

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Interim Financial Report
For the first quarter ended 31 December 2010**

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

Condensed Consolidated Income Statement

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	66,170	56,369	66,170	56,369
Operating expenses	(57,282)	(52,061)	(57,282)	(52,061)
Other operating income	720	695	720	695
Finance cost	(340)	(419)	(340)	(419)
Share of results of associates	141,651	112,598	141,651	112,598
Profit before taxation	150,919	117,182	150,919	117,182
Income tax expense	(2,379)	(917)	(2,379)	(917)
NET PROFIT FOR THE PERIOD	148,540	116,265	148,540	116,265
Net profit attributable to:				
Equity holders of the Company	148,304	115,864	148,304	115,864
Non-controlling interests	236	401	236	401
	148,540	116,265	148,540	116,265
Earnings per share for profit attributable to equity holders of the Company (sen)				
Basic	35.41	27.22	35.41	27.22
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 2010.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

Condensed Consolidated Statement of Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	148,540	116,265	148,540	116,265
Other comprehensive income/(loss)				
Net fair value gain/(loss) on available-for-sale investments	(257)	-	(257)	-
Foreign currency translation differences	2,068	1,333	2,068	1,333
Share of other comprehensive income of associates	58,859	2,160	58,859	2,160
Other comprehensive income/(loss) for the period, net of tax	60,670	3,493	60,670	3,493
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	209,210	119,758	209,210	119,758
Total comprehensive income attributable to:				
Equity holders of the Company	208,964	119,356	208,964	119,356
Non-controlling interests	246	402	246	402
	209,210	119,758	209,210	119,758

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2010.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	As at 31 December 2010	As at 30 September 2010
	RM'000	RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant & equipment	174,051	151,834
Investment properties	56,136	56,378
Biological assets	55,317	53,502
Goodwill on consolidation	12,265	12,194
Investment in associates	2,868,295	2,656,315
Deferred tax assets	2,180	2,359
Other receivables	20,243	18,012
Available-for-sale investments	19,105	-
Other investments	-	19,362
	<u>3,207,592</u>	<u>2,969,956</u>
Current assets		
Inventories	28,997	25,313
Trade & other receivables	63,481	58,567
Tax recoverable	1,626	1,706
Derivative assets	4	-
Short term trust funds	116,471	169,919
Term deposits	28,117	11,740
Cash and bank balances	21,081	24,109
	<u>259,777</u>	<u>291,354</u>
TOTAL ASSETS	<u>3,467,369</u>	<u>3,261,310</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2010.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	As at 31 December 2010	As at 30 September 2010
	RM'000	RM'000 (Restated)
EQUITY AND LIABILITIES		
Share capital	435,951	435,951
Reserves	2,901,830	2,694,623
Equity attributable to equity holders of the Company	3,337,781	3,130,574
Non-controlling interests	58,653	58,407
Total equity	3,396,434	3,188,981
Non-current liabilities		
Term loans	19,568	23,568
Provision for retirement benefits	2,602	2,669
Deferred tax liabilities	9,978	9,843
	32,148	36,080
Current liabilities		
Trade and other payables	29,739	27,927
Provision for retirement benefits	224	224
Term loans	8,000	8,000
Derivative liabilities	31	-
Taxation	793	98
	38,787	36,249
Total liabilities	70,935	72,329
TOTAL EQUITY AND LIABILITIES	3,467,369	3,261,310
Net assets per share attributable to equity holders of the Company (RM)	7.98	7.47

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2010.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

Condensed Consolidated Statement of Changes in Equity

	← Attributable to the equity holders of the Company →								Non-controlling Interests	Total Equity	
	Share Capital	Revaluation Reserve	Capital Reserve	General Reserve	Exchange Fluctuation Reserve	Fair Value Reserve	Retained Profits	Treasury Shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2010											
As previously reported	435,951	708	520,105	25,100	(4,625)	-	2,299,954	(146,619)	3,130,574	58,407	3,188,981
Effects of adopting FRS139	-	-	-	10,979	-	(6,029)	6,492	-	11,442	-	11,442
As restated	435,951	708	520,105	36,079	(4,625)	(6,029)	2,306,446	(146,619)	3,142,016	58,407	3,200,423
Total comprehensive income for the period	-	-	61	58,798	2,058	(257)	148,304	-	208,964	246	209,210
Transaction with owners:											
Share buy back	-	-	-	-	-	-	-	(13,199)	(13,199)	-	(13,199)
Transfer of reserves	-	(2)	-	-	-	-	2	-	-	-	-
	-	(2)	-	-	-	-	2	(13,199)	(13,199)	-	(13,199)
At 31 December 2010	435,951	706	520,166	94,877	(2,567)	(6,286)	2,454,752	(159,818)	3,337,781	58,653	3,396,434

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2010.

