | 6,823 | 2,048 |
| | <u>288,745</u> | <u>218,890</u> |
| Non-Current Asset Held For Sale | - | 3,855 |
| TOTAL ASSETS | <u>2,987,757</u> | <u>2,955,559</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 435,951 | 435,951 |
| Reserves | 2,374,955 | 2,409,361 |
| Equity attributable to equity holders of the Company | <u>2,810,906</u> | <u>2,845,312</u> |
| Minority interests | 61,341 | 58,459 |
| Total Equity | <u>2,872,247</u> | <u>2,903,771</u> |
| Non-Current Liabilities | | |
| Provision for retirement benefits | 3,291 | 3,077 |
| Deferred tax liabilities | 10,210 | 11,408 |
| Term loans | 31,583 | - |
| | <u>45,084</u> | <u>14,485</u> |
| Current Liabilities | | |
| Trade payables | 3,869 | 16,824 |
| Other payables and accruals | 18,652 | 18,321 |
| Provision for retirement benefits | 68 | 125 |
| Dividends payable | 42,558 | - |
| Term loans | 4,000 | - |
| Taxation | 1,279 | 2,033 |
| | <u>70,426</u> | <u>37,303</u> |
| Total Liabilities | <u>115,510</u> | <u>51,788</u> |
| TOTAL EQUITY AND LIABILITIES | <u>2,987,757</u> | <u>2,955,559</u> |
| Net assets per share attributable to equity holders of the Company (RM) | 6.60 | 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 Third Quarter ended 30 June 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 | - | - | 16 | (8,597) | (716) | - | - | (9,297) | - | (9,297) |
| Net profit for the period | - | - | - | - | - | 231,080 | - | 231,080 | 3,293 | 234,373 |
| Dividends paid | - | - | - | - | - | (199,382) | - | (199,382) | - | (199,382) |
| Dividends payable | - | - | - | - | - | (42,558) | - | (42,558) | - | (42,558) |
| Dividends paid to minority shareholders | - | - | - | - | - | - | - | - | (411) | (411) |
| Share buy back | - | - | - | - | - | - | (14,249) | (14,249) | - | (14,249) |
| At 30 June 2009 | <u>435,951</u> | <u>715</u> | <u>507,133</u> | <u>131,511</u> | <u>(2,095)</u> | <u>1,816,897</u> | <u>(79,206)</u> | <u>2,810,906</u> | <u>61,341</u> | <u>2,872,247</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 | - | - | 24 | (10,477) | (208) | - | - | (10,661) | (14,683) | (25,344) |
| Net profit for the period | - | - | - | - | - | 375,609 | - | 375,609 | 5,551 | 381,160 |
| Dividends paid | - | - | - | - | - | (127,762) | - | (127,762) | - | (127,762) |
| Dividends payable | - | - | - | - | - | (47,898) | - | (47,898) | - | (47,898) |
| Share buy back | - | - | - | - | - | - | (14,189) | (14,189) | - | (14,189) |
| At 30 June 2008 | <u>435,951</u> | <u>715</u> | <u>507,230</u> | <u>125,534</u> | <u>(749)</u> | <u>1,697,827</u> | <u>(30,247)</u> | <u>2,736,261</u> | <u>54,682</u> | <u>2,790,943</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 Third Quarter ended 30 June 2009**

(The figures have not been audited)

| | 9 months ended | |
|--|----------------|-----------|
| | 30 June | |
| | 2009 | 2008 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before taxation | 240,427 | 386,974 |
| Adjustments for:- | | |
| Non-cash items | 13,609 | 12,421 |
| Non-operating items | (220,780) | (366,066) |
| Operating profit before working capital changes | 33,256 | 33,329 |
| Changes in working capital | | |
| Net change in current assets | 29,721 | (43,332) |
| Net change in current liabilities | (12,624) | (1,287) |
| Cash generated from/(used in) operations | 50,353 | (11,290) |
| Interest received | 499 | 531 |
| Tax paid | (7,418) | (5,776) |
| Retirement benefits paid | (152) | (57) |
| Net cash generated from/(used in) operating activities | 43,282 | (16,592) |
| Cash flows from investing activities | | |
| Equity investments | 251,187 | 121,257 |
| Other investments | (29,806) | (21,167) |
| Net cash generated from investing activities | 221,381 | 100,090 |
| 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 | 100,453 | (44,264) |
| Effects of exchange rate changes | (664) | (35) |
| Cash and cash equivalents at 1 October | 81,539 | 164,634 |
| Cash and cash equivalents at 30 June | 181,328 | 120,335 |

