

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement
For the Third Quarter ended 30 June 2010**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 June 2010 RM'000	Preceding Year Quarter ended 30 June 2009 RM'000	Current Year 9 months ended 30 June 2010 RM'000	Preceding Year 9 months ended 30 June 2009 RM'000
Revenue	55,324	61,751	167,163	182,226
Operating expenses	(51,145)	(65,084)	(158,231)	(160,585)
Other operating income	85,971	14,729	90,590	47,416
Finance cost	(383)	(418)	(1,211)	(418)
Share of results of associates	113,456	88,699	326,644	171,788
Profit before taxation	203,223	99,677	424,955	240,427
Income tax expense	(1,432)	1,078	(4,163)	(6,054)
Net profit for the period	201,791	100,755	420,792	234,373
Attributable to:				
Equity holders of the Company	201,116	101,829	419,240	231,080
Minority interests	675	(1,074)	1,552	3,293
	201,791	100,755	420,792	234,373
Earnings per share				
Basic	47.43 sen	23.88 sen	98.88 sen	54.19 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 30 June 2010**

(The figures have not been audited)

	30 June 2010	30 September 2009
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	118,823	103,561
Investment properties	56,556	55,356
Prepaid land lease payments	15,899	15,800
Biological assets	56,105	50,995
Goodwill on consolidation	12,356	12,954
Investment in associates	2,668,549	2,536,526
Other investments	19,962	20,562
Deferred tax assets	878	907
	<u>2,949,128</u>	<u>2,796,661</u>
Current Assets		
Inventories	23,659	32,693
Trade receivables	49,716	52,019
Other receivables, deposits and prepayments	22,150	20,426
Tax recoverable	2,658	1,809
Short term funds	168,209	149,488
Term deposits	19,440	29,388
Cash and bank balances	36,036	6,688
	<u>321,868</u>	<u>292,511</u>
TOTAL ASSETS	<u>3,270,996</u>	<u>3,089,172</u>
EQUITY AND LIABILITIES		
Share capital	435,951	435,951
Reserves	2,642,395	2,519,360
Equity attributable to equity holders of the Company	<u>3,078,346</u>	<u>2,955,311</u>
Minority interests	58,239	59,394
Total Equity	<u>3,136,585</u>	<u>3,014,705</u>
Non-Current Liabilities		
Provision for retirement benefits	3,638	3,334
Deferred tax liabilities	10,108	10,216
Term loans	23,583	31,583
	<u>37,329</u>	<u>45,133</u>
Current Liabilities		
Trade payables	3,532	7,891
Other payables and accruals	21,769	16,805
Provision for retirement benefits	13	343
Dividends payable	63,406	-
Term loans	8,000	4,000
Taxation	362	295
	<u>97,082</u>	<u>29,334</u>
Total Liabilities	<u>134,411</u>	<u>74,467</u>
TOTAL EQUITY AND LIABILITIES	<u>3,270,996</u>	<u>3,089,172</u>
Net assets per share attributable to equity holders of the Company (RM)	7.33	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 Third Quarter ended 30 June 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 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/(losses) not recognised in the income statement	-	-	749	(46,599)	(599)	-	-	(46,449)	(1)	(46,450)
Net profit for the period	-	-	-	-	-	419,240	-	419,240	1,552	420,792
Dividends paid	-	-	-	-	-	(127,674)	-	(127,674)	-	(127,674)
Dividends payable	-	-	-	-	-	(62,996)	-	(62,996)	(410)	(63,406)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(2,296)	(2,296)
Share buy back	-	-	-	-	-	-	(59,086)	(59,086)	-	(59,086)
Transfer of reserves	-	(7)	-	-	-	7	-	-	-	-
At 30 June 2010	<u>435,951</u>	<u>708</u>	<u>509,812</u>	<u>118,028</u>	<u>397</u>	<u>2,151,742</u>	<u>(138,292)</u>	<u>3,078,346</u>	<u>58,239</u>	<u>3,136,585</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 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>

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 Third Quarter ended 30 June 2010**

