

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement
For the First Quarter ended 31 December 2009**

(The figures have not been audited)

	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
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Revenue	56,369	69,858	56,369	69,858
Operating expenses	(52,061)	(51,756)	(52,061)	(51,756)
Other operating income	695	3,068	695	3,068
Finance cost	(419)	-	(419)	-
Share of results of associates	112,598	30,667	112,598	30,667
Profit before taxation	117,182	51,837	117,182	51,837
Income tax expense	(917)	(4,880)	(917)	(4,880)
Net profit for the period	116,265	46,957	116,265	46,957
Attributable to:				
Equity holders of the Company	115,864	43,896	115,864	43,896
Minority interests	401	3,061	401	3,061
	116,265	46,957	116,265	46,957
Earnings per share				
Basic	27.22 sen	10.29 sen	27.22 sen	10.29 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 2009.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheet
At 31 December 2009**

(The figures have not been audited)

	31 December 2009	30 September 2009
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	101,821	103,561
Investment properties	55,147	55,356
Prepaid land lease payments	15,808	15,800
Biological assets	54,600	50,995
Goodwill on consolidation	12,418	12,954
Investment in associates	2,651,283	2,536,526
Other investments	20,562	20,562
Deferred tax assets	920	907
	<u>2,912,559</u>	<u>2,796,661</u>
Current Assets		
Inventories	29,593	32,693
Trade receivables	50,354	52,019
Other receivables, deposits and prepayments	19,468	20,426
Tax recoverable	2,371	1,809
Short term funds	158,214	149,488
Term deposits	26,808	29,388
Cash and bank balances	6,749	6,688
	<u>293,557</u>	<u>292,511</u>
Non-Current Asset Held For Sale	-	-
TOTAL ASSETS	<u>3,206,116</u>	<u>3,089,172</u>
EQUITY AND LIABILITIES		
Share capital	435,951	435,951
Reserves	2,638,716	2,519,360
Equity attributable to equity holders of the Company	<u>3,074,667</u>	<u>2,955,311</u>
Minority interests	59,796	59,394
Total Equity	<u>3,134,463</u>	<u>3,014,705</u>
Non-Current Liabilities		
Provision for retirement benefits	3,353	3,334
Deferred tax liabilities	9,457	10,216
Term loans	27,583	31,583
	<u>40,393</u>	<u>45,133</u>
Current Liabilities		
Trade payables	5,349	7,891
Other payables and accruals	16,958	16,805
Provision for retirement benefits	396	343
Term loans	8,000	4,000
Taxation	557	295
	<u>31,260</u>	<u>29,334</u>
Total Liabilities	<u>71,653</u>	<u>74,467</u>
TOTAL EQUITY AND LIABILITIES	<u>3,206,116</u>	<u>3,089,172</u>
Net assets per share attributable to equity holders of the Company (RM)	7.22	6.94

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Report for the year ended 30 September 2009.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

Condensed Consolidated Statement Of Changes In Equity For the First Quarter ended 31 December 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 2009	435,951	715	509,063	164,627	996	1,923,165	(79,206)	2,955,311	59,394	3,014,705
Net gains not recognised in the income statement	-	-	837	1,323	1,332	-	-	3,492	1	3,493
Net profit for the period	-	-	-	-	-	115,864	-	115,864	401	116,265
At 31 December 2009	<u>435,951</u>	<u>715</u>	<u>509,900</u>	<u>165,950</u>	<u>2,328</u>	<u>2,039,029</u>	<u>(79,206)</u>	<u>3,074,667</u>	<u>59,796</u>	<u>3,134,463</u>
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 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>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2009.

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Cash Flow Statement
For the First Quarter ended 31 December 2009**

(The figures have not been audited)

	3 months ended	
	31 December	
	2009	2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	117,182	51,837
Adjustments for:-		
Non-cash items	5,047	4,420
Non-operating items	(114,368)	(33,128)
Operating profit before working capital changes	7,861	23,129
Changes in working capital		
Net change in current assets	6,035	6,834
Net change in current liabilities	(1,990)	(10,108)
Cash generated from operations	11,906	19,855
Interest received	107	175
Interest paid	(419)	-
Tax paid	(1,998)	(1,857)
Tax refund	14	-
Retirement benefits paid	(70)	(20)
Net cash generated from operating activities	9,540	18,153
Cash flows from investing activities		
Equity investments	2,093	(4,281)
Other investments	(5,373)	(14,965)
Net cash used in investing activities	(3,280)	(19,246)
Cash flows from financing activities		
Net cash used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	6,260	(1,093)
Effects of exchange rate changes	(53)	(2,367)
Cash and cash equivalents at 1 October	185,564	81,539
Cash and cash equivalents at 31 December	191,771	78,079

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Report for the year ended 30 September 2009.

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(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 2009, except for the adoption of FRS 8 – Operating Segments, which became effective for the financial periods beginning on or after 1 July 2009.

The adoption of FRS 8 does not have any significant impact on the Group’s financial statements.

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.

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 2009.

