

# **BATU KAWAN BERHAD**

(6292-U)  
(Incorporated in Malaysia)

**Interim Financial Report  
For the second quarter ended 31 March 2012**

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

**Condensed Consolidated Income Statement**

|   | Individual Quarter         |                | Cumulative Quarter         |                |
|---|----------------------------|----------------|----------------------------|----------------|
|   | 3 months ended<br>31 March |                | 6 months ended<br>31 March |                |
|   | 2012                       | 2011           | 2012                       | 2011           |
|   | RM'000                     | RM'000         | RM'000                     | RM'000         |
| Revenue   | 83,053                     | 69,776         | 167,334                    | 135,946        |
| Operating expenses  | (68,684)                   | (55,898)       | (141,499)                  | (113,180)      |
| Other operating income  | 3,871                      | 3,017          | 7,083                      | 3,737          |
| Finance cost  | (351)                      | (397)          | (722)                      | (737)          |
| Share of results of associates  | 100,063                    | 174,076        | 258,715                    | 315,727        |
| <b>Profit before tax</b>  | <b>117,952</b>             | <b>190,574</b> | <b>290,911</b>             | <b>341,493</b> |
| Income tax expense  | (4,357)                    | (3,857)        | (7,897)                    | (6,236)        |
| <b>NET PROFIT FOR THE PERIOD</b>  | <b>113,595</b>             | <b>186,717</b> | <b>283,014</b>             | <b>335,257</b> |
| Profit attributable to:   |                            |                |                            |                |
| Owners of the Company   | 112,060                    | 184,665        | 280,245                    | 332,969        |
| Non-controlling interests   | 1,535                      | 2,052          | 2,769                      | 2,288          |
|   | 113,595                    | 186,717        | 283,014                    | 335,257        |
| Earnings per share for profit attributable to owners of the Company (sen) |                            |                |                            |                |
| Basic   | 26.88                      | 44.12          | 67.23                      | 79.55          |
| 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 2011.

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

**Condensed Consolidated Statement of Comprehensive Income**

|  | Individual Quarter         |                | Cumulative Quarter         |                |
|--|----------------------------|----------------|----------------------------|----------------|
|  | 3 months ended<br>31 March |                | 6 months ended<br>31 March |                |
|  | 2012                       | 2011           | 2012                       | 2011           |
|  | RM'000                     | RM'000         | RM'000                     | RM'000         |
| <b>Net profit for the period</b>                             | <b>113,595</b>             | <b>186,717</b> | <b>283,014</b>             | <b>335,257</b> |
| Other comprehensive income/(loss)                            |                            |                |                            |                |
| Net fair value gain on available-for-sale investments        | 1,252                      | 259            | 768                        | 2              |
| Foreign currency translation differences                     | (5,139)                    | 579            | (8,213)                    | 2,647          |
| Share of other comprehensive income of associates            | 90,690                     | (680)          | 59,017                     | 58,179         |
| <b>Other comprehensive income for the period, net of tax</b> | <b>86,803</b>              | <b>158</b>     | <b>51,572</b>              | <b>60,828</b>  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>             | <b>200,398</b>             | <b>186,875</b> | <b>334,586</b>             | <b>396,085</b> |
| Total comprehensive income attributable to:                  |                            |                |                            |                |
| Owners of the Company  | 198,902                    | 184,820        | 331,874                    | 393,784        |
| Non-controlling interests                                    | 1,496                      | 2,055          | 2,712                      | 2,301          |
|  | <b>200,398</b>             | <b>186,875</b> | <b>334,586</b>             | <b>396,085</b> |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2011.

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

|                             | <b>At<br/>31<br/>March<br/>2012</b> | <b>At<br/>30<br/>September<br/>2011</b> |
|-----------------------------|-------------------------------------|---|
|                             | <b>RM'000</b>                       | <b>RM'000</b>                           |
| <b>ASSETS</b>               |                                     |   |
| <b>Non-current assets</b>   |                                     |   |
| Property, plant & equipment | 223,651                             | 216,923                                 |
| Investment properties       | 54,372                              | 55,410                                  |
| Land use rights             | 4,086                               | 4,381                                   |
| Biological assets           | 57,855                              | 61,512                                  |
| Intangible asset            | 12,149                              | 12,356                                  |
| Investment in associates    | 3,124,300                           | 3,153,699                               |
| Other investments           | 19,436                              | 18,668                                  |
| Deferred tax assets         | 409                                 | 1,535                                   |
| Other receivables           | 28,308                              | 27,753                                  |
|                             | <u>3,524,566</u>                    | <u>3,552,237</u>                        |
| <b>Current assets</b>       |                                     |   |
| Inventories                 | 43,768                              | 34,882                                  |
| Trade and other receivables | 90,011                              | 75,811                                  |
| Tax recoverable             | 1,443                               | 3,021                                   |
| Derivative assets           | -                                   | 31                                      |
| Short term trust funds      | 60,662                              | 53,295                                  |
| Term deposits               | 29,660                              | 29,250                                  |
| Cash and bank balances      | 51,429                              | 68,195                                  |
|                             | <u>276,973</u>                      | <u>264,485</u>                          |
| <b>TOTAL ASSETS</b>         | <b><u>3,801,539</u></b>             | <b><u>3,816,722</u></b>                 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2011.