Interim Financial Report for the first quarter ended 31 December 2010
(The figures have not been audited)

Condensed Consolidated Statement of Changes in Equity

	← Attributable to the equity holders of the Company →								Non-controlling Interests	Total Equity	
	Share Capital	Revaluation Reserve	Capital Reserve	General Reserve	Exchange Fluctuation Reserve	Fair Value Reserve	Retained Profits	Treasury Shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
Total comprehensive income for the period	-	-	837	1,323	1,332	-	115,864	-	119,356	402	119,758
At 31 December 2009	435,951	715	509,900	165,950	2,328	-	2,039,029	(79,206)	3,074,667	59,796	3,134,463

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2010.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	3 months ended 31 December	
	2010	2009
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	150,919	117,182
Adjustments for:		
Non-cash items	6,592	5,047
Non-operating items	(144,361)	(114,368)
Operating profit before working capital changes	13,150	7,861
Changes in working capital		
Net change in current assets	(10,388)	6,035
Net change in current liabilities	2,100	(1,990)
Cash generated from operations	4,862	11,906
Interest received	190	107
Interest paid	(461)	(419)
Tax paid	(1,049)	(1,984)
Retirement benefits paid	-	(70)
Net cash generated from operating activities	3,542	9,540
Cash flows from investing activities		
Equity investments	(10,818)	2,093
Other investments	(27,351)	(5,373)
Net cash used in investing activities	(38,169)	(3,280)
Cash flows from financing activities		
Repayment of term loans	(4,000)	-
Increase in other receivables	(1,428)	-
Net cash used in financing activities	(5,428)	-
Net (decrease)/increase in cash and cash equivalents	(40,055)	6,260
Effects of exchange rate changes	(44)	(53)
Cash and cash equivalents at 1 October	205,768	185,564
Cash and cash equivalents at 31 December	165,669	191,771

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2010.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

Notes to Interim Financial Report

A. Explanatory Notes as required by Financial Reporting Standard (“FRS”) 134

A1. Statement of compliance

The interim financial report is unaudited and has been prepared in compliance with FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements.

A2. Accounting policies

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2010. 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 2010 except for the adoption of the following new and amended FRSs and IC Interpretations that are mandatory for the Group for the financial year beginning 1 October 2010:

- Effective for financial periods beginning on or after 1 January 2010:
 - FRS 4: Insurance Contracts
 - FRS 7: Financial Instruments: Disclosures
 - FRS 101: Presentation of Financial Statements (revised)
 - FRS 123: Borrowing Costs
 - FRS 139: Financial Instruments: Recognition and Measurement
 - Amendments to FRS 1: First-time adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
 - Amendments to FRS 2: Share-based Payment: Vesting Conditions and Cancellations
 - Amendments to FRS 132: Financial Instruments: Presentation
 - Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
 - Amendments to FRSs ‘Improvements to FRSs (2009)’
 - IC Interpretation 9: Reassessment of Embedded Derivatives
 - IC Interpretation 10: Interim Financial Reporting and Impairment
 - IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
 - IC Interpretation 13: Customer Loyalty Programmes
 - IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
 - TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions
- Effective for financial periods beginning on or after 1 March 2010:
 - Amendment to FRS 132: Financial Instruments: Presentation, relating to Classification of Right Issues
- Effective for financial periods beginning on or after 1 July 2010:
 - FRS 1: First-time Adoption of Financial Reporting Standards
 - FRS 3: Business Combinations (revised)
 - FRS 127: Consolidated and Separate Financial Statements (amended)
 - Amendments to FRS 2: Share-based Payment
 - Amendments to FRS 5: Non-current Assets Held for Sale and Discounted Operations
 - Amendments to FRS 138: Intangible Assets
 - Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
 - IC Interpretation 12: Service Concession Arrangements
 - IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
 - IC Interpretation 17: Distributions of Non-cash Assets to Owners

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

FRS 4, 123, Amendments to FRS 1 and 2, IC Interpretation 12, 13 and 17 are not applicable to the Group.

The adoption of the other new/revised FRSs, Amendments to FRSs and IC Interpretations has no significant impact on the financial statements of the Group upon their initial application except for the following:

- **FRS 101: Presentation of Financial Statement (revised)**
The revised FRS 101 changes the title “Balance Sheet” and “Cash Flow Statement” to “Statement of Financial Position” and “Statement of Cash Flows” respectively.

