

# **BATU KAWAN BERHAD**

(6292-U)

(Incorporated in Malaysia)

**Interim Financial Report  
For the year ended 30 September 2011**

**Interim Financial Report for the year ended 30 September 2011**

(The figures have not been audited)

**Condensed Consolidated Income Statement**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	74,253	57,263	283,140	224,426
Operating expenses	(65,415)	(54,372)	(239,215)	(212,603)
Other operating income	6,170	229	11,147	90,819
Finance costs	(360)	(357)	(1,307)	(1,568)
Share of results of associates	214,391	144,786	731,591	471,430
<b>Profit before taxation</b>	<b>229,039</b>	<b>147,549</b>	<b>785,356</b>	<b>572,504</b>
Income tax expense	10,765	854	1,967	(3,309)
<b>NET PROFIT FOR THE PERIOD</b>	<b>239,804</b>	<b>148,403</b>	<b>787,323</b>	<b>569,195</b>
Net profit attributable to:				
Equity holders of the Company	235,962	148,212	779,468	567,452
Non-controlling interests	3,842	191	7,855	1,743
	239,804	148,403	787,323	569,195
Earnings per share for profit attributable to equity holders of the Company (sen)				
Basic	56.44	35.05	186.45	134.18
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 year ended 30 September 2011**

(The figures have not been audited)

**Condensed Consolidated Statement of Comprehensive Income**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	<b>239,804</b>	<b>148,403</b>	<b>787,323</b>	<b>569,195</b>
Other comprehensive income/(loss)				
Net fair value loss on available-for-sale investments	(1,021)	-	(695)	-
Foreign currency translation differences	724	(5,044)	4,530	(5,644)
Share of other comprehensive income of associates	(81,441)	(29,543)	51,918	(75,393)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(81,738)</b>	<b>(34,587)</b>	<b>55,753</b>	<b>(81,037)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>158,066</b>	<b>113,816</b>	<b>843,076</b>	<b>488,158</b>
Total comprehensive income attributable to:				
Equity holders of the Company	154,216	113,647	835,193	486,438
Non-controlling interests	3,850	169	7,883	1,720
	<b>158,066</b>	<b>113,816</b>	<b>843,076</b>	<b>488,158</b>

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 year ended 30 September 2011**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	<b>As at 30 September 2011</b>	<b>As at 30 September 2010</b>
	<b>RM'000</b>	<b>RM'000</b> (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	218,537	148,869
Investment properties	55,410	56,378
Land use rights	4,382	2,965
Biological assets	61,512	53,502
Intangible asset	12,356	12,194
Investment in associates	3,153,699	2,656,315
Deferred tax assets	1,535	2,359
Other receivables	27,753	18,012
Available-for-sale investments	18,668	-
Other investments	-	19,362
	<u>3,553,852</u>	<u>2,969,956</u>
<b>Current assets</b>		
Inventories	34,882	25,313
Trade and other receivables	74,196	58,567
Tax recoverable	3,021	1,706
Derivative assets	31	-
Short term trust funds	53,295	169,919
Term deposits	29,250	11,740
Cash and bank balances	68,195	24,109
	<u>262,870</u>	<u>291,354</u>
<b>TOTAL ASSETS</b>	<b><u>3,816,722</u></b>	<b><u>3,261,310</u></b>

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 year ended 30 September 2011**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	<b>As at 30 September 2011</b>	<b>As at 30 September 2010</b>
	<b>RM'000</b>	<b>RM'000</b> (Restated)
<b>EQUITY AND LIABILITIES</b>		
Share capital	435,951	435,951
Reserves	3,233,763	2,694,623
Equity attributable to equity holders of the Company	3,669,714	3,130,574
Non-controlling interests	64,151	58,407
<b>Total equity</b>	<b>3,733,865</b>	<b>3,188,981</b>
<b>Non-current liabilities</b>		
Term loans	27,651	23,568
Provision for retirement benefits	3,355	2,669
Deferred tax liabilities	3,525	9,843
	34,531	36,080
<b>Current liabilities</b>		
Trade and other payables	40,143	27,927
Provision for retirement benefits	182	224
Term loans	8,000	8,000
Taxation	1	98
	48,326	36,249
<b>Total liabilities</b>	<b>82,857</b>	<b>72,329</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,816,722</b>	<b>3,261,310</b>
Net assets per share attributable to equity holders of the Company (RM)	8.80	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 year ended 30 September 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	-	-	416	-	11,395	(7)	11,388
As restated	435,951	708	520,105	36,079	(4,625)	-	2,300,370	(146,619)	3,141,969	58,400	3,200,369
Total comprehensive income for the period	-	-	160	51,758	4,502	(695)	779,468	-	835,193	7,883	843,076
Transaction with owners:											
Share buy back	-	-	-	-	-	-	-	(35,599)	(35,599)	-	(35,599)
Dividends paid	-	-	-	-	-	-	(271,849)	-	(271,849)	-	(271,849)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,132)	(2,132)
Transfer of reserves	-	(2)	-	-	-	-	2	-	-	-	-
	-	(2)	-	-	-	-	(271,847)	(35,599)	(307,448)	(2,132)	(309,580)
<b>At 30 September 2011</b>	<b>435,951</b>	<b>706</b>	<b>520,265</b>	<b>87,837</b>	<b>(123)</b>	<b>(695)</b>	<b>2,807,991</b>	<b>(182,218)</b>	<b>3,669,714</b>	<b>64,151</b>	<b>3,733,865</b>