**Interim Financial Report for the second quarter ended 31 March 2012**  
(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

|   | <b>At<br/>31<br/>March<br/>2012</b> | <b>At<br/>30<br/>September<br/>2011</b> |
|---|-------------------------------------|---|
|   | <b>RM'000</b>                       | <b>RM'000</b>                           |
| <b>EQUITY AND LIABILITIES</b>                                   |                                     |   |
| <b>Current liabilities</b>                                      |                                     |   |
| Trade and other payables  | 28,296                              | 40,143                                  |
| Provision for retirement benefits                               | 136                                 | 182                                     |
| Taxation  | 841                                 | 1                                       |
| Loans and borrowings  | 8,000                               | 8,000                                   |
| Derivative liabilities  | 27                                  | -                                       |
|   | <u>37,300</u>                       | <u>48,326</u>                           |
| <b>Net current assets</b>                                       | <b><u>239,673</u></b>               | <b><u>216,159</u></b>                   |
| <b>Non-current liabilities</b>                                  |                                     |   |
| Provision for retirement benefits                               | 3,538                               | 3,355                                   |
| Deferred tax liabilities  | 7,162                               | 3,525                                   |
| Loans and borrowings  | 23,651                              | 27,651                                  |
|   | <u>34,351</u>                       | <u>34,531</u>                           |
| <b>Total liabilities</b>  | <b><u>71,651</u></b>                | <b><u>82,857</u></b>                    |
| <b>Net assets</b>   | <b><u>3,729,888</u></b>             | <b><u>3,733,865</u></b>                 |
| <b>Equity attributable to owners of the Company</b>             |                                     |   |
| Share capital   | 435,951                             | 435,951                                 |
| Treasury shares   | (183,824)                           | (182,218)                               |
| Reserves  | 3,414,376                           | 3,415,981                               |
|   | <u>3,666,503</u>                    | <u>3,669,714</u>                        |
| Non-controlling interests                                       | 63,385                              | 64,151                                  |
| <b>Total equity</b>   | <b><u>3,729,888</u></b>             | <b><u>3,733,865</u></b>                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b><u>3,801,539</u></b>             | <b><u>3,816,722</u></b>                 |
| Net assets per share attributable to owners of the Company (RM) | 8.80                                | 8.80                                    |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2011.

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

**Condensed Consolidated Statement of Changes in Equity**

|   | ← Attributable to Owners of the Company → |                  |                     |                  |                              |                    |                 |                   | Total            | Non-controlling interests | Total equity     |
|---|---|------------------|---------------------|------------------|------------------------------|--------------------|-----------------|-------------------|------------------|---------------------------|------------------|
|   | ← Non-distributable →                     |                  |                     |                  | ← Distributable →            |                    |                 |                   |                  |                           |                  |
|   | Share capital                             | Treasury shares  | Revaluation reserve | Capital reserve* | Exchange fluctuation reserve | Fair value reserve | General reserve | Retained earnings |                  |                           |                  |
| RM'000                                      | RM'000                                    | RM'000           | RM'000              | RM'000           | RM'000                       | RM'000             | RM'000          | RM'000            | RM'000           | RM'000                    |                  |
| At 1 October 2011                           | 435,951                                   | (182,218)        | 706                 | 520,265          | (123)                        | (695)              | 87,837          | 2,807,991         | 3,669,714        | 64,151                    | 3,733,865        |
| Total comprehensive income for the period   | -   | -                | -                   | (200)            | (8,156)                      | 768                | 59,217          | 280,245           | 331,874          | 2,712                     | 334,586          |
| Transaction with owners:                    |   |                  |                     |                  |                              |                    |                 |                   |                  |                           |                  |
| Share buy back                              | -   | (1,606)          | -                   | -                | -                            | -                  | -               | -                 | (1,606)          | -                         | (1,606)          |
| Acquisition of minority interests           | -   | -                | -                   | -                | -                            | -                  | -               | -                 | -                | (154)                     | (154)            |
| Dividends paid                              | -   | -                | -                   | -                | -                            | -                  | -               | (333,479)         | (333,479)        | -                         | (333,479)        |
| Dividends paid to non-controlling interests | -   | -                | -                   | -                | -                            | -                  | -               | -                 | -                | (3,324)                   | (3,324)          |
| Transfer of reserves                        | -   | -                | -                   | -                | -                            | -                  | -               | -                 | -                | -                         | -                |
|   | -   | (1,606)          | -                   | -                | -                            | -                  | -               | (333,479)         | (335,085)        | (3,478)                   | (338,563)        |
| <b>At 31 March 2012</b>                     | <b>435,951</b>                            | <b>(183,824)</b> | <b>706</b>          | <b>520,065</b>   | <b>(8,279)</b>               | <b>73</b>          | <b>147,054</b>  | <b>2,754,757</b>  | <b>3,666,503</b> | <b>63,385</b>             | <b>3,729,888</b> |