The revised FRS 101 also introduces changes in the presentation of financial statements. This revised standard requires all owner changes in equity to be presented in a statement of changes in equity. All non-owner changes in equity are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The group has elected the presentation in two statements. Apart from this new presentation, there is no other impact on the financial statements of the Group on the adoption of this revised standard.

- **Amendments to FRS 117: Leases**
Prior to the adoption of the amendments to FRS 117, leasehold land was treated as operating leases and the considerations paid were classified and presented as prepaid land lease payments in the statement of financial position. With the adoption of the amendments to FRS 117, the Group has reassessed and determined that the Group’s leasehold land is in substance finance leases and has reclassified the leasehold land to property, plant & equipment. The reclassification has been accounted for retrospectively in accordance with the transitional provisions of the amendments. This change in classification has no effect to the profit or loss of the current period or the comparatives of the prior financial period. The effect of the reclassification of the comparative of the prior financial year’s consolidated statement of financial position is as follows:

	As previously reported	Effects of adoption of amendments to FRS 117	As restated
	RM’000	RM’000	RM’000
As at 30 September 2010:			
Property, plant and equipment	137,885	13,949	151,834
Prepaid land lease payments	13,949	(13,949)	-

- **FRS 139: Financial Instruments: Recognition and Measurement**
FRS 139 sets out the principles for the recognition and measurement of financial instruments. The major changes to the recognition and measurement of the Group’s financial instruments arising from the adoption of this Standard are as follows:

Available-for-sale investments

Prior to adoption of FRS 139, “Other investments” were stated at cost less accumulated impairment losses. With the adoption of FRS 139, other investments which are not held for trading are now classified as “Available-for-sale investments”. Investments in quoted securities are initially stated at fair value and subsequently gains or losses arising from changes in the fair value are recognised directly in equity until the investment is derecognised or impaired. Impairment losses, if any, are recognised directly to profit or loss. Investments in unquoted securities are stated at cost less impairment losses, if any, because their fair value cannot be reliably measured.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

Borrowings

Prior to adoption of FRS 139, borrowings were stated at proceeds received. With the adoption of FRS 139, borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised or through the amortisation process.

Derivative financial instruments

Prior to adoption of FRS 139, the Group's forward foreign exchange contracts were not recognised in the financial statements until settlement occurs. With the adoption of FRS 139, these derivative financial instruments are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured at fair value. Gains or losses arising from changes in fair value are recognised in profit or loss.

In accordance with the transitional provisions for the first time adoption of FRS 139, the effects of adoption of FRS 139 are to be applied prospectively by adjusting the opening balances as at 1 October 2010. Comparatives are not restated. Adjustments made on 1 October 2010 are stated below:

	Opening balances as at 1 October 2010	Effects of adoption of FRS 139	Opening balances as restated
	RM'000	RM'000	RM'000
<u>Non-current assets</u>			
Investment in associates	2,656,315	491	2,656,806
Available-for-sale investments	-	19,362	19,362
Other investments	19,362	(19,362)	-
<u>Equity</u>			
Fair value reserve	-	(6,029)	(6,029)
Retained profits	2,299,954	6,492	2,306,446
<u>Current liabilities</u>			
Derivative liabilities	-	28	28

Impact on net profit for the current financial period:

	<u>Increase / (Decrease)</u>
	<u>RM'000</u>
Net fair value loss on derivative financial instruments	(21)

A3. 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.

A4. 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.

A5. Material 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.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

A6. 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 874,400 in the Company from the open market. The average price paid for the shares repurchased was RM15.04 per share and the total consideration paid, including transaction costs, was RM13,199,335. The shares bought back were financed by internally generated funds and held as treasury shares.

A7. Dividends paid

No dividend has been paid during the current quarter ended 31 December 2010 (31 December 2009: Nil).

A8. 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	Chemicals	Investment Property	Plantations	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 December 2010						
Revenue						
External revenue	2,322	56,252	926	6,670	-	66,170
Inter-segment revenue	-	-	-	-	-	-
Total revenue	2,322	56,252	926	6,670	-	66,170
Results						
Operating results	1,608	4,857	309	2,834	-	9,608
Finance cost	-	-	(340)	-	-	(340)
Share of results of associates	141,644	7	-	-	-	141,651
Segment results	143,252	4,864	(31)	2,834	-	150,919
Profit before taxation						150,919

	Investment Holding	Chemicals	Investment Property	Plantations	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	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	2,027	51,234	388	2,720	-	56,369
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	114,064	3,910	(556)	(236)	-	117,182
Profit before taxation						117,182

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

b) Segment assets

	Investment Holding	Chemicals	Investment Property	Plantations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2010					
Operating assets	117,296	321,138	56,745	100,089	595,268
Associates	2,866,551	1,744	-	-	2,868,295
Segment assets	<u>2,983,847</u>	<u>322,882</u>	<u>56,745</u>	<u>100,089</u>	<u>3,463,563</u>
Tax assets					3,806
Total assets					<u>3,467,369</u>
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>

A9. 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.