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 1,855,700 shares in the Company from the open market. The average price paid for the shares repurchased was RM7.68 per share and the total consideration paid, including transaction costs, was RM14,248,488. The shares bought back were financed by internally generated funds and held as treasury shares.

A6. Dividends

(i) Dividends Paid

| | 9 months ended 30 June 2009 RM’000 | 9 months ended 30 June 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> |

A single-tier tax exempt interim dividend of 10 sen per share in respect of the financial year ending 30 September 2009 (year ended 30 September 2008 : 15 sen less 26% Malaysian income tax) was paid on 12 August 2009.

(ii) Dividend Proposed

The Directors do not recommend the payment of any dividend for the quarter ended 30 June 2009.

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 9 months ended 30 June is as follows:-

9 months ended 30 June 2009

| | Investment Holding RM'000 | Chemicals RM'000 | Plantations RM'000 | Adjustments RM'000 | Consolidated RM'000 |
|--------------------------------|---------------------------------|---------------------|-----------------------|-----------------------|------------------------|
| REVENUE | | | | | |
| External Sales | | | | | |
| Chemicals | - | 168,836 | - | (4,800) | 164,036 |
| Transportation services | - | 17,377 | - | (2,857) | 14,520 |
| Dividends | 318,184 | 526 | - | (315,769) | 2,941 |
| Management services fees | - | 23 | - | - | 23 |
| Rental | 44 | - | - | - | 44 |
| Palm products | - | - | 163 | - | 163 |
| Interest income | 213 | 402 | 39 | (155) | 499 |
| | <u>318,441</u> | <u>187,164</u> | <u>202</u> | <u>(323,581)</u> | <u>182,226</u> |
| Inter-segment Sales | - | - | - | - | - |
| | <u>318,441</u> | <u>187,164</u> | <u>202</u> | <u>(323,581)</u> | <u>182,226</u> |
| RESULTS | | | | | |
| Segment result | 366,623 | 23,705 | (7,988) | (313,565) | 68,775 |
| Finance cost | (123) | - | - | (13) | (136) |
| Share of results of associates | 171,718 | 70 | - | - | 171,788 |
| Profit before taxation | <u>538,218</u> | <u>23,775</u> | <u>(7,988)</u> | <u>(313,578)</u> | <u>240,427</u> |
| Taxation | | | | | (6,054) |
| Profit after taxation | | | | | <u>234,373</u> |

9 months ended 30 June 2008

| | Investment Holding RM'000 | Chemicals RM'000 | Plantations RM'000 | Adjustments RM'000 | Consolidated RM'000 |
|--------------------------------|---------------------------------|---------------------|-----------------------|-----------------------|------------------------|
| REVENUE | | | | | |
| External Sales | | | | | |
| Chemicals | - | 172,100 | - | (2,024) | 170,076 |
| Transportation services | - | 15,782 | - | (3,290) | 12,492 |
| Dividends | 202,352 | 1,328 | - | (198,361) | 5,319 |
| Management services fees | - | 60 | - | - | 60 |
| Interest income | 259 | 309 | - | (37) | 531 |
| | <u>202,611</u> | <u>189,579</u> | <u>-</u> | <u>(203,712)</u> | <u>188,478</u> |
| Inter-segment Sales | - | - | - | - | - |
| | <u>202,611</u> | <u>189,579</u> | <u>-</u> | <u>(203,712)</u> | <u>188,478</u> |
| RESULTS | | | | | |
| Segment result | 199,476 | 25,730 | - | (198,234) | 26,972 |
| Finance cost | - | - | - | - | - |
| Share of results of associates | 360,017 | (15) | - | - | 360,002 |
| Profit before taxation | <u>559,493</u> | <u>25,715</u> | <u>-</u> | <u>(198,234)</u> | <u>386,974</u> |
| Taxation | | | | | (5,814) |
| Profit after taxation | | | | | <u>381,160</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**