\* Included in Capital Reserve is RM248,993,000 which is distributable.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2011

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

## Condensed Consolidated Statement of Changes in Equity

|   | ←——— Attributable to Owners of the Company ———→ |                  |                     |                  |                              |                    |                 |                   | Total            | Non-controlling interests | Total equity     |
|---|---|------------------|---------------------|------------------|------------------------------|--------------------|-----------------|-------------------|------------------|---------------------------|------------------|
|   | ←——— Non-distributable ———→                     |                  |                     |                  | ←——— Distributable ———→      |                    |                 |                   |                  |                           |                  |
|   | Share capital                                   | Treasury shares  | Revaluation reserve | Capital reserve* | Exchange fluctuation reserve | Fair value reserve | General reserve | Retained earnings |                  |                           |                  |
| RM'000                                      | 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   | (146,619)        | 708                 | 520,105          | (4,625)                      | -                  | 25,100          | 2,299,954         | 3,130,574        | 58,407                    | 3,188,981        |
| Effects of adopting FRS139                  | -   | -                | -                   | -                | -                            | (6,029)            | 10,979          | 6,438             | 11,388           | -                         | 11,388           |
| As restated                                 | 435,951   | (146,619)        | 708                 | 520,105          | (4,625)                      | (6,029)            | 36,079          | 2,306,392         | 3,141,962        | 58,407                    | 3,200,369        |
| Total comprehensive income for the period   | -   | -                | -                   | 66               | 2,633                        | 2                  | 58,114          | 332,969           | 393,784          | 2,301                     | 396,085          |
| Transaction with owners:                    |   |                  |                     |                  |                              |                    |                 |                   |                  |                           |                  |
| Share buy back                              | -   | (17,789)         | -                   | -                | -                            | -                  | -               | -                 | (17,789)         | -                         | (17,789)         |
| Dividends paid                              | -   | -                | -                   | -                | -                            | -                  | -               | (209,201)         | (209,201)        | -                         | (209,201)        |
| Dividends paid to non-controlling interests | -   | -                | -                   | -                | -                            | -                  | -               | -                 | -                | (1,722)                   | (1,722)          |
| Transfer of reserves                        | -   | -                | (2)                 | -                | -                            | -                  | -               | 2                 | -                | -                         | -                |
|   | -   | (17,789)         | (2)                 | -                | -                            | -                  | -               | (209,199)         | (226,990)        | (1,722)                   | (228,712)        |
| <b>At 31 March 2011</b>                     | <b>435,951</b>                                  | <b>(164,408)</b> | <b>706</b>          | <b>520,171</b>   | <b>(1,992)</b>               | <b>(6,027)</b>     | <b>94,193</b>   | <b>2,430,162</b>  | <b>3,308,756</b> | <b>58,986</b>             | <b>3,367,742</b> |

\* Included in Capital Reserve is RM249,099,000 which is distributable.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2011.

