

BATU KAWAN BERHAD

(6292-U)

(Incorporated in Malaysia)

**Interim Financial Report
For the third quarter ended 30 June 2011**

Interim Financial Report for the third quarter ended 30 June 2011

(The figures have not been audited)

Condensed Consolidated Income Statement

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	72,941	55,324	208,887	167,163
Operating expenses	(60,620)	(51,145)	(173,800)	(158,231)
Other operating income	1,240	85,971	4,977	90,590
Finance costs	(210)	(383)	(947)	(1,211)
Share of results of associates	201,473	113,456	517,200	326,644
Profit before taxation	214,824	203,223	556,317	424,955
Income tax expense	(2,562)	(1,432)	(8,798)	(4,163)
NET PROFIT FOR THE PERIOD	212,262	201,791	547,519	420,792
Net profit attributable to:				
Equity holders of the Company	210,537	201,116	543,506	419,240
Non-controlling interests	1,725	675	4,013	1,552
	212,262	201,791	547,519	420,792
Earnings per share for profit attributable to equity holders of the Company (sen)				
Basic	50.33	47.43	129.92	98.88
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 third quarter ended 30 June 2011

(The figures have not been audited)

Condensed Consolidated Statement of Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	212,262	201,791	547,519	420,792
Other comprehensive income/(loss)				
Net fair value gain on available-for-sale investments	324	-	326	-
Foreign currency translation differences	1,159	(525)	3,806	(600)
Share of other comprehensive income of associates	75,180	(16,624)	133,359	(45,850)
Other comprehensive income/(loss) for the period, net of tax	76,663	(17,149)	137,491	(46,450)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	288,925	184,642	685,010	374,342
Total comprehensive income attributable to:				
Equity holders of the Company	287,193	183,968	680,977	372,791
Non-controlling interests	1,732	674	4,033	1,551
	288,925	184,642	685,010	374,342

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 third quarter ended 30 June 2011

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	As at 30 June 2011	As at 30 September 2010
	RM'000	RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant & equipment	202,987	151,834
Investment properties	55,642	56,378
Biological assets	58,721	53,502
Goodwill on consolidation	12,320	12,194
Investment in associates	3,095,135	2,656,315
Deferred tax assets	1,647	2,359
Other receivables	24,550	18,012
Available-for-sale investments	19,689	-
Other investments	-	19,362
	<u>3,470,691</u>	<u>2,969,956</u>
Current assets		
Inventories	32,769	25,313
Trade and other receivables	70,108	58,567
Tax recoverable	1,532	1,706
Short term trust funds	102,206	169,919
Term deposits	32,612	11,740
Cash and bank balances	20,431	24,109
	<u>259,658</u>	<u>291,354</u>
TOTAL ASSETS	<u>3,730,349</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 third quarter ended 30 June 2011

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	As at 30 June 2011	As at 30 September 2010
	RM'000	RM'000 (Restated)
EQUITY AND LIABILITIES		
Share capital	435,951	435,951
Reserves	3,090,576	2,694,623
Equity attributable to equity holders of the Company	3,526,527	3,130,574
Non-controlling interests	60,308	58,407
Total equity	3,586,835	3,188,981
Non-current liabilities		
Term loans	27,651	23,568
Provision for retirement benefits	2,608	2,669
Deferred tax liabilities	9,814	9,843
	40,073	36,080
Current liabilities		
Trade and other payables	28,234	27,927
Provision for retirement benefits	213	224
Dividends payable	63,059	-
Term loans	8,000	8,000
Derivative liabilities	15	-
Taxation	3,920	98
	103,441	36,249
Total liabilities	143,514	72,329
TOTAL EQUITY AND LIABILITIES	3,730,349	3,261,310
Net assets per share attributable to equity holders of the Company (RM)	8.44	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 third quarter ended 30 June 2011

(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)	6,438	-	11,388	-	11,388
As restated	435,951	708	520,105	36,079	(4,625)	(6,029)	2,306,392	(146,619)	3,141,962	58,407	3,200,369
Total comprehensive income for the period	-	-	100	133,259	3,786	326	543,506	-	680,977	4,033	685,010
Transaction with owners:											
Share buy back	-	-	-	-	-	-	-	(24,562)	(24,562)	-	(24,562)
Dividends paid	-	-	-	-	-	-	(209,201)	-	(209,201)	-	(209,201)
Dividends payable	-	-	-	-	-	-	(62,649)	-	(62,649)	(410)	(63,059)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,722)	(1,722)
Transfer of reserves	-	(2)	-	-	-	-	2	-	-	-	-
	-	(2)	-	-	-	-	(271,848)	(24,562)	(296,412)	(2,132)	(298,544)
At 30 June 2011	435,951	706	520,205	169,338	(839)	(5,703)	2,578,050	(171,181)	3,526,527	60,308	3,586,835