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 year ended 30 September 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	455,971	164,627	996	-	1,923,165	(79,206)	2,902,219	59,394	2,961,613
Total comprehensive income for the period	-	-	64,134	(139,527)	(5,621)	-	567,452	-	486,438	1,720	488,158
Transaction with owners:											
Share buy back	-	-	-	-	-	-	-	(67,413)	(67,413)	-	(67,413)
Dividends paid	-	-	-	-	-	-	(190,670)	-	(190,670)	-	(190,670)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,707)	(2,707)
Transfer of reserves	-	(7)	-	-	-	-	7	-	-	-	-
	-	(7)	-	-	-	-	(190,663)	(67,413)	(258,083)	(2,707)	(260,790)
<b>At 30 September 2010</b>	<b>435,951</b>	<b>708</b>	<b>520,105</b>	<b>25,100</b>	<b>(4,625)</b>	<b>-</b>	<b>2,299,954</b>	<b>(146,619)</b>	<b>3,130,574</b>	<b>58,407</b>	<b>3,188,981</b>

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 year ended 30 September 2011**

(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

	<b>Year ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	785,356	572,504
Adjustments for:		
Non-cash items	26,188	20,527
Non-operating items	(741,016)	(558,543)
Operating profit before working capital changes	70,528	34,488
Changes in working capital		
Net change in current assets	(26,061)	6,650
Net change in current liabilities	11,136	3,262
Cash generated from operations	55,603	44,400
Interest received	1,149	668
Interest paid	(1,321)	(1,446)
Tax paid	(4,007)	(5,306)
Retirement benefits paid	(214)	(339)
<b>Net cash generated from operating activities</b>	<b>51,210</b>	<b>37,977</b>
<b>Cash flows from investing activities</b>		
Equity investments	268,353	244,135
Other investments	(97,927)	(60,898)
<b>Net cash generated from investing activities</b>	<b>170,426</b>	<b>183,237</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	(271,849)	(190,670)
Dividends paid to non-controlling interests	(2,132)	(2,707)
Repayment of term loans	(8,000)	(4,015)
Increase in other receivables	(6,800)	(2,982)
Proceeds from term loan	12,082	-
<b>Net cash used in financing activities</b>	<b>(276,699)</b>	<b>(200,374)</b>
Net (decrease)/increase in cash and cash equivalents	(55,063)	20,840
Effects of exchange rate changes	35	(636)
Cash and cash equivalents at 1 October	205,768	185,564
<b>Cash and cash equivalents at 30 September</b>	<b>150,740</b>	<b>205,768</b>

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 year ended 30 September 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 year ended 30 September 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:

	<b>As previously reported</b>	<b>Effects of adoption of amendments to FRS 117</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 30 September 2010:			
Property, plant and equipment	137,885	10,984	148,869
Land use rights (Prepaid land lease payments)	13,949	(10,984)	2,965

- **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 year ended 30 September 2011**

(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
Retained profits	2,299,954	416	2,300,370
Non-controlling interests	58,407	(7)	58,400
<u>Current liabilities</u>			
Derivative liabilities	-	28	28

Impact on net profit for the current financial year:

	<u>Decrease</u> RM'000
Net fair value loss on derivative financial instruments	69

**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 year ended 30 September 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 2,326,200 in the Company from the open market. The average price paid for the shares repurchased was RM15.25 per share and the total consideration paid, including transaction costs, was RM35,599,051. The shares bought back were financed by internally generated funds and held as treasury shares.

**A7. Dividends paid**

	<b>Year ended 30 September</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Interim 15 sen per share single tier (2010: 15 sen per share single tier)	62,648	62,996
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
	<b>271,849</b>	<b>190,670</b>

**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

	<b>Investment Holding</b>	<b>Chemicals</b>	<b>Investment Property</b>	<b>Plantations</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Year ended 30 September 2011						
Revenue						
External revenue	4,715	248,001	4,442	25,982	-	283,140
Inter-segment revenue	-	-	-	-	-	-
Total revenue	<b>4,715</b>	<b>248,001</b>	<b>4,442</b>	<b>25,982</b>	<b>-</b>	<b>283,140</b>
Results						
Operating results	457	41,382	1,371	11,862	-	55,072
Finance cost	-	(82)	(1,225)	-	-	(1,307)
Share of results of associates	731,728	(137)	-	-	-	731,591
Segment results	<b>732,185</b>	<b>41,163</b>	<b>146</b>	<b>11,862</b>	<b>-</b>	<b>785,356</b>
Profit before taxation						<b>785,356</b>

**Interim Financial Report for the year ended 30 September 2011**

(The figures have not been audited)

	<b>Investment Holding</b>	<b>Chemicals</b>	<b>Investment Property</b>	<b>Plantations</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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>

**b) Segment assets**

	<b>Investment Holding</b>	<b>Chemicals</b>	<b>Investment Property</b>	<b>Plantations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 30 September 2011</b>					
Operating assets	115,197	364,179	56,167	122,924	658,467
Associates	3,152,099	1,600	-	-	3,153,699
Segment assets	<u>3,267,296</u>	<u>365,779</u>	<u>56,167</u>	<u>122,924</u>	<u>3,812,166</u>
Tax assets					4,556
Total assets					<u>3,816,722</u>
<b>At 30 September 2010</b>					
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>

**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 and Forever Green Venture Ltd (incorporated in the Republic of Mauritius), a wholly owned subsidiary of Batu Kawan Berhad.

