

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement
For the Second Quarter ended 31 March 2010**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 March 2010 RM'000	Preceding Year Quarter ended 31 March 2009 RM'000	Current Year 6 months ended 31 March 2010 RM'000	Preceding Year 6 months ended 31 March 2009 RM'000
Revenue	55,470	50,617	111,839	120,475
Operating expenses	(55,025)	(43,745)	(107,086)	(95,501)
Other operating income	3,924	29,619	4,619	32,687
Finance cost	(409)	-	(828)	-
Share of results of associates	100,590	52,422	213,188	83,089
Profit before taxation	104,550	88,913	221,732	140,750
Income tax expense	(1,814)	(2,252)	(2,731)	(7,132)
Net profit for the period	102,736	86,661	219,001	133,618
Attributable to:				
Equity holders of the Company	102,260	85,355	218,124	129,251
Minority interests	476	1,306	877	4,367
	102,736	86,661	219,001	133,618
Earnings per share				
Basic	24.04 sen	20.01 sen	51.28 sen	30.30 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

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(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet**At 31 March 2010**

(The figures have not been audited)

	31 March 2010	30 September 2009
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	105,179	103,561
Investment properties	55,883	55,356
Prepaid land lease payments	16,023	15,800
Biological assets	54,893	50,995
Goodwill on consolidation	12,373	12,954
Investment in associates	2,571,717	2,536,526
Other investments	20,562	20,562
Deferred tax assets	924	907
	<u>2,837,554</u>	<u>2,796,661</u>
Current Assets		
Inventories	24,164	32,693
Trade receivables	50,864	52,019
Other receivables, deposits and prepayments	21,159	20,426
Tax recoverable	2,826	1,809
Short term funds	135,395	149,488
Term deposits	43,437	29,388
Cash and bank balances	10,212	6,688
	<u>288,057</u>	<u>292,511</u>
TOTAL ASSETS	<u>3,125,611</u>	<u>3,089,172</u>
EQUITY AND LIABILITIES		
Share capital	435,951	435,951
Reserves	2,559,865	2,519,360
Equity attributable to equity holders of the Company	<u>2,995,816</u>	<u>2,955,311</u>
Minority interests	57,975	59,394
Total Equity	<u>3,053,791</u>	<u>3,014,705</u>
Non-Current Liabilities		
Provision for retirement benefits	3,653	3,334
Deferred tax liabilities	9,917	10,216
Term loans	27,583	31,583
	<u>41,153</u>	<u>45,133</u>
Current Liabilities		
Trade payables	4,422	7,891
Other payables and accruals	17,680	16,805
Provision for retirement benefits	37	343
Term loans	8,000	4,000
Taxation	528	295
	<u>30,667</u>	<u>29,334</u>
Total Liabilities	<u>71,820</u>	<u>74,467</u>
TOTAL EQUITY AND LIABILITIES	<u>3,125,611</u>	<u>3,089,172</u>
Net assets per share attributable to equity holders of the Company (RM)	7.07	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 Second Quarter ended 31 March 2010**

(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	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	-	-	767	(29,993)	(75)	-	-	(29,301)	-	(29,301)
Net profit for the period	-	-	-	-	-	218,124	-	218,124	877	219,001
Dividends paid	-	-	-	-	-	(127,674)	-	(127,674)	-	(127,674)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(2,296)	(2,296)
Share buy back	-	-	-	-	-	-	(20,644)	(20,644)	-	(20,644)
Transfer of reserves	-	(7)	-	-	-	7	-	-	-	-
At 31 March 2010	435,951	708	509,830	134,634	921	2,013,622	(99,850)	2,995,816	57,975	3,053,791
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	-	-	(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	435,951	715	507,078	85,202	(7,859)	1,757,626	(71,415)	2,707,298	62,415	2,769,713

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 Second Quarter ended 31 March 2010**

(The figures have not been audited)