**Interim Financial Report for the second quarter ended 31 March 2012**  
(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

|  | <b>6 months ended 31 March</b> |                |
|--|--------------------------------|----------------|
|  | <b>2012</b>                    | <b>2011</b>    |
|  | <b>RM'000</b>                  | <b>RM'000</b>  |
| <b>Cash flows from operating activities</b>            |                                |                |
| Profit before tax                                      | 290,911                        | 341,493        |
| Adjustments for:                                       |                                |                |
| Non-cash items   | 16,504                         | 12,184         |
| Non-operating items                                    | (260,305)                      | (319,473)      |
| Operating cash flows before changes in working capital | 47,110                         | 34,204         |
| Changes in working capital                             |                                |                |
| Net change in receivables                              | (15,211)                       | (4,734)        |
| Net change in other current assets                     | (9,155)                        | (5,972)        |
| Net change in payables                                 | (11,971)                       | 3,739          |
| Cash flows from operations                             | 10,773                         | 27,237         |
| Interest received                                      | 647                            | 476            |
| Interest paid  | (722)                          | (749)          |
| Tax paid   | (269)                          | (2,042)        |
| Retirement benefits paid                               | (200)                          | -              |
| <b>Net cash flows from operating activities</b>        | <b>10,229</b>                  | <b>24,922</b>  |
| <b>Cash flows from investing activities</b>            |                                |                |
| Proceeds from sale of property, plant and equipment    | 29                             | 326            |
| Share buy back   | (1,606)                        | (17,789)       |
| Purchase of property, plant and equipment              | (20,669)                       | (48,770)       |
| Purchase of shares from non-controlling interests      | (144)                          | -              |
| Subsequent expenditure on investment property          | (70)                           | -              |
| Land use rights  | (10)                           | -              |
| Additions to biological assets                         | (960)                          | (2,113)        |
| Dividends received                                     | 347,730                        | 226,257        |
| <b>Net cash flows from investing activities</b>        | <b>324,300</b>                 | <b>157,911</b> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2011.



**Interim Financial Report for the second quarter ended 31 March 2012**  
(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

|  | <b>6 months ended 31 March</b> |                  |
|--|--------------------------------|------------------|
|  | <b>2012</b>                    | <b>2011</b>      |
|  | <b>RM'000</b>                  | <b>RM'000</b>    |
| <b>Cash flows from financing activities</b>        |                                |                  |
| Dividends paid to shareholders of the Company      | (333,479)                      | (209,201)        |
| Dividends paid to non-controlling interests        | (3,324)                        | (1,722)          |
| Repayment of term loans                            | (4,000)                        | (4,000)          |
| Increase in other receivables                      | (2,240)                        | (2,782)          |
| Proceeds from term loan                            | -                              | 12,082           |
| <b>Net cash flows used in financing activities</b> | <b>(343,043)</b>               | <b>(205,623)</b> |
| Net decrease in cash and cash equivalents          | (8,514)                        | (22,790)         |
| Effects of exchange rate changes                   | (475)                          | (48)             |
| Cash and cash equivalents at 1 October             | 150,740                        | 205,768          |
| <b>Cash and cash equivalents at 31 March</b>       | <b>141,751</b>                 | <b>182,930</b>   |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2011.

**Interim Financial Report for the second quarter ended 31 March 2012**

(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 2011. 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 2011 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 2011:

- Effective for financial periods beginning on or after 31 December 2010:  
*TR 3 Guidance on Disclosure of Transition to IFRSs*
- Effective for financial periods beginning on or after 1 January 2011:  
*Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters*  
*Amendments to FRS 1 Additional Exemptions for First-time Adopters*  
*Amendments to FRS 2 Group Cash-Settled Share-based Payment Transactions*  
*Amendments to FRS 7 Improving Disclosures about Financial Instruments*  
*IC Interpretation 4 Determining whether an Arrangement contains a Lease*  
*IC Interpretation 18 Transfer of Assets from Customers*  
*TR i-4 Shariah Compliant Sale Contracts*  
*Improvements to FRS issued in 2010*
- Effective for financial periods beginning on or after 1 July 2011:  
*Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement*  
*IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instrument*

Amendments to FRS 2, IC Interpretation 18 and 19 are not applicable to the Group.

The application of other amendments to FRSs and IC Interpretations has no significant effect to the financial statements of the Group.

**A3. Seasonal and cyclical operations**

The Group’s operations are affected to the extent that the operations of its plantation 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 second quarter ended 31 March 2012**

(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 100,900 in the Company from the open market. The average price paid for the shares repurchased was RM15.85 per share and the total consideration paid, including transaction costs, was RM1,605,661. The shares bought back were financed by internally generated funds and held as treasury shares.