(The figures have not been audited)

	9 months ended	
	30 June	
	2010	2009
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	424,955	240,427
Adjustments for:-		
Non-cash items	15,795	13,609
Non-operating items	(414,830)	(220,780)
Operating profit before working capital changes	25,920	33,256
Changes in working capital		
Net change in current assets	10,619	29,721
Net change in current liabilities	931	(12,624)
Cash generated from operations	37,470	50,353
Interest received	485	499
Interest paid	(1,090)	-
Tax paid	(5,050)	(7,418)
Tax refund	35	-
Retirement benefits paid	(255)	(152)
Net cash generated from operating activities	31,595	43,282
Cash flows from investing activities		
Equity investments	92,615	251,187
Other investments	48,200	(29,806)
Net cash generated from investing activities	140,815	221,381
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(127,674)	(199,382)
Dividends paid to minority shareholders	(2,296)	(411)
Repayment of term loans	(4,000)	-
Proceeds from term loans	-	35,583
Net cash used in financing activities	(133,970)	(164,210)
Net increase in cash and cash equivalents	38,440	100,453
Effects of exchange rate changes	(319)	(664)
Cash and cash equivalents at 1 October	185,564	81,539
Cash and cash equivalents at 30 June	223,685	181,328

The Condensed Consolidated Cash Flow 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)

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 5,609,600 in the Company from the open market. The average price paid for the shares repurchased was RM10.50 per share and the total consideration paid, including transaction costs, was RM59,085,989. 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 2010 RM'000	9 months ended 30 June 2009 RM'000
Dividends proposed in year 2009, paid in year 2010: Final 30 sen per share single tier (2009: 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>

A single tier interim dividend of 15 sen per share which has been declared by the Directors in respect of the financial year ending 30 September 2010 (2009: single tier dividend of 10 sen per share) was paid on 11 August 2010.

(ii) Dividends Proposed

The Directors do not recommend the payment of any dividend for the quarter ended 30 June 2010.

The total dividend for the current financial year to-date is a single tier dividend of 15 sen per share (2009: single tier dividend of 10 sen per share).

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
9 months ended 30 June 2010						
Revenue						
External revenue	2,835	153,713	1,978	8,637	-	167,163
Inter-segment revenue	-	-	-	-	-	-
Total revenue	<u>2,835</u>	<u>153,713</u>	<u>1,978</u>	<u>8,637</u>	<u>-</u>	<u>167,163</u>
Results						
Operating results	86,287	11,237	260	1,738	-	99,522
Finance cost	-	-	(1,211)	-	-	(1,211)
Share of results of associates	326,558	86	-	-	-	326,644
Segment results	<u>412,845</u>	<u>11,323</u>	<u>(951)</u>	<u>1,738</u>	<u>-</u>	<u>424,955</u>
Profit before taxation						<u>424,955</u>
9 months ended 30 June 2009						
Revenue						
External revenue	2,596	179,385	43	202	-	182,226
Inter-segment revenue	32	123	-	-	(155)	-
Total revenue	<u>2,628</u>	<u>179,508</u>	<u>43</u>	<u>202</u>	<u>(155)</u>	<u>182,226</u>
Results						
Operating results	46,140	23,741	(527)	(297)	-	69,057
Finance cost	-	-	(418)	-	-	(418)
Share of results of associates	171,718	70	-	-	-	171,788
Segment results	<u>217,858</u>	<u>23,811</u>	<u>(945)</u>	<u>(297)</u>	<u>-</u>	<u>240,427</u>
Profit before taxation						<u>240,427</u>