	6 months ended	
	31 March	
	2010	2009
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	221,732	140,750
Adjustments for:-		
Non-cash items	10,615	8,947
Non-operating items	(216,752)	(114,813)
Operating profit before working capital changes	15,595	34,884
Changes in working capital		
Net change in current assets	9,716	22,795
Net change in current liabilities	(2,139)	(17,195)
Cash generated from operations	23,172	40,484
Interest received	245	311
Interest paid	(828)	-
Tax paid	(3,840)	(3,761)
Tax refund	14	-
Retirement benefits paid	(175)	(152)
Net cash generated from operating activities	18,588	36,882
Cash flows from investing activities		
Equity investments	130,676	245,761
Other investments	(15,521)	(22,750)
Net cash generated from investing activities	115,155	223,011
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(127,674)	(199,382)
Dividends paid to minority shareholders	(2,296)	(411)
Proceeds from term loans	-	35,583
Net cash used in financing activities	(129,970)	(164,210)
Net increase in cash and cash equivalents	3,773	95,683
Effects of exchange rate changes	(293)	(6,178)
Cash and cash equivalents at 1 October	185,564	81,539
Cash and cash equivalents at 31 March	189,044	171,044

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 except for share buy back of 1,996,100 in the Company from the open market. The average price paid for the shares repurchased was RM10.31 per share and the total consideration paid, including transaction costs, was RM20,644,362. 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 2010 RM'000	6 months ended 31 March 2009 RM'000
Dividends proposed in year 2009, paid in year 2010: Final 30 sen per share single tier (2008: 49 sen per share comprising 9 sen less 25% income tax and 40 sen single tier)	127,674	199,382
	<u>127,674</u>	<u>199,382</u>

(ii) Dividend Proposed

A single tier interim dividend of 15 sen per share has been declared by the Directors in respect of the financial year ending 30 September 2010 (year ended 30 September 2009: 10 sen per share single tier) and will be paid on 11 August 2010 to shareholders registered in the Company's Register as at 16 July 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 14 July 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 16 July 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 15 sen per share has been declared for the financial year ending 30 September 2010 (year ended 30 September 2009: 40 sen per share single tier).

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
6 months ended						
31 March 2010						
Revenue						
External revenue	2,385	102,378	1,065	6,011	-	111,839
Inter-segment revenue	-	-	-	-	-	-
Total revenue	<u>2,385</u>	<u>102,378</u>	<u>1,065</u>	<u>6,011</u>	<u>-</u>	<u>111,839</u>
Results						
Operating results	1,524	7,916	(171)	103	-	9,372
Finance cost	-	-	(828)	-	-	(828)
Share of results of associates	213,153	35	-	-	-	213,188
Segment results	<u>214,677</u>	<u>7,951</u>	<u>(999)</u>	<u>103</u>	<u>-</u>	<u>221,732</u>
Profit before taxation						<u>221,732</u>
6 months ended						
31 March 2009						
Revenue						
External revenue	2,164	118,278	-	33	-	120,475
Inter-segment revenue	32	115	-	-	(147)	-
Total revenue	<u>2,196</u>	<u>118,393</u>	<u>-</u>	<u>33</u>	<u>(147)</u>	<u>120,475</u>
Results						
Operating results	31,276	26,541	-	(156)	-	57,661
Finance cost	-	-	-	-	-	-
Share of results of associates	83,131	(42)	-	-	-	83,089
Segment results	<u>114,407</u>	<u>26,499</u>	<u>-</u>	<u>(156)</u>	<u>-</u>	<u>140,750</u>
Profit before taxation						<u>140,750</u>

b) Segment assets

	Investment Holding RM'000	Chemicals RM'000	Investment Property RM'000	Plantations RM'000	Consolidated RM'000
At 31 March 2010					
Operating assets	91,770	305,882	60,557	91,935	550,144
Associates	2,569,980	1,737	-	-	2,571,717
Segment assets	<u>2,661,750</u>	<u>307,619</u>	<u>60,557</u>	<u>91,935</u>	<u>3,121,861</u>
Tax assets					3,750
Total assets					<u>3,125,611</u>
At 31 March 2009					
Operating assets	157,832	317,813	736	61,080	537,461
Associates	2,300,924	1,528	-	-	2,302,452
Segment assets	<u>2,458,756</u>	<u>319,341</u>	<u>736</u>	<u>61,080</u>	<u>2,839,913</u>
Tax assets					2,735
Total assets					<u>2,842,648</u>

