

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

Condensed Consolidated Income Statement**For the Year ended 30 September 2010**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2010 RM'000	Preceding Year Quarter ended 30 September 2009 RM'000	Current Year Year ended 30 September 2010 RM'000	Preceding Year Year ended 30 September 2009 RM'000
Revenue	57,263	55,922	224,426	238,148
Operating expenses	(54,372)	(62,454)	(212,603)	(223,039)
Other operating income	229	3,683	90,819	51,099
Finance cost	(357)	(418)	(1,568)	(836)
Share of results of associates	144,786	113,556	471,430	285,344
Profit before taxation	147,549	110,289	572,504	350,716
Income tax expense	854	(2,975)	(3,309)	(9,029)
Net profit for the period	148,403	107,314	569,195	341,687
Attributable to:				
Equity holders of the Company	148,212	106,268	567,452	337,348
Minority interests	191	1,046	1,743	4,339
	148,403	107,314	569,195	341,687
Earnings per share				
Basic	35.05 sen	24.93 sen	134.18 sen	79.15 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 September 2010**

(The figures have not been audited)

	30 September 2010 RM'000	30 September 2009 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant & equipment	137,885	103,561
Investment properties	56,378	55,356
Prepaid land lease payments	13,949	15,800
Biological assets	53,502	50,995
Goodwill on consolidation	12,194	12,954
Investment in associates	2,656,315	2,483,434
Other investments	19,362	20,562
Other receivables	18,012	14,159
Deferred tax assets	2,359	907
	<u>2,969,956</u>	<u>2,757,728</u>
Current Assets		
Inventories	25,313	32,693
Trade receivables	50,839	52,019
Other receivables, deposits and prepayments	7,728	6,267
Tax recoverable	1,706	1,809
Short term funds	169,919	149,488
Term deposits	11,740	29,388
Cash and bank balances	24,109	6,688
	<u>291,354</u>	<u>278,352</u>
TOTAL ASSETS	<u>3,261,310</u>	<u>3,036,080</u>
EQUITY AND LIABILITIES		
Share capital	435,951	435,951
Reserves	2,694,623	2,466,268
Equity attributable to equity holders of the Company	<u>3,130,574</u>	<u>2,902,219</u>
Minority interests	58,407	59,394
Total Equity	<u>3,188,981</u>	<u>2,961,613</u>
Non-Current Liabilities		
Provision for retirement benefits	2,669	3,334
Deferred tax liabilities	9,843	10,216
Term loans	23,568	31,583
	<u>36,080</u>	<u>45,133</u>
Current Liabilities		
Trade payables	7,517	7,891
Other payables and accruals	20,410	16,805
Provision for retirement benefits	224	343
Term loans	8,000	4,000
Taxation	98	295
	<u>36,249</u>	<u>29,334</u>
Total Liabilities	<u>72,329</u>	<u>74,467</u>
TOTAL EQUITY AND LIABILITIES	<u>3,261,310</u>	<u>3,036,080</u>
Net assets per share attributable to equity holders of the Company (RM)	7.47	6.82

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 Year ended 30 September 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
Restatement of investment in an associate at cost	-	-	(53,092)	-	-	-	-	(53,092)	-	(53,092)
	<u>435,951</u>	<u>715</u>	<u>455,971</u>	<u>164,627</u>	<u>996</u>	<u>1,923,165</u>	<u>(79,206)</u>	<u>2,902,219</u>	<u>59,394</u>	<u>2,961,613</u>
Net gains/(losses) not recognised in the income statement	-	-	64,134	(139,527)	(5,621)	-	-	(81,014)	(23)	(81,037)
Net profit for the year	-	-	-	-	-	567,452	-	567,452	1,743	569,195
Dividends paid	-	-	-	-	-	(190,670)	-	(190,670)	-	(190,670)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(2,707)	(2,707)
Share buy back	-	-	-	-	-	-	(67,413)	(67,413)	-	(67,413)
Transfer of reserves	-	(7)	-	-	-	7	-	-	-	-
At 30 September 2010	<u>435,951</u>	<u>708</u>	<u>520,105</u>	<u>25,100</u>	<u>(4,625)</u>	<u>2,299,954</u>	<u>(146,619)</u>	<u>3,130,574</u>	<u>58,407</u>	<u>3,188,981</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
Restatement of investment in an associate at cost	-	-	(53,092)	-	-	-	-	(53,092)	-	(53,092)
	<u>435,951</u>	<u>715</u>	<u>454,025</u>	<u>140,108</u>	<u>(1,379)</u>	<u>1,827,757</u>	<u>(64,957)</u>	<u>2,792,220</u>	<u>58,459</u>	<u>2,850,679</u>
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>455,971</u>	<u>164,627</u>	<u>996</u>	<u>1,923,165</u>	<u>(79,206)</u>	<u>2,902,219</u>	<u>59,394</u>	<u>2,961,613</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 Year ended 30 September 2010**

(The figures have not been audited)