**A7. Dividends paid**

|  | <b>6 months ended<br/>31 March</b> |                        |
|--|------------------------------------|------------------------|
|  | <b>2012<br/>RM'000</b>             | <b>2011<br/>RM'000</b> |
| Dividends proposed in financial year ("FY") 2011, paid in FY 2012: |                                    |                        |
| Final 80 sen per share single tier                                 | 333,479                            | -                      |
| Dividends proposed in FY 2010, paid in FY 2011:                    |                                    |                        |
| Final 50 sen per share single tier                                 | -                                  | 209,201                |
|  | <u>333,479</u>                     | <u>209,201</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

|   | <b>Investment<br/>Holding</b> | <b>Chemicals</b> | <b>Investment<br/>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>       |
| <b>6 months ended<br/>31 March 2012</b> |                               |                  |                                |                    |                    |                     |
| <b>Revenue</b>                          |                               |                  |                                |                    |                    |                     |
| External revenue                        | 856                           | 141,356          | 3,096                          | 22,026             | -                  | 167,334             |
| Inter-segment revenue                   | 14,185                        | -                | -                              | -                  | (14,185)           | -                   |
| Total revenue                           | <u>15,041</u>                 | <u>141,356</u>   | <u>3,096</u>                   | <u>22,026</u>      | <u>(14,185)</u>    | <u>167,334</u>      |
| <b>Results</b>                          |                               |                  |                                |                    |                    |                     |
| Operating results                       | 12,779                        | 19,711           | 1,669                          | 12,944             | (14,185)           | 32,918              |
| Finance cost                            | -                             | (248)            | (474)                          | (4,547)            | 4,547              | (722)               |
| Share of results of associates          | 258,852                       | (137)            | -                              | -                  | -                  | 258,715             |
| Segment results                         | <u>271,631</u>                | <u>19,326</u>    | <u>1,195</u>                   | <u>8,397</u>       | <u>(9,638)</u>     | <u>290,911</u>      |
| Profit before tax                       |                               |                  |                                |                    |                    | <u>290,911</u>      |

**Interim Financial Report for the second quarter ended 31 March 2012**

(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>       |
| <b>6 months ended 31 March 2011</b> |                           |                  |                            |                    |                    |                     |
| Revenue                             |                           |                  |                            |                    |                    |                     |
| External revenue                    | 3,009                     | 116,253          | 1,991                      | 14,693             | -                  | 135,946             |
| Inter-segment revenue               | 12,887                    | -                | -                          | -                  | (12,887)           | -                   |
| <b>Total revenue</b>                | <b>15,896</b>             | <b>116,253</b>   | <b>1,991</b>               | <b>14,693</b>      | <b>(12,887)</b>    | <b>135,946</b>      |
| Results                             |                           |                  |                            |                    |                    |                     |
| Operating results                   | 14,407                    | 17,114           | 615                        | 7,254              | (12,887)           | 26,503              |
| Finance cost                        | -                         | (80)             | (657)                      | (4,054)            | 4,054              | (737)               |
| Share of results of associates      | 315,729                   | (2)              | -                          | -                  | -                  | 315,727             |
| <b>Segment results</b>              | <b>330,136</b>            | <b>17,032</b>    | <b>(42)</b>                | <b>3,200</b>       | <b>(8,833)</b>     | <b>341,493</b>      |
| Profit before tax                   |                           |                  |                            |                    |                    | <b>341,493</b>      |

**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 31 March 2012</b> |                           |                  |                            |                    |                     |
| Operating assets        | 123,537                   | 364,663          | 55,458                     | 131,729            | 675,387             |
| Associates              | 3,122,837                 | 1,463            | -                          | -                  | 3,124,300           |
| <b>Segment assets</b>   | <b>3,246,374</b>          | <b>366,126</b>   | <b>55,458</b>              | <b>131,729</b>     | <b>3,799,687</b>    |
| Tax assets              |                           |                  |                            |                    | 1,852               |
| <b>Total assets</b>     |                           |                  |                            |                    | <b>3,801,539</b>    |
| <b>At 31 March 2011</b> |                           |                  |                            |                    |                     |
| Operating assets        | 126,913                   | 337,381          | 60,819                     | 107,960            | 633,073             |
| Associates              | 2,816,746                 | 1,735            | -                          | -                  | 2,818,481           |
| <b>Segment assets</b>   | <b>2,943,659</b>          | <b>339,116</b>   | <b>60,819</b>              | <b>107,960</b>     | <b>3,451,554</b>    |
| Tax assets              |                           |                  |                            |                    | 2,471               |
| <b>Total assets</b>     |                           |                  |                            |                    | <b>3,454,025</b>    |

**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**

During the current quarter and financial year to-date, there were no changes to the composition of the Group, except for the Group's shareholding in Malay-Sino Chemical Industries Sdn Bhd increased to 85.58% from 85.52%.