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 third quarter ended 30 June 2011

(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	-	-	749	(46,599)	(599)	-	419,240	-	372,791	1,551	374,342
Transaction with owners:											
Share buy back	-	-	-	-	-	-	-	(59,086)	(59,086)	-	(59,086)
Dividends paid	-	-	-	-	-	-	(127,674)	-	(127,674)	-	(127,674)
Dividends payable	-	-	-	-	-	-	(62,996)	-	(62,996)	(410)	(63,406)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,296)	(2,296)
Transfer of reserves	-	(7)	-	-	-	-	7	-	-	-	-
	-	(7)	-	-	-	-	(190,663)	(59,086)	(249,756)	(2,706)	(252,462)
At 30 June 2010	435,951	708	509,812	118,028	397	-	2,151,742	(138,292)	3,078,346	58,239	3,136,585

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 third quarter ended 30 June 2011

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	9 months ended 30 June	
	2011	2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	556,317	424,955
Adjustments for:		
Non-cash items	17,996	15,795
Non-operating items	(524,439)	(414,830)
Operating profit before working capital changes	49,874	25,920
Changes in working capital		
Net change in current assets	(20,577)	10,619
Net change in current liabilities	(60)	931
Cash generated from operations	29,237	37,470
Interest received	809	485
Interest paid	(961)	(1,090)
Tax paid	(3,437)	(5,015)
Retirement benefits paid	(128)	(255)
Net cash generated from operating activities	25,520	31,595
Cash flows from investing activities		
Equity investments	204,211	92,615
Other investments	(68,917)	48,200
Net cash generated from investing activities	135,294	140,815
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(209,201)	(127,674)
Dividends paid to non-controlling interests	(1,722)	(2,296)
Repayment of term loans	(8,000)	(4,000)
Increase in other receivables	(4,440)	-
Proceeds from term loan	12,082	-
Net cash used in financing activities	(211,281)	(133,970)
Net (decrease)/increase in cash and cash equivalents	(50,467)	38,440
Effects of exchange rate changes	(52)	(319)
Cash and cash equivalents at 1 October	205,768	185,564
Cash and cash equivalents at 30 June	155,249	223,685

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 third quarter ended 30 June 2011

(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 third quarter ended 30 June 2011

(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.

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(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 RM'000	Effects of adoption of FRS 139 RM'000	Opening balances as restated RM'000
<u>Non-current assets</u>			
Investment in associates	2,656,315	11,416	2,667,731
Available-for-sale investments	-	19,362	19,362
Other investments	19,362	(19,362)	-
<u>Equity</u>			
General reserve	25,100	10,979	36,079
Fair value reserve	-	(6,029)	(6,029)
Retained profits	2,299,954	6,438	2,306,392
<u>Current liabilities</u>			
Derivative liabilities	-	28	28

Impact on net profit for the current financial period:

	<u>Decrease</u> RM'000
Net fair value loss on derivative financial instruments	95

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 third quarter ended 30 June 2011

(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 1,617,700 in the Company from the open market. The average price paid for the shares repurchased was RM15.13 per share and the total consideration paid, including transaction costs, was RM24,562,148. The shares bought back were financed by internally generated funds and held as treasury shares.

A7. Dividends paid

	9 months ended 30 June	
	2011 RM'000	2010 RM'000
Dividends proposed in Year 2010, paid in Year 2011:		
Final 50 sen per share single tier	209,201	-
Dividends proposed in Year 2009, paid in Year 2010:		
Final 30 sen per share single tier	-	127,674
	<u>209,201</u>	<u>127,674</u>

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
9 months ended 30 June 2011						
Revenue						
External revenue	3,844	181,136	3,162	20,745	-	208,887
Inter-segment revenue	-	-	-	-	-	-
Total revenue	<u>3,844</u>	<u>181,136</u>	<u>3,162</u>	<u>20,745</u>	<u>-</u>	<u>208,887</u>
Results						
Operating results	1,986	28,031	998	9,049	-	40,064
Finance cost	-	-	(947)	-	-	(947)
Share of results of associates	517,244	(44)	-	-	-	517,200
Segment results	<u>519,230</u>	<u>27,987</u>	<u>51</u>	<u>9,049</u>	<u>-</u>	<u>556,317</u>
Profit before taxation						<u>556,317</u>

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(The figures have not been audited)

	Investment Holding	Chemicals	Investment Property	Plantations	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	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>

b) Segment assets

	Investment Holding	Chemicals	Investment Property	Plantations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2011					
Operating assets	119,669	345,437	56,654	110,275	632,035
Associates	3,093,442	1,693	-	-	3,095,135
Segment assets	<u>3,213,111</u>	<u>347,130</u>	<u>56,654</u>	<u>110,275</u>	<u>3,727,170</u>
Tax assets					3,179
Total assets					<u>3,730,349</u>

	Investment Holding	Chemicals	Investment Property	Plantations	Consolidated
	RM'000	RM'000	RM'000	RM'000	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>

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, except for the completion of the members' voluntary winding up of Omega Network Sdn Bhd, a wholly-owned subsidiary of Malay-Sino Chemical Industries Sdn Bhd, in which the Company has a 86% equity interest.