	Year ended 30 September	
	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit before taxation	572,504	350,716
Adjustments for:-		
Non-cash items	20,527	25,084
Non-operating items	(558,543)	(329,468)
Operating profit before working capital changes	34,488	46,332
Changes in working capital		
Net change in current assets	6,650	34,860
Net change in current liabilities	3,262	(10,660)
Cash generated from operations	44,400	70,532
Interest received	668	597
Interest paid	(1,446)	(700)
Tax paid	(6,237)	(9,743)
Tax refund	931	685
Retirement benefits paid	(339)	(236)
Net cash generated from operating activities	37,977	61,135
Cash flows from investing activities		
Equity investments	244,135	299,699
Other investments	(60,898)	(40,870)
Net cash generated from investing activities	183,237	258,829
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(190,670)	(241,940)
Dividends paid to minority shareholders	(2,707)	(821)
Repayment of term loans	(4,015)	-
Proceeds from term loans	-	35,583
Increase in other receivables	(2,982)	(9,886)
Net cash used in financing activities	(200,374)	(217,064)
Net increase in cash and cash equivalents	20,840	102,900
Effects of exchange rate changes	(636)	1,125
Cash and cash equivalents at 1 October	185,564	81,539
Cash and cash equivalents at 30 September	205,768	185,564

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, and the adjustment of the carrying amount of the investment in an associate.

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

In prior financial years, RM21,077,677 of the total investment cost in an associate was carried at revaluation in the Company’s and the Group’s financial statements. As it was impracticable to determine the original cost of the investment at that point in time, the investment was not restated to cost as required by FRS 127 - Consolidated and Separate Financial Statements. During the current financial year, the Company, after locating archived records, was able to ascertain the original cost of investment relating to the above investment. Accordingly, the carrying value of the above investment has been adjusted retrospectively.

There was no effect on the Group’s income statement for the financial period ended 30 September 2010.

The effect on comparatives are as follows:

	Year ended 30 September 2009		
	As previously reported RM’000	Adjustment RM’000	As restated RM’000
Condensed Consolidated Balance Sheet			
Investment in associates	2,536,526	(53,092)	2,483,434
Reserves	<u>2,519,360</u>	<u>(53,092)</u>	<u>2,466,268</u>
Net assets per share attributable to equity holders of the Company	<u>RM6.94</u>	<u>(RM0.12)</u>	<u>RM6.82</u>

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, except for the adjustment mentioned in Note A1 above.

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 6,304,200 in the Company from the open market. The average price paid for the shares repurchased was RM10.66 per share and the total consideration paid, including transaction costs, was RM67,413,570. The shares bought back were financed by internally generated funds and held as treasury shares.

A6. Dividends Paid

	Year ended 30 September 2010 RM'000	Year ended 30 September 2009 RM'000
Interim: 15 sen per share single tier (2009: 10 sen per share single tier)	62,996	42,558
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>190,670</u>	<u>241,940</u>

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
Year ended						
30 September 2010						
Revenue						
External revenue	3,629	206,342	2,875	11,580	-	224,426
Inter-segment revenue	-	-	-	-	-	-
Total revenue	<u>3,629</u>	<u>206,342</u>	<u>2,875</u>	<u>11,580</u>	<u>-</u>	<u>224,426</u>
Results						
Operating results	84,194	15,068	450	2,930	-	102,642
Finance cost	-	-	(1,568)	-	-	(1,568)
Share of results of associates	471,396	34	-	-	-	471,430
Segment results	<u>555,590</u>	<u>15,102</u>	<u>(1,118)</u>	<u>2,930</u>	<u>-</u>	<u>572,504</u>
Profit before taxation						<u>572,504</u>
Year ended						
30 September 2009						
Revenue						
External revenue	3,095	233,869	399	785	-	238,148
Inter-segment revenue	32	123	-	-	(155)	-
Total revenue	<u>3,127</u>	<u>233,992</u>	<u>399</u>	<u>785</u>	<u>(155)</u>	<u>238,148</u>
Results						
Operating results	39,831	28,119	(1,459)	(283)	-	66,208
Finance cost	-	-	(836)	-	-	(836)
Share of results of associates	285,211	133	-	-	-	285,344
Segment results	<u>325,042</u>	<u>28,252</u>	<u>(2,295)</u>	<u>(283)</u>	<u>-</u>	<u>350,716</u>
Profit before taxation						<u>350,716</u>

b) Segment assets

	Investment Holding RM'000	Chemicals RM'000	Investment Property RM'000	Plantations RM'000	Consolidated RM'000
At 30 September 2010					
Operating assets	132,098	315,125	61,195	92,512	600,930
Associates	2,654,578	1,737	-	-	2,656,315
Segment assets	<u>2,786,676</u>	<u>316,862</u>	<u>61,195</u>	<u>92,512</u>	<u>3,257,245</u>
Tax assets					4,065
Total assets					<u>3,261,310</u>
At 30 September 2009					
(Restated)					
Operating assets	91,644	316,666	55,757	85,863	549,930
Associates	2,481,731	1,703	-	-	2,483,434
Segment assets	<u>2,573,375</u>	<u>318,369</u>	<u>55,757</u>	<u>85,863</u>	<u>3,033,364</u>
Tax assets					2,716
Total assets					<u>3,036,080</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 material 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 pre-tax profit for the current quarter of RM147.5 million was 34% higher than the RM110.3 million reported in the corresponding quarter last year. This was mainly due to higher profit contribution from our plantation associate, KLK.