This current quarter, Group pre-tax profit was RM99.7 million compared to RM124.8 million achieved corresponding quarter last year. The lower profit was due to lower profit contribution from our plantation associate, KLK, and a chemical subsidiary reported a loss. KLK's profit was affected by lower plantations profit resulting from lower palm product prices, and a loss reported by its manufacturing sector.

The Group's pre-tax profit for the 9 months under review of RM240.4 million was 38% lower than the RM387.0 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 plantations profit and losses from both its manufacturing and retailing sectors. However, a USD11.1 million surplus on disposal of an overseas investment by the Company's foreign subsidiary cushioned the effect of a lower pre-tax profit.

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

Pre-tax profit for the current quarter increased to RM99.7 million from RM88.9 million reported in the preceding quarter, due to higher profit contribution from KLK eventhough a chemical subsidiary reported a loss. KLK's higher profit was mainly due to a write-back of allowance for diminution provided for their quoted investment. The loss reported by the chemical subsidiary was due to an inventory write-down.

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, mainly due to the 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 30 June 2009.

B5. Income tax expense

| | Individual Quarter | | Cumulative Quarter | |
|--|--|--|---|---|
| | Current Year Quarter ended 30 June 2009 RM'000 | Preceding Year Quarter ended 30 June 2008 RM'000 | Current Year 9 months ended 30 June 2009 RM'000 | Preceding Year 9 months ended 30 June 2008 RM'000 |
| Current tax | | | | |
| Malaysian income tax | (684) | 2,160 | 7,004 | 7,136 |
| Deferred tax | | | | |
| Relating to origination and reversal of temporary differences | (377) | (551) | (933) | (1,337) |
| Over provision in respect of previous year | | | | |
| - Malaysian income tax | (17) | 15 | (17) | 15 |
| | <u>(1,078)</u> | <u>1,624</u> | <u>6,054</u> | <u>5,814</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 Quarter ended 30 June 2009 RM'000 | Preceding Year Quarter ended 30 June 2008 RM'000 | Current Year 9 months ended 30 June 2009 RM'000 | Preceding Year 9 months ended 30 June 2008 RM'000 |
| Surplus on sale of unquoted investment by a subsidiary | 10,767 | - | 39,666 | - |

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 30 June 2009 were as follows:-

| | | At 30 June 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 | 2,435,874 | 2,489,694 |
| | - Other investment | 8,170 | 8,170 |
| | | <u>2,444,044</u> | <u>2,497,864</u> |
| (iii) Market value | - Associate | 5,901,228 | 4,760,655 |
| | - Other investment | 4,976 | 8,170 |
| | | <u>5,906,204</u> | <u>4,768,825</u> |

B8. Status of corporate proposals

Forever Green Venture Limited, a wholly-owned subsidiary, on 1 April 2009 completed 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 30 June 2009 RM'000 | At 30 September 2008 RM'000 |
|------------------------------|------------------------------|-----------------------------------|
| Secured term loans:- | | |
| - Repayable within 12 months | 4,000 | - |
| - Repayable after 12 months | 31,583 | - |
| | <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 August 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>1,975</u> | <u>4,816</u> | 1 to 3 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 June 2009 | Preceding Year Quarter ended 30 June 2008 | Current Year 9 months ended 30 June 2009 | Preceding Year 9 months ended 30 June 2008 |
| Net profit for the period attributable to equity holders of the parent (RM'000) | 101,829 | 120,953 | 231,080 | 375,609 |
| Weighted average number of shares ('000) | 426,422 | 431,797 | 426,422 | 431,797 |
| Earnings per share (sen) | 23.88 | 28.01 | 54.19 | 86.99 |

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

26 August 2009