There were no material effects on the results of the Group arising from the above changes for the current quarter and financial year to-date.

**Interim Financial Report for the second quarter ended 31 March 2012**

(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 2011.

**A12. Capital commitments**

At the end of the reporting period, the Group's capital commitments were as follows:

|                                    | At<br>31 March<br>2012<br>RM'000 | At<br>30 September<br>2011<br>RM'000 |
|------------------------------------|----------------------------------|--------------------------------------|
| Authorised and contracted for:     |                                  |                                      |
| Property, plant and equipment      | 43,186                           | 19,038                               |
| Authorised but not contracted for: |                                  |                                      |
| Property, plant and equipment      | 95,770                           | 76,494                               |
| Total capital commitments          | 138,956                          | 95,532                               |

**A13. Significant Related Party Transactions**

The following significant related party transactions of the Group have been entered into in the ordinary course of business at prices mutually agreed upon between the parties on terms not more favourably to the related party than those generally available to the public and are not detrimental to the non-controlling interests of the Company:

|  | Cumulative Quarter<br>6 months ended<br>31 March |                |
|--|--|----------------|
|  | 2012<br>RM'000                                   | 2011<br>RM'000 |
| a) Transactions with associates and their related companies:   |  |                |
| Sales of finished goods to:  |  |                |
| BASF See Sen Sdn Bhd   | 973  | 1,403          |
| Rental income of premises from:  |  |                |
| KL-Kepong Industrial Holdings Sdn Bhd  | 524  | 522            |
| Kuala Lumpur Kepong Berhad   | 519  | 519            |
| Sales of fresh fruit bunches to:   |  |                |
| PT Hutan Hijau Mas   | 20,960   | 13,839         |
| b) Transactions with other related parties being companies in which persons connected with certain Directors have significant interests: |  |                |
| Purchase of raw materials and finished goods from:   |  |                |
| Taiko Marketing Sdn Bhd  | 2,101  | 2,021          |
| Taiko Marketing (S) Pte Ltd  | 10,749   | -              |
| Freight income earned from:  |  |                |
| Taiko Marketing Sdn Bhd  | 566  | 961            |
| Taiko Acid Works Sdn Bhd   | 598  | 508            |
| Sales of indirect materials and finished goods to:   |  |                |
| Taiko Marketing Sdn Bhd  | 84,014   | 61,078         |
| Taiko Marketing (S) Pte Ltd  | 394  | 1,801          |
| Chlor-Al Chemical Pte Ltd  | 11,188   | 8,983          |
| Premier Bleaching Earth Sdn Bhd  | 2,744  | 2,154          |
| Taiko Acid Works Sdn Bhd   | 2,380  | -              |
| Sales commissions charged by:  |  |                |
| Taiko Marketing Sdn Bhd  | 635  | 473            |

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

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

**B1. Detailed analysis of performance  
2<sup>nd</sup> Quarter FY 2012 vs 2<sup>nd</sup> Quarter FY 2011**

The Group revenue for the current quarter under review was RM83.1 million, 19% higher than RM69.8 million in the corresponding quarter last year. All segments reported higher revenues except for Investment Holding. However, Group profit before tax dropped 38% to RM118.0 million (2011: RM190.6 million) with lower profit contribution from our plantation associate, KLK while all other segments reported higher profits.

After equity accounting of KLK's results, profit before tax from Investment Holding was RM111.2 million, 40% lower (2011: RM184.9 million), mainly due to KLK's lower profit contribution resulting from lower commodity selling prices.

Chemicals sector reported a 14% increase in revenue to RM68.5 million from RM60.0 million due to higher revenues from higher sales volumes and higher products' selling prices. However, profit before tax was lower at RM9.9 million (2011: RM12.2 million) due to higher production costs resulting from higher repair costs. The current quarter's profit also benefited from a RM2.6 million (2011: Nil) compensation received for deferred deliveries of chemical product.

Investment Property sector's revenue was RM1.6 million, 45% higher compared to the RM1.1 million reported last corresponding quarter, mainly due to higher occupancy rate which resulted in a profit before tax of RM594,000 (2011: RM11,000 loss).

Our Indonesian Plantations' subsidiary recorded a 58% higher revenue at RM12.6 million (2011: RM8.0 million) due to higher FFB crop harvested (2012: 19,561 mt vs 2011: 11,592 mt) from an increased mature area of 3,087 ha (2011: 2,516 ha). Profit before tax increased 142% to RM5.8 million from RM2.4 million last corresponding quarter.