A10. 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.

A11. 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 2010.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

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 RM150.9 million, 29% higher compared to the RM117.2 million reported in the corresponding quarter last year. This was mainly due to higher profit contributions from our plantation associate, KLK and from the subsidiaries.

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

Pre-tax profit for the current quarter of RM150.9 million was higher than the RM147.5 million reported in the preceding quarter. This was due to higher profit contribution from the subsidiaries, but mitigated by KLK's lower profit contribution.

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 strong commodity prices benefiting the 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 31 December 2010.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	1,827	1,689	1,827	1,689
Foreign income tax	200	-	200	-
	<u>2,027</u>	<u>1,689</u>	<u>2,027</u>	<u>1,689</u>
Deferred tax				
Relating to origination and reversal of temporary differences	352	(772)	352	(772)
	<u>352</u>	<u>(772)</u>	<u>352</u>	<u>(772)</u>
	<u>2,379</u>	<u>917</u>	<u>2,379</u>	<u>917</u>

The effective tax rate for the current quarter and financial year to-date is slightly 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) There was no sale of unquoted investments for the current quarter and financial year to-date.

b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of land	107	129	107	129

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

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 2010 were as follows:

		At 31 December 2010 RM'000	At 30 September 2010 RM'000
(i) Quoted shares at cost	- Associate	439,916	439,916
	- Available-for-sale investment	11,401	-
	- Other investment	-	11,401
		<u>451,317</u>	<u>451,317</u>
(ii) Carrying value less allowance	- Associate	2,866,551	2,654,578
	- Available-for-sale investment	5,115	-
	- Other investment	-	5,372
		<u>2,871,666</u>	<u>2,659,950</u>
(iii) Market value	- Associate	10,959,424	8,430,326
	- Available-for-sale investment	5,115	-
	- Other investment	-	5,372
		<u>10,964,539</u>	<u>8,435,698</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 2010 RM'000	At 30 September 2010 RM'000
Secured term loans:		
Repayable within 12 months	8,000	8,000
Repayable after 12 months	19,568	23,568
	<u>27,568</u>	<u>31,568</u>

As at the end of the reporting period, the Group does not have any borrowings or debt securities denominated in foreign currency.

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

B10. Derivative financial instruments

The Group has entered into forward foreign exchange contracts 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.

As at 31 December 2010, the values and maturity analysis of the outstanding forward foreign exchange contracts of the Group are as follows:

	Contract / Notional Value	Fair value Net gains / (losses)
	RM'000	RM'000
Outstanding forward foreign exchange contracts:		
Less than 1 year	1,823	(27)

With the adoption of FRS139, derivative financial instruments are recognised at fair value on contract dates and subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

For the current quarter ended 31 December 2010, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's risk management objectives, policies and processes.

B11. Fair value changes of financial liabilities

The Group does not have any financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

B12. Breakdown of realised and unrealised profits or losses

	Quarter ended 31 December 2010	Year ended 30 September 2010
	RM'000	RM'000
Total retained profits of Batu Kawan Berhad and its subsidiaries:		
- Realised	653,369	638,362
- Unrealised	(7,820)	(7,558)
	645,549	630,804
Total share of retained profits from associates:		
- Realised	1,850,555	1,750,830
- Unrealised	593	(41,817)
	1,851,148	1,709,013
Less: Consolidation adjustments	(41,945)	(39,863)
Total group retained profits as per consolidated accounts	2,454,752	2,299,954

B13. 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.

B14. Dividend

a) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2010 (31 December 2009: Nil).

b) The total dividend for the current financial year to-date is Nil (2010: Nil).

Interim Financial Report for the first quarter ended 31 December 2010

(The figures have not been audited)

B15. 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 company by the weighted average number of shares of the Company in issue during the period.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the period attributable to equity holders of the Company (RM'000)	148,304	115,864	148,304	115,864
Weighted average number of shares ('000)	418,833	425,580	418,833	425,580
Earnings per share (sen)	35.41	27.22	35.41	27.22

B16. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2010 was not subject to any qualifications.

By Order of the Board

CHONG SEE TECK
MD SHAIZATUL AZAM
Company Secretaries

23 February 2011