Interim Financial Report for the third quarter ended 30 June 2011

(The figures have not been audited)

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.

B. Explanatory Notes as required by the Bursa Securities' Listing Requirements

B1. Review of performance

For the current quarter, Group pre-tax profit was higher at RM214.8 million compared to RM203.2 million reported in the corresponding quarter last year. This was due to higher profit contributions from our plantation associate, KLK and from the subsidiaries.

The Group's pre-tax profit for the 9 months under review of RM556.3 million was 30.9% higher than the RM425.0 million reported last year due to higher profit contributions from KLK and from the subsidiaries. The improvement in the subsidiaries' profits was due to higher selling prices.

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

This quarter's pre-tax profit of RM214.8 million was higher than the RM190.6 million reported in the preceding quarter mainly due to higher profit contribution from KLK.

B3. Current year's prospects

The Group's profit for the financial year ending 30 September 2011 should be substantially higher than that of last year in view of the expected higher profit from its associate, 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 2011.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	2,534	1,189	7,501	4,236
Foreign income tax	218	-	623	-
	2,752	1,189	8,124	4,236
Deferred tax				
Relating to origination and reversal of temporary differences	(171)	240	739	(76)
	(171)	240	739	(76)
Over provision in respect of previous years				
Malaysian income tax	(19)	3	(65)	3
	(19)	3	(65)	3
	2,562	1,432	8,798	4,163

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.

Interim Financial Report for the third quarter ended 30 June 2011

(The figures have not been audited)

B6. Sale of unquoted investments and/or properties

a) Sale of unquoted investments

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Surplus on sale of an unquoted investment	-	84,030	-	84,030

b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of land	-	-	107	299
Surplus arising from government acquisition of land	300	-	300	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 June 2011 were as follows:

		At	At
		30 June 2011	30 September 2010
		RM'000	RM'000
(i) Quoted shares at cost	- Associate	439,916	439,916
	- Available-for-sale investment	11,401	-
	- Other investment	-	11,401
		451,317	451,317
(ii) Carrying value less allowance	- Associate	3,093,441	2,654,578
	- Available-for-sale investment	5,699	-
	- Other investment	-	5,372
		3,099,140	2,659,950
(iii) Market value	- Associate	10,989,178	8,430,326
	- Available-for-sale investment	5,699	-
	- Other investment	-	5,372
		10,994,877	8,435,698

B8. Status of corporate proposals

No announced corporate proposals are outstanding.

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(The figures have not been audited)

B9. Group borrowing

As at the end of the reporting period, the Group's borrowings were as follows:

	At 30 June 2011	At 30 September 2010
	RM'000	RM'000
Secured term loans:		
Repayable within 12 months	8,000	8,000
Repayable after 12 months	27,651	23,568
	35,651	31,568

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

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 30 June 2011, 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	3,191	(15)

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 30 June 2011, 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.

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(The figures have not been audited)

B12. Breakdown of realised and unrealised profits or losses

	At 30 June 2011	At 30 September 2010
	RM'000	RM'000
Total retained profits of Batu Kawan Berhad and its subsidiaries:		
- Realised	631,432	638,362
- Unrealised	(8,053)	(7,558)
	<u>623,379</u>	<u>630,804</u>
Total share of retained profits from associates:		
- Realised	2,012,024	1,759,927
- Unrealised	(8,486)	(50,914)
	<u>2,003,538</u>	<u>1,709,013</u>
Less: Consolidation adjustments	(48,867)	(39,863)
Total group retained profits as per consolidated accounts	<u>2,578,050</u>	<u>2,299,954</u>

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 any dividend for the quarter ended 30 June 2011.

An interim single tier dividend of 15 sen per share (2010: interim single tier dividend of 15 sen per share) was declared by the Directors on 25 May 2011 and was paid on 11 August 2011.

b) The total dividend for the current financial year to-date is a single tier dividend of 15 sen per share (2010: single tier dividend of 15 sen per share).

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.

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the period attributable to equity holders of the Company (RM'000)	<u>210,537</u>	<u>201,116</u>	<u>543,506</u>	<u>419,240</u>
Weighted average number of shares ('000)	<u>418,333</u>	<u>423,993</u>	<u>418,333</u>	<u>423,993</u>
Earnings per share (sen)	<u>50.33</u>	<u>47.43</u>	<u>129.92</u>	<u>98.88</u>

Interim Financial Report for the third quarter ended 30 June 2011

(The figures have not been audited)

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

16 August 2011