**Todate 2<sup>nd</sup> Quarter FY 2012 vs Todate 2<sup>nd</sup> Quarter FY 2011**

For the first half financial year 2012, Group profit before tax decreased 15% to RM290.9 million from the RM341.5 million reported last year, despite a 23% increase in revenue. All segments reported higher profits except for Investment Holding.

Revenue from Investment Holding was lower at RM15.0 million (2011: RM15.9 million) due to reduced surplus cash invested in short term trust funds and lower dividend income. Profit before tax, after equity accounting of KLK's results, was RM271.6 million (2011: RM330.1 million), decreased 18% with KLK contributing a lower profit due to lower commodity selling prices.

Chemicals sector's revenue was RM141.4 million, 22% higher than the RM116.3 million reported last corresponding period with higher sales volumes and higher products' selling prices, which resulted in a higher profit before tax at RM19.3 million (2011: RM17.0 million). The current period's profit also benefited from a RM5.2 million (2011: Nil) compensation received for deferred deliveries of chemical product.

Profit before tax of Investment Property sector rose to RM1.2 million (2011: RM42,000 loss) resulting from higher revenue at RM3.1 million (2011: RM2.0 million), contributed by increase in occupancy rate.

Revenue of our Indonesian Plantations' subsidiary improved 50% to RM22.0 million (2011: RM14.7 million) due to higher FFB crop harvested (2012: 35,678 mt vs 2011: 22,149 mt) from an increased mature area of 3,087 ha (2011: 2,364 ha). Profit before tax increased 163% to RM8.4 million from RM3.2 million last corresponding period.

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

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

Pre-tax profit for the current quarter of RM118.0 million was lower than the RM173.0 million reported in the preceding quarter. This was mainly due to our plantation associate's (KLK) lower profit contribution resulting from lower plantation profit.

**B3. Current year's prospects**

The Group's profit for the financial year ending 30 September 2012 is expected to be satisfactory despite current palm oil price volatility which will affect our plantation associate (KLK). Palm oil price is currently reasonably well supported by strong fundamentals, with adverse weather affecting competing oilseeds crops supply.

Profit from Chemicals sector is expected to be sustained due to expected growth in sales volumes despite higher production costs.

**B4. Variance of actual profit from forecast profit**

The Group did not issue any forecast profit or profit guarantee for the quarter ended 31 March 2012.

**B5. Income tax expense**

|  | Individual Quarter         |        | Cumulative Quarter         |        |
|--|----------------------------|--------|----------------------------|--------|
|  | 3 months ended<br>31 March |        | 6 months ended<br>31 March |        |
|  | 2012                       | 2011   | 2012                       | 2011   |
|  | RM'000                     | RM'000 | RM'000                     | RM'000 |
| Current tax  |                            |        |                            |        |
| Malaysian income tax   | 1,484                      | 3,140  | 2,701                      | 4,967  |
| Foreign income tax   | 222                        | 205    | 455                        | 405    |
|  | 1,706                      | 3,345  | 3,156                      | 5,372  |
| Deferred tax   |                            |        |                            |        |
| Relating to origination and reversal of<br>temporary differences | 2,651                      | 557    | 4,741                      | 909    |
|  | 2,651                      | 557    | 4,741                      | 909    |
| Over provision in respect of previous years                      |                            |        |                            |        |
| Malaysian income tax   | -                          | (45)   | -                          | (45)   |
|  | -                          | (45)   | -                          | (45)   |
|  | 4,357                      | 3,857  | 7,897                      | 6,236  |

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

**B6. Status of corporate proposals**

No announced corporate proposals are outstanding.

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

**B7. Group borrowings**

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

|                             | <b>At<br/>31 March<br/>2012</b> | <b>At<br/>30 September<br/>2011</b> |
|-----------------------------|---------------------------------|-------------------------------------|
|                             | <b>RM'000</b>                   | <b>RM'000</b>                       |
| Repayable within 12 months: |                                 |                                     |
| Secured term loans          | 8,000                           | 8,000                               |
| Repayable after 12 months:  |                                 |                                     |
| Secured term loans          | 11,569                          | 15,569                              |
| Unsecured term loan         | 12,082                          | 12,082                              |
|                             | <u>23,651</u>                   | <u>27,651</u>                       |
| Total Group borrowings      | <u>31,651</u>                   | <u>35,651</u>                       |

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

**B8. 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 March 2012, the values and maturity analysis of the outstanding forward foreign exchange contracts of the Group are as follows:

|   | <b>Contract /<br/>Notional<br/>Value</b> | <b>Fair value<br/>Net losses</b> |
|---|--|----------------------------------|
|   | <b>RM'000</b>                            | <b>RM'000</b>                    |
| Outstanding forward foreign exchange contracts: |  |                                  |
| Less than 1 year                                | 3,045                                    | (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 March 2012, 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.

