

**BATU KAWAN BERHAD**

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement****For the Year ended 30 September 2009**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Quarter ended	Year ended	Year ended
	30 September	30 September	30 September	30 September
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Revenue	55,922	95,609	238,148	284,087
Operating expenses	(62,454)	(86,614)	(223,039)	(250,366)
Other operating income	3,683	2,290	51,099	4,536
Finance cost	(418)	-	(836)	-
Share of results of associates	113,556	124,521	285,344	484,523
Profit before taxation	110,289	135,806	350,716	522,780
Income tax expense	(2,975)	(2,935)	(9,029)	(8,749)
Net profit for the period	107,314	132,871	341,687	514,031
Attributable to:				
Equity holders of the Company	106,268	129,930	337,348	505,539
Minority interests	1,046	2,941	4,339	8,492
	107,314	132,871	341,687	514,031
Earnings per share				
Basic	24.93 sen	30.13 sen	79.15 sen	117.25 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 September 2009**

(The figures have not been audited)

	30 September 2009	30 September 2008
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	103,561	145,695
Investment properties	55,356	756
Prepaid land lease payments	15,800	15,008
Biological assets	50,995	37,598
Goodwill on consolidation	12,954	18,788
Investment in associates	2,536,526	2,491,264
Other investments	20,562	22,761
Deferred tax assets	907	944
	<u>2,796,661</u>	<u>2,732,814</u>
<b>Current Assets</b>		
Inventories	32,693	42,837
Trade receivables	52,019	82,411
Other receivables, deposits and prepayments	20,426	9,805
Tax recoverable	1,809	2,298
Short term funds	149,488	44,082
Term deposits	29,388	35,409
Cash and bank balances	6,688	2,048
	<u>292,511</u>	<u>218,890</u>
Non-Current Asset Held For Sale	-	3,855
<b>TOTAL ASSETS</b>	<u>3,089,172</u>	<u>2,955,559</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	435,951	435,951
Reserves	2,519,360	2,409,361
Equity attributable to equity holders of the Company	<u>2,955,311</u>	<u>2,845,312</u>
Minority interests	59,394	58,459
<b>Total Equity</b>	<u>3,014,705</u>	<u>2,903,771</u>
<b>Non-Current Liabilities</b>		
Provision for retirement benefits	3,334	3,077
Deferred tax liabilities	10,216	11,408
Term loans	31,583	-
	<u>45,133</u>	<u>14,485</u>
<b>Current Liabilities</b>		
Trade payables	7,891	16,824
Other payables and accruals	16,805	18,321
Provision for retirement benefits	343	125
Term loans	4,000	-
Taxation	295	2,033
	<u>29,334</u>	<u>37,303</u>
<b>Total Liabilities</b>	<u>74,467</u>	<u>51,788</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>3,089,172</u>	<u>2,955,559</u>
Net assets per share attributable to equity holders of the Company (RM)	6.94	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 Year ended 30 September 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	-	-	1,946	24,519	2,375	-	-	28,840	(62)	28,778
Purchase of shares from minority shareholders	-	-	-	-	-	-	-	-	(2,521)	(2,521)
Net profit for the year	-	-	-	-	-	337,348	-	337,348	4,339	341,687
Dividends paid	-	-	-	-	-	(241,940)	-	(241,940)	-	(241,940)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(821)	(821)
Share buy back	-	-	-	-	-	-	(14,249)	(14,249)	-	(14,249)
At 30 September 2009	<u>435,951</u>	<u>715</u>	<u>509,063</u>	<u>164,627</u>	<u>996</u>	<u>1,923,165</u>	<u>(79,206)</u>	<u>2,955,311</u>	<u>59,394</u>	<u>3,014,705</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	-	-	(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	<u>435,951</u>	<u>715</u>	<u>507,117</u>	<u>140,108</u>	<u>(1,379)</u>	<u>1,827,757</u>	<u>(64,957)</u>	<u>2,845,312</u>	<u>58,459</u>	<u>2,903,771</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 Year ended 30 September 2009**

(The figures have not been audited)