A7. Segment information

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure.

a) Segment revenue and results

	Investment Holding RM'000	Chemicals RM'000	Investment Property RM'000	Plantations RM'000	Elimination RM'000	Consolidated RM'000
3 months ended						
31 December 2009						
Revenue						
External revenue	2,027	51,234	388	2,720	-	56,369
Inter-segment revenue	-	-	-	-	-	-
Total revenue	<u>2,027</u>	<u>51,234</u>	<u>388</u>	<u>2,720</u>	<u>-</u>	<u>56,369</u>
Results						
Operating results	1,462	3,914	(137)	(236)	-	5,003
Finance cost	-	-	(419)	-	-	(419)
Share of results of associates	112,602	(4)	-	-	-	112,598
Segment results	<u>114,064</u>	<u>3,910</u>	<u>(556)</u>	<u>(236)</u>	<u>-</u>	<u>117,182</u>
Profit before taxation						<u>117,182</u>

3 months ended

31 December 2008

Revenue						
External revenue	2,133	67,694	-	31	-	69,858
Inter-segment revenue	32	49	-	-	(81)	-
Total revenue	<u>2,165</u>	<u>67,743</u>	<u>-</u>	<u>31</u>	<u>(81)</u>	<u>69,858</u>
Results						
Operating results	3,459	17,847	-	(136)	-	21,170
Finance cost	-	-	-	-	-	-
Share of results of associates	30,661	6	-	-	-	30,667
Segment results	<u>34,120</u>	<u>17,853</u>	<u>-</u>	<u>(136)</u>	<u>-</u>	<u>51,837</u>
Profit before taxation						<u>51,837</u>

b) Segment assets

	Investment Holding RM'000	Chemicals RM'000	Investment Property RM'000	Plantations RM'000	Consolidated RM'000
At 31 December 2009					
Operating assets	88,976	315,825	55,613	91,128	551,542
Associates	2,649,584	1,699	-	-	2,651,283
Segment assets	<u>2,738,560</u>	<u>317,524</u>	<u>55,613</u>	<u>91,128</u>	<u>3,202,825</u>
Tax assets					3,291
Total assets					<u>3,206,116</u>
At 31 December 2008					
Operating assets	82,963	317,560	746	54,555	455,824
Associates	2,464,850	1,576	-	-	2,466,426
Segment assets	<u>2,547,813</u>	<u>319,136</u>	<u>746</u>	<u>54,555</u>	<u>2,922,250</u>
Tax assets					2,880
Total assets					<u>2,925,130</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 2009.

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

For the current quarter under review, Group pre-tax profit was significantly higher at RM117.2 million compared to the RM51.8 million reported in the corresponding quarter last year, mainly due to higher profit contribution from our plantation associate, KLK, which benefited from higher manufacturing and retailing profits and write-back of allowance for diminution on its quoted investments. The Company's chemical subsidiaries, affected by low selling prices in line with low global prices, reported a 78% drop in profits.

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

The current quarter's pre-tax profit of RM117.2 million was 6% higher than the RM110.3 million reported in the preceding quarter, due to higher investment dividend income and the absence of write-down on a quoted investment.

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 favourable in view of the prevailing 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 31 December 2009.

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
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	1,689	4,883	1,689	4,883
Deferred tax				
Relating to origination and reversal of temporary differences	(772)	(3)	(772)	(3)
	<u>917</u>	<u>4,880</u>	<u>917</u>	<u>4,880</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 Company's tax exempt dividend income.

B6. Sale of unquoted investments and/or properties

a) There was no sale of unquoted investments for the current quarter and financial year to-date.

b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 December 2009 RM'000	Preceding Year Quarter ended 31 December 2008 RM'000	Current Year 3 months ended 31 December 2009 RM'000	Preceding Year 3 months ended 31 December 2008 RM'000
Gain on disposal of land	129	-	129	-

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 2009 were as follows:-

		At 31 December 2009 RM'000	At 30 September 2009 RM'000
(i) Quoted shares at cost	- Associate	493,008	493,008
	- Other investment	11,401	11,401
		<u>504,409</u>	<u>504,409</u>
(ii) Carrying value less allowance	- Associate	2,649,584	2,534,823
	- Other investment	5,971	5,971
		<u>2,655,555</u>	<u>2,540,794</u>
(iii) Market value	- Associate	8,182,375	6,843,441
	- Other investment	5,971	5,971
		<u>8,188,346</u>	<u>6,849,412</u>

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 31 December 2009 RM'000	At 30 September 2009 RM'000
Secured term loans:-		
- Repayable within 12 months	8,000	4,000
- Repayable after 12 months	27,583	31,583
	<u>35,583</u>	<u>35,583</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 17 February 2010 (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>1,022</u>	<u>2,479</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 December 2009	Preceding Year Quarter ended 31 December 2008	Current Year 3 months ended 31 December 2009	Preceding Year 3 months ended 31 December 2008
Net profit for the period attributable to equity holders of the parent (RM'000)	<u>115,864</u>	<u>43,896</u>	<u>115,864</u>	<u>43,896</u>
Weighted average number of shares ('000)	<u>425,580</u>	<u>426,709</u>	<u>425,580</u>	<u>426,709</u>
Earnings per share (sen)	<u>27.22</u>	<u>10.29</u>	<u>27.22</u>	<u>10.29</u>

B13. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2009 was not subject to any qualifications.

By Order of the Board

CHONG SEE TECK
MD SHAIZATUL AZAM BIN CHE SODA
Company Secretaries

24 February 2010