**B9. 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 second quarter ended 31 March 2012**

(The figures have not been audited)

**B10. Breakdown of realised and unrealised profits or losses**

|   | At<br>31 March<br>2012<br>RM'000 | At<br>30 September<br>2011<br>RM'000 |
|---|----------------------------------|--------------------------------------|
| Total retained profits of Batu Kawan Berhad and its subsidiaries: |                                  |                                      |
| - Realised  | 749,159                          | 716,623                              |
| - Unrealised  | (7,076)                          | (1,695)                              |
|   | <u>742,083</u>                   | <u>714,928</u>                       |
| Total share of retained profits from associates:                  |                                  |                                      |
| - Realised  | 2,089,712                        | 2,134,832                            |
| - Unrealised  | (34,355)                         | 8,805                                |
|   | <u>2,055,357</u>                 | <u>2,143,637</u>                     |
| Less: Consolidation adjustments                                   | (42,683)                         | (50,574)                             |
| Total group retained profits as per consolidated accounts         | <u>2,754,757</u>                 | <u>2,807,991</u>                     |

**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) An interim single tier dividend of 15 sen per share has been declared by the Directors in respect of the financial year ending 30 September 2012 (2011: single tier dividend of 15 sen per share) and will be paid on 10 August 2012 to shareholders registered in the Company's Register as at 16 July 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 12 July 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 16 July 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 15 sen per share (2011: single tier dividend of 15 sen per share).

**B13. Earnings Per Share**
*Basic earnings per share*

The earnings per share is calculated by dividing the net profit for the period attributable to owners 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<br>31 March |                | 6 months ended<br>31 March |                |
|  | 2012<br>RM'000             | 2011<br>RM'000 | 2012<br>RM'000             | 2011<br>RM'000 |
| Net profit for the period attributable to owners of the Company (RM'000) | 112,060                    | 184,665        | 280,245                    | 332,969        |
| Weighted average number of shares ('000)                                 | 416,868                    | 418,591        | 416,868                    | 418,591        |
| Earnings per share (sen)   | 26.88                      | 44.12          | 67.23                      | 79.55          |

**Interim Financial Report for the second quarter ended 31 March 2012**

(The figures have not been audited)

**B14. Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the year ended 30 September 2011 was not subject to any qualifications.

**B15. Notes to the Condensed Consolidated Income Statement**

Total comprehensive income for the period is arrived at after charging/(crediting) the following items:

|  | <b>Individual Quarter</b> |               | <b>Cumulative Quarter</b> |               |
|--|---------------------------|---------------|---------------------------|---------------|
|  | <b>3 months ended</b>     |               | <b>6 months ended</b>     |               |
|  | <b>31 March</b>           |               | <b>31 March</b>           |               |
|  | <b>2012</b>               | <b>2011</b>   | <b>2012</b>               | <b>2011</b>   |
|  | <b>RM'000</b>             | <b>RM'000</b> | <b>RM'000</b>             | <b>RM'000</b> |
| Interest income  | (937)                     | (695)         | (1,744)                   | (1,281)       |
| Dividend income  | (273)                     | (720)         | (599)                     | (3,104)       |
| Other income   | (3,871)                   | (3,017)       | (7,083)                   | (3,737)       |
| Interest expense   | 351                       | 397           | 722                       | 737           |
| Depreciation and amortisation                            | 8,018                     | 5,526         | 16,123                    | 10,893        |
| Provision for and write-off of receivables               | -                         | -             | -                         | -             |
| Provision for and write-off of inventories               | -                         | -             | -                         | -             |
| (Gain)/loss on disposal of quoted or unquoted investment | -                         | -             | -                         | -             |
| (Gain)/loss on disposal of properties                    | -                         | -             | -                         | (107)         |
| Impairment of assets                                     | -                         | -             | -                         | -             |
| Foreign exchange (gain)/loss                             | 210                       | 65            | 651                       | 48            |
| (Gain)/loss on derivatives                               | (8)                       | 33            | 18                        | 54            |
| Exceptional items  | -                         | -             | -                         | -             |

By Order of the Board

CHONG SEE TECK  
MD SHAIZATUL AZAM  
Company Secretaries

24 May 2012