	Year ended 30 September	
	2009 RM'000	2008 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	350,716	522,780
Adjustments for:-		
Non-cash items	25,084	17,908
Non-operating items	(329,468)	(488,348)
Operating profit before working capital changes	46,332	52,340
Changes in working capital		
Net change in current assets	24,974	(14,889)
Net change in current liabilities	(10,660)	(37,008)
Cash generated from operations	60,646	443
Interest received	597	822
Interest paid	(700)	-
Tax paid	(9,743)	(9,651)
Tax refund	685	391
Retirement benefits paid	(236)	(74)
Net cash generated from/(used in) operating activities	51,249	(8,069)
<b>Cash flows from investing activities</b>		
Equity investments	299,699	141,328
Other investments	(40,870)	(38,700)
Net cash generated from investing activities	258,829	102,628
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	(241,940)	(175,660)
Dividends paid to minority shareholders	(821)	-
Proceeds from term loans	35,583	-
Net cash used in financing activities	(207,178)	(175,660)
Net increase/(decrease) in cash and cash equivalents	102,900	(81,101)
Effects of exchange rate changes	1,125	(1,994)
Cash and cash equivalents at 1 October	81,539	164,634
Cash and cash equivalents at 30 September	185,564	81,539

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 RM7.65 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

	Year ended 30 September 2009 RM'000	Year ended 30 September 2008 RM'000
Interim: 10 sen single tier (2008: 15 sen less income tax @ 26%)	42,558	47,898
Dividends proposed in year 2008, paid in year 2009 - Final 49 sen comprising 9 sen less income tax @ 25% and 40 sen single tier (2007: 40 sen less income tax @ 26%)	199,382	127,762
	<u>241,940</u>	<u>175,660</u>

(ii) Dividend Proposed

A final single tier dividend of 30 sen per share, has been recommended by the Directors in respect of the financial year ended 30 September 2009 (financial year ended 30 September 2008 : final dividend of 49 sen comprising 9 sen less 25% Malaysian income tax and 40 sen single tier) and subject to approval at the forthcoming Annual General Meeting, will be paid on 19 March 2010 to shareholders registered in the Company's Register as at 25 February 2010.

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 23 February 2010, 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 25 February 2010, 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 single tier dividend of 40 sen per share has been declared for the financial year ended 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).

**A7. Segment information**

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

**Year ended 30 September 2009**

	Investment Holding RM'000	Chemicals RM'000	Plantations RM'000	Adjustments RM'000	Consolidated RM'000
<b>REVENUE</b>					
<b>External Sales</b>					
Chemicals	-	219,084	-	(6,517)	212,567
Transportation services	-	24,430	-	(4,157)	20,273
Dividends	369,122	653	-	(366,230)	3,545
Management services fees	-	28	-	-	28
Rental	399	-	-	-	399
Palm products	-	-	739	-	739
Interest income	235	471	46	(155)	597
	<u>369,756</u>	<u>244,666</u>	<u>785</u>	<u>(377,059)</u>	<u>238,148</u>
Inter-segment Sales	-	-	-	-	-
	<u>369,756</u>	<u>244,666</u>	<u>785</u>	<u>(377,059)</u>	<u>238,148</u>
<b>RESULTS</b>					
Segment result	411,431	28,072	(8,138)	(365,157)	66,208
Finance cost	(959)	(32)	-	155	(836)
Share of results of associates	285,211	133	-	-	285,344
Profit before taxation	<u>695,683</u>	<u>28,173</u>	<u>(8,138)</u>	<u>(365,002)</u>	<u>350,716</u>
Taxation					<u>(9,029)</u>
Profit after taxation					<u>341,687</u>

**Year ended 30 September 2008**

	Investment Holding RM'000	Chemicals RM'000	Plantations 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>-</u>	<u>(281,389)</u>	<u>284,087</u>
Inter-segment Sales	-	-	-	-	-
	<u>277,424</u>	<u>288,052</u>	<u>-</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>-</u>	<u>(272,345)</u>	<u>522,780</u>
Taxation					(8,749)
Profit after taxation					<u>514,031</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**

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

- the Group's shareholding in Malay-Sino Chemical Industries Sdn Bhd increased from 84.30% to 85.52%; and
- Forever Green Venture Ltd, a wholly-owned subsidiary of Batu Kawan Berhad, was placed under members' voluntary winding-up on 29 September 2009.