b) Segment assets

	Investment Holding RM'000	Chemicals RM'000	Investment Property RM'000	Plantations RM'000	Consolidated RM'000
At 30 June 2010					
Operating assets	136,748	311,660	57,301	93,202	598,911
Associates	2,666,760	1,789	-	-	2,668,549
Segment assets	<u>2,803,508</u>	<u>313,449</u>	<u>57,301</u>	<u>93,202</u>	<u>3,267,460</u>
Tax assets					3,536
Total assets					<u>3,270,996</u>
At 30 June 2009					
Operating assets	101,702	315,745	56,838	73,222	547,507
Associates	2,435,874	1,640	-	-	2,437,514
Segment assets	<u>2,537,576</u>	<u>317,385</u>	<u>56,838</u>	<u>73,222</u>	<u>2,985,021</u>
Tax assets					2,736
Total assets					<u>2,987,757</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 statements 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 quarter under review, Group pre-tax profit was RM203.2 million, significantly higher than the RM99.7 million reported in the corresponding quarter last year. This was mainly due to a RM84.0 million surplus on disposal of an unquoted investment and higher profit contribution from our plantation associate, KLK.

The Group's pre-tax profit for the 9 months under review of RM425.0 million was 77% higher than the RM240.4 million reported last year due to the surplus from disposal of an unquoted investment and higher profit contribution from KLK. However, the Company's chemical subsidiaries reported lower profits due to low selling prices.

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

This quarter, pre-tax profit increased 94% to RM203.2 million from RM104.6 million reported in the preceding quarter due to the surplus from disposal of an unquoted investment and KLK's higher profit contribution.

B3. Current year's prospects

The Group's profit for the current financial year is expected to be higher than that of last year in view of the RM84.0 million surplus from disposal of an unquoted investment and the expected higher 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 2010.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 June 2010 RM'000	Preceding Year Quarter ended 30 June 2009 RM'000	Current Year 9 months ended 30 June 2010 RM'000	Preceding Year 9 months ended 30 June 2009 RM'000
Current tax				
Malaysian income tax	1,189	(684)	4,236	7,004
Deferred tax				
Relating to origination and reversal of temporary differences	240	(377)	(76)	(933)
Under/(Over) provision in respect of previous year				
Malaysian income tax	3	(17)	3	(17)
	<u>1,432</u>	<u>(1,078)</u>	<u>4,163</u>	<u>6,054</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 income.

B6. Sale of unquoted investments and/or properties

a) Sale of unquoted investments

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 June 2010 RM'000	Preceding Year Quarter ended 30 June 2009 RM'000	Current Year 9 months ended 30 June 2010 RM'000	Preceding Year 9 months ended 30 June 2009 RM'000
Surplus on sale of an unquoted investment	84,030	-	84,030	-
Surplus on sale of unquoted investment by a subsidiary	-	10,767	-	39,666
	<u>-</u>	<u>10,767</u>	<u>-</u>	<u>39,666</u>

b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 June 2010 RM'000	Preceding Year Quarter ended 30 June 2009 RM'000	Current Year 9 months ended 30 June 2010 RM'000	Preceding Year 9 months ended 30 June 2009 RM'000
Gain on disposal of land	-	-	299	-
Surplus arising from government acquisition of land	-	-	680	-
	<u>-</u>	<u>-</u>	<u>680</u>	<u>-</u>

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 2010 were as follows:-

		At 30 June 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	2,666,760	2,534,823
	- Other investment	5,971	5,971
		<u>2,672,731</u>	<u>2,540,794</u>
(iii) Market value	- Associate	8,142,703	6,843,441
	- Other investment	6,121	5,971
		<u>8,148,824</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 30 June 2010 RM'000	At 30 September 2009 RM'000
Secured term loans:-		
- Repayable within 12 months	8,000	4,000
- Repayable after 12 months	23,583	31,583
	<u>31,583</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 11 August 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>1,010</u>	<u>2,355</u>	<u>2,355</u>
Purchase contracts	EURO	2,500	10,770	10,770
	USD	<u>629</u>	<u>2,030</u>	<u>2,030</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 30 June 2010	Preceding Year Quarter ended 30 June 2009	Current Year 9 months ended 30 June 2010	Preceding Year 9 months ended 30 June 2009
Net profit for the period attributable to equity holders of the Company (RM'000)	201,116	101,829	419,240	231,080
Weighted average number of shares ('000)	423,993	426,422	423,993	426,422
Earnings per share (sen)	47.43	23.88	98.88	54.19

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

18 August 2010