**Interim Financial Report for the year ended 30 September 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**

The Group's pre-tax profit for the current quarter of RM229.0 million was 55% higher than the RM147.5 million reported in the corresponding quarter last year. This was due to higher profit contributions from our plantation associate, KLK and from the subsidiaries.

For the year under review, Group pre-tax profit was RM785.4 million was 37% higher than the RM572.5 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**

Pre-tax profit for the current quarter increased to RM229.0 million from RM214.8 million reported in the preceding quarter due to higher profit contribution from KLK.

**B3. Current year's prospects**

Notwithstanding the challenges of the global economic environment arising from the Eurozone debt crisis, the Group's performance for the financial year ending 30 September 2012 should be underpinned by the current favourable outlook for plantations which should benefit our plantation 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 September 2011.

**B5. Income tax expense**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	(4,774)	644	2,727	4,880
Foreign income tax	236	-	859	-
	(4,538)	644	3,586	4,880
Deferred tax				
Relating to origination and reversal of temporary differences	(6,425)	(1,978)	(5,686)	(2,054)
Under provision in prior years	262	147	262	147
	(6,163)	(1,831)	(5,424)	(1,907)
Under/(Over) provision in respect of previous years				
Malaysian income tax	(64)	333	(129)	336
	(64)	333	(129)	336
	(10,765)	(854)	(1,967)	3,309

The effective tax rate for the current quarter and financial year to-date is lower than the statutory tax rate mainly due to certain subsidiaries' tax incentives and the Company's tax exempt income.

**Interim Financial Report for the year ended 30 September 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		Year ended	
	30 September		30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Surplus on sale of an unquoted investment	-	-	-	84,030

b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	3 months ended		Year ended	
	30 September		30 September	
	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	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 2011 were as follows:

		At	At
		30 September 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
		<u>451,317</u>	<u>451,317</u>
(ii) Carrying value less impairment	- Associate	3,152,099	2,654,578
	- Available-for-sale investment	4,678	-
	- Other investment	-	5,372
		<u>3,156,777</u>	<u>2,659,950</u>
(iii) Market value	- Associate	10,463,522	8,430,326
	- Available-for-sale investment	4,678	-
	- Other investment	-	5,372
		<u>10,468,200</u>	<u>8,435,698</u>

**B8. Status of corporate proposals**

There were no corporate proposals announced.

**Interim Financial Report for the year ended 30 September 2011**

(The figures have not been audited)

**B9. Group borrowing**

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

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

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 September 2011, the values and maturity analysis of the outstanding forward foreign exchange contracts of the Group are as follows:

	<b>Contract / Notional Value</b>	<b>Fair value Net gains</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding forward foreign exchange contracts:		
Less than 1 year	2,906	31

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 September 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.



**Interim Financial Report for the year ended 30 September 2011**

(The figures have not been audited)

**B12. Breakdown of realised and unrealised profits or losses**

	<b>At 30 September 2011</b>	<b>At 30 September 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of Batu Kawan Berhad and its subsidiaries:		
- Realised	716,623	638,362
- Unrealised	(1,695)	(7,558)
	<u>714,928</u>	<u>630,804</u>
Total share of retained profits from associates:		
- Realised	2,144,011	1,759,927
- Unrealised	(374)	(50,914)
	<u>2,143,637</u>	<u>1,709,013</u>
Less: Consolidation adjustments	(50,574)	(39,863)
Total group retained profits as per consolidated accounts	<u>2,807,991</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) A final single tier dividend of 80 sen per share has been recommended by the Directors in respect of the financial year ended 30 September 2011 (year ended 30 September 2010: single tier dividend of 50 sen per share) and subject to the shareholders' approval at the forthcoming Annual General Meeting, will be paid on 20 March 2012 to shareholders registered in the Company's Register as at 23 February 2012.

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 21 February 2012, 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 23 February 2012, 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) The total dividend for the current financial year to-date is single tier dividend of 95 sen per share (2010: single tier dividend of 65 sen per share).

**Interim Financial Report for the year ended 30 September 2011**

(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.

	Individual Quarter		Cumulative Quarter	
	3 months ended		Year ended	
	30 September		30 September	
	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)	235,962	148,212	779,468	567,452
Weighted average number of shares ('000)	418,060	422,918	418,060	422,918
Earnings per share (sen)	56.44	35.05	186.45	134.18

**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 November 2011