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 2008.

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

This current quarter, Group pre-tax profit dropped by 19% to RM110.3 million from RM135.8 million achieved corresponding quarter last year, due to lower profit contributions from our plantation associate, KLK, and the chemical subsidiaries. KLK's profit was affected by lower plantations profit resulting from lower commodities prices and a higher loss from its retailing sector. The Company's chemical subsidiaries were affected by lower selling prices.

The Group's 12 months pre-tax profit of RM350.7 million was 33% lower than the RM522.8 million achieved last year. This was mainly due to lower profit contribution from KLK, which was affected by lower plantations and manufacturing profits and a higher loss from its retailing sector, and lower profit contribution from the chemical subsidiaries. However, the Group benefited from a USD11.7 million surplus on disposal of an overseas investment by a foreign subsidiary.

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

Pre-tax profit for the current quarter was 11% higher at RM110.3 million compared to RM99.7 million reported the preceding quarter, due to higher profit contribution from KLK, and absence of inventory write-downs by a chemical subsidiary this quarter. KLK's higher profit was mainly due to higher plantations income.

**B3. Current year's prospects**

The Directors are of the opinion that the Group's pre-tax profit for the financial year ending 30 September 2010 will be favourable in light of prospective commodity prices.

**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 2009.

**B5. Income tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2009 RM'000	Preceding Year Quarter ended 30 September 2008 RM'000	Current Year Year ended 30 September 2009 RM'000	Preceding Year Year ended 30 September 2008 RM'000
Current tax				
Malaysian income tax	920	3,576	7,924	10,712
Foreign income tax	2,289	61	2,289	61
Deferred tax				
Relating to origination and reversal of temporary differences	(247)	(340)	(1,180)	(1,677)
Over provision in respect of previous year				
- Malaysian income tax	13	(362)	(4)	(347)
	<u>2,975</u>	<u>2,935</u>	<u>9,029</u>	<u>8,749</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 September 2009 RM'000	Preceding Year Quarter ended 30 September 2008 RM'000	Current Year Year ended 30 September 2009 RM'000	Preceding Year Year ended 30 September 2008 RM'000
Surplus on sale of unquoted investment by a subsidiary	2,142	-	41,808	-

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 September 2009 were as follows:-

		At 30 September 2009 RM'000	At 30 September 2008 RM'000
(i) Quoted shares at cost	- Associate	418,839	418,839
	- Other investment	11,401	11,401
		430,240	430,240
(ii) Carrying value/book value	- Associate	2,534,823	2,489,694
	- Other investment	5,971	8,170
		2,540,794	2,497,864
(iii) Market value	- Associate	6,843,441	4,760,655
	- Other investment	5,971	8,170
		6,849,412	4,768,825

**B8. Status of corporate proposals**

No announced corporate proposals are outstanding.

**B9. Group borrowing**

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

	At 30 September 2009 RM'000	At 30 September 2008 RM'000
Secured term loans:-		
- Repayable within 12 months	4,000	-
- Repayable after 12 months	31,583	-
	35,583	-

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 18 November 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>1,010</u>	<u>3,210</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 2009	Preceding Year Quarter ended 30 September 2008	Current Year Year ended 30 September 2009	Preceding Year Year ended 30 September 2008
Net profit for the period attributable to equity holders of the parent (RM'000)	<u>106,268</u>	<u>129,930</u>	<u>337,348</u>	<u>505,539</u>
Weighted average number of shares ('000)	<u>426,210</u>	<u>431,179</u>	<u>426,210</u>	<u>431,179</u>
Earnings per share (sen)	<u>24.93</u>	<u>30.13</u>	<u>79.15</u>	<u>117.25</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

CHONG SEE TECK  
Company Secretary

24 November 2009