A8. Material events subsequent to end of period

On 20 May 2010, the Company disposed its entire 15% minority shareholding in Bard Sdn Bhd (“Bard S/B”), comprising 600,000 ordinary shares of RM1.00 each, to Bard Holdings Limited, for a cash consideration consisting of USD18.4 million, and a sum of RM24.5 million (the latter sum being 15% of Bard S/B’s cash and cash equivalents in Ringgit Malaysia as at 30 April 2010) which resulted in a capital gain of RM84.0 million.

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

The Group’s pre-tax profit of RM104.6 million this quarter was 18% higher compared to the RM88.9 million reported in the corresponding quarter last year mainly due to higher profit contribution from our plantation associate, KLK.

For the first half financial year 2010, Group pre-tax profit was RM221.7 million, significantly higher than the RM140.8 million reported last year, mainly due to higher profit contribution from KLK. The Company’s chemical subsidiaries reported lower profits due to low selling prices, affected by low global prices.

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

Pre-tax profit for this quarter was RM104.6 million, lower than the RM117.2 million reported in the preceding quarter mainly due to KLK’s lower profit contribution.

B3. Current year’s prospects

The Directors are of the opinion that the Group’s profit for the current financial year should be much better in view of better expected performance 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 2010.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 March 2010 RM'000	Preceding Year Quarter ended 31 March 2009 RM'000	Current Year 6 months ended 31 March 2010 RM'000	Preceding Year 6 months ended 31 March 2009 RM'000
Current tax				
Malaysian income tax	1,358	2,805	3,047	7,688
Deferred tax				
Relating to origination and reversal of temporary differences	456	(553)	(316)	(556)
	<u>1,814</u>	<u>2,252</u>	<u>2,731</u>	<u>7,132</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

a) Sale of unquoted investments

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 March 2010 RM'000	Preceding Year Quarter ended 31 March 2009 RM'000	Current Year 6 months ended 31 March 2010 RM'000	Preceding Year 6 months ended 31 March 2009 RM'000
Surplus on sale of unquoted investment by a subsidiary	-	28,899	-	28,899

b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 March 2010 RM'000	Preceding Year Quarter ended 31 March 2009 RM'000	Current Year 6 months ended 31 March 2010 RM'000	Preceding Year 6 months ended 31 March 2009 RM'000
Gain on disposal of land	170	-	299	-
Surplus arising from government acquisition of land	680	-	680	-

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 2010 were as follows:-

		At 31 March 2010 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	2,569,980	2,534,823
	- Other investment	5,971	5,971
		<u>2,575,951</u>	<u>2,540,794</u>
(iii) Market value	- Associate	8,271,637	6,843,441
	- Other investment	5,673	5,971
		<u>8,277,310</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 March 2010 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 19 May 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	Maturing within One Year RM'000
Sales contracts	SGD	<u>1,015</u>	<u>2,341</u>	<u>2,341</u>
Purchase contracts	EURO	2,825	12,182	12,182
	USD	<u>1,022</u>	<u>3,300</u>	<u>3,300</u>

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 2010	Preceding Year Quarter ended 31 March 2009	Current Year 6 months ended 31 March 2010	Preceding Year 6 months ended 31 March 2009
Net profit for the period attributable to equity holders of the Company (RM'000)	102,260	85,355	218,124	129,251
Weighted average number of shares ('000)	425,352	426,599	425,352	426,599
Earnings per share (sen)	24.04	20.01	51.28	30.30

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
Company Secretaries

26 May 2010