For the year under review, Group pre-tax profit was RM572.5 million, 63% higher than the RM350.7 million reported last year due to higher profit contribution from KLK and a RM84.0 million surplus on disposal of an unquoted investment. 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

Pre-tax profit for the current quarter decreased to RM147.5 million from RM203.2 million reported in the preceding quarter due to lower investment income, but mitigated by KLK's higher profit contribution. Last quarter's profit included the surplus from disposal of an unquoted investment.

B3. Current year's prospects

The Group's profit for the financial year ending 30 September 2011 is expected to be favourable in view of the prevailing high commodity prices impacting the expected results of 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 September 2010.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2010 RM'000	Preceding Year Quarter ended 30 September 2009 RM'000	Current Year Year ended 30 September 2010 RM'000	Preceding Year Year ended 30 September 2009 RM'000
Current tax				
Malaysian income tax	644	920	4,880	7,924
Foreign income tax	-	2,289	-	2,289
	<u>644</u>	<u>3,209</u>	<u>4,880</u>	<u>10,213</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(1,978)	(246)	(2,054)	(1,179)
Under/(Over) provision in prior years	147	(1)	147	(1)
	<u>(1,831)</u>	<u>(247)</u>	<u>(1,907)</u>	<u>(1,180)</u>
Under/(Over) provision in respect of previous year				
Malaysian income tax	333	13	336	(4)
	<u>(854)</u>	<u>2,975</u>	<u>3,309</u>	<u>9,029</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 September 2010 RM'000	Preceding Year Quarter ended 30 September 2009 RM'000	Current Year Year ended 30 September 2010 RM'000	Preceding Year Year ended 30 September 2009 RM'000
Surplus on sale of an unquoted investment	-	-	84,030	-
Surplus on sale of unquoted investment by a subsidiary	-	2,142	-	41,808
	<u>-</u>	<u>2,142</u>	<u>-</u>	<u>41,808</u>

b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 September 2010 RM'000	Preceding Year Quarter ended 30 September 2009 RM'000	Current Year Year ended 30 September 2010 RM'000	Preceding Year Year ended 30 September 2009 RM'000
Gain on disposal of land	-	-	299	-
Surplus arising from government acquisition of land	-	-	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 30 September 2010 were as follows:-

		At 30 September 2010 RM'000	At 30 September 2009 RM'000 (Restated)
(i) Quoted shares at cost	- Associate	439,916	439,916
	- Other investment	11,401	11,401
		<u>451,317</u>	<u>451,317</u>
(ii) Carrying value less allowance	- Associate	2,654,578	2,481,731
	- Other investment	5,372	5,971
		<u>2,659,950</u>	<u>2,487,702</u>
(iii) Market value	- Associate	8,430,326	6,843,441
	- Other investment	5,372	5,971
		<u>8,435,698</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 September 2010 RM'000	At 30 September 2009 RM'000
Secured term loans:-		
- Repayable within 12 months	8,000	4,000
- Repayable after 12 months	23,568	31,583
	<u>31,568</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 22 November 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>1,562</u>	<u>3,729</u>	<u>3,729</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. Dividend

- a) A final single tier dividend of 50 sen per share has been recommended by the Directors in respect of the financial year ended 30 September 2010 (year ended 30 September 2009: final dividend of 30 sen per share single tier) and subject to approval at the forthcoming Annual General Meeting, will be paid on 21 March 2011 to shareholders registered in the Company's Register as at 24 February 2011.

A Depositor with the Bursa Malaysia Depository Sdn Bhd shall qualify for entitlement to the dividend only in respect of:-

- (i) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 22 February 2011, in respect of securities which are exempted from mandatory deposit;
 - (ii) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 24 February 2011, in respect of transfers; and
 - (iii) Securities bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of the Bursa Securities.
- b) As at the date of this Report, a total single tier dividend of 65 sen per share has been declared for the financial year ended 30 September 2010 (year ended 30 September 2009: 40 sen per share single tier).

B13. 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 2010	Preceding Year Quarter ended 30 September 2009	Current Year Year ended 30 September 2010	Preceding Year Year ended 30 September 2009
Net profit for the period attributable to equity holders of the Company (RM'000)	<u>148,212</u>	<u>106,268</u>	<u>567,452</u>	<u>337,348</u>
Weighted average number of shares ('000)	<u>422,918</u>	<u>426,210</u>	<u>422,918</u>	<u>426,210</u>
Earnings per share (sen)	<u>35.05</u>	<u>24.93</u>	<u>134.18</u>	<u>79.15</u>

B14. 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

29 November 2010