

# **BATU KAWAN BERHAD**

(6292-U)  
(Incorporated in Malaysia)

**Interim Financial Report  
For the year ended 30 September 2012**

**Interim Financial Report for the year ended 30 September 2012**

(The figures have not been audited)

**Condensed Consolidated Income Statement**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	86,707	74,253	336,541	283,140
Operating expenses	(77,245)	(65,415)	(292,455)	(239,215)
Other operating income	6,078	6,170	19,102	11,147
Finance cost	(439)	(360)	(1,481)	(1,307)
Share of results of associates	196,703	214,391	563,937	731,591
<b>Profit before tax</b>	<b>211,804</b>	<b>229,039</b>	<b>625,644</b>	<b>785,356</b>
Income tax expense	(3,164)	10,765	(13,701)	1,967
<b>NET PROFIT FOR THE PERIOD</b>	<b>208,640</b>	<b>239,804</b>	<b>611,943</b>	<b>787,323</b>
Profit attributable to:				
Owners of the Company	206,352	235,962	605,687	779,468
Non-controlling interests	2,288	3,842	6,256	7,855
	208,640	239,804	611,943	787,323
Earnings per share for profit attributable to owners of the Company (sen)				
Basic	49.50	56.44	145.33	186.45
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 year ended 30 September 2012**

(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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	<b>208,640</b>	<b>239,804</b>	<b>611,943</b>	<b>787,323</b>
Other comprehensive income/(loss)				
Net fair value gain/(loss) on available-for-sale investments	188	(1,021)	785	(695)
Foreign currency translation differences	(7,146)	724	(14,624)	4,530
Share of other comprehensive income of associates	(35,534)	(81,441)	(124,016)	51,918
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(42,492)</b>	<b>(81,738)</b>	<b>(137,855)</b>	<b>55,753</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166,148</b>	<b>158,066</b>	<b>474,088</b>	<b>843,076</b>
Total comprehensive income attributable to:				
Owners of the Company	163,908	154,216	467,925	835,193
Non-controlling interests	2,240	3,850	6,163	7,883
	166,148	158,066	474,088	843,076

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 year ended 30 September 2012**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	<b>At 30 September 2012</b>	<b>At 30 September 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	254,460	216,923
Investment properties	53,906	55,410
Land use rights	3,853	4,381
Biological assets	58,083	61,512
Intangible asset	12,005	12,356
Investment in associates	3,172,104	3,153,699
Other investments	20,648	18,668
Deferred tax assets	982	1,535
Other receivables	30,968	27,753
	<u>3,607,009</u>	<u>3,552,237</u>
<b>Current assets</b>		
Inventories	34,244	34,882
Trade and other receivables	94,264	75,811
Tax recoverable	461	3,021
Derivative assets	6	31
Short term trust funds	4,239	53,295
Term deposits	44,527	29,250
Cash and bank balances	104,884	68,195
	<u>282,625</u>	<u>264,485</u>
<b>TOTAL ASSETS</b>	<u><b>3,889,634</b></u>	<u><b>3,816,722</b></u>

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 year ended 30 September 2012**  
(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	<b>At 30 September 2012</b>	<b>At 30 September 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	36,699	40,143
Provision for retirement benefits	165	182
Taxation	3,934	1
Loans and borrowings	10,800	8,000
Derivative liabilities	2	-
	<u>51,600</u>	<u>48,326</u>
<b>Net current assets</b>	<b>231,025</b>	<b>216,159</b>
<b>Non-current liabilities</b>		
Provision for retirement benefits	3,574	3,355
Deferred tax liabilities	11,085	3,525
Loans and borrowings	29,130	27,651
	<u>43,789</u>	<u>34,531</u>
<b>Total liabilities</b>	<b>95,389</b>	<b>82,857</b>
<b>Net assets</b>	<b>3,794,245</b>	<b>3,733,865</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	435,951	435,951
Treasury shares	(196,442)	(182,218)
Reserves	3,487,900	3,415,981
	<u>3,727,409</u>	<u>3,669,714</u>
Non-controlling interests	66,836	64,151
<b>Total equity</b>	<b>3,794,245</b>	<b>3,733,865</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,889,634</b>	<b>3,816,722</b>
Net assets per share attributable to owners of the Company (RM)	8.96	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 year ended 30 September 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	-	-	-	(2,775)	(14,531)	785	(121,241)	605,687	467,925	6,163	474,088
Transaction with owners:											
Share buy back	-	(14,224)	-	-	-	-	-	-	(14,224)	-	(14,224)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(154)	(154)
Dividends paid	-	-	-	-	-	-	-	(396,006)	(396,006)	-	(396,006)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,324)	(3,324)
Transfer of reserves	-	-	-	-	-	-	-	-	-	-	-
	-	(14,224)	-	-	-	-	-	(396,006)	(410,230)	(3,478)	(413,708)
<b>At 30 September 2012</b>	<b>435,951</b>	<b>(196,442)</b>	<b>706</b>	<b>517,490</b>	<b>(14,654)</b>	<b>90</b>	<b>(33,404)</b>	<b>3,017,672</b>	<b>3,727,409</b>	<b>66,836</b>	<b>3,794,245</b>

\* Included in Capital Reserve is RM246,418,000 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 year ended 30 September 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	-	-	-	-	-	-	10,979	416	11,395	(7)	11,388
As restated	435,951	(146,619)	708	520,105	(4,625)	-	36,079	2,300,370	3,141,969	58,400	3,200,369
Total comprehensive income for the period	-	-	-	160	4,502	(695)	51,758	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	-	-	-
	-	(35,599)	(2)	-	-	-	-	(271,847)	(307,448)	(2,132)	(309,580)
<b>At 30 September 2011</b>	<b>435,951</b>	<b>(182,218)</b>	<b>706</b>	<b>520,265</b>	<b>(123)</b>	<b>(695)</b>	<b>87,837</b>	<b>2,807,991</b>	<b>3,669,714</b>	<b>64,151</b>	<b>3,733,865</b>

\* Included in Capital Reserve is RM249,193,000 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 year ended 30 September 2012**

(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

	<b>Year ended 30 September</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	625,644	785,356
Adjustments for:		
Non-cash items	32,562	26,188
Non-operating items	(567,176)	(739,439)
Operating cash flows before changes in working capital	91,030	72,105
Changes in working capital		
Net change in receivables	(18,476)	(17,150)
Net change in other current assets	428	(10,639)
Net change in payables	(4,176)	11,373
Cash flows from operations	68,806	55,689
Interest received	1,301	1,149
Interest paid	(1,550)	(1,321)
Tax paid	1,765	(4,007)
Retirement benefits paid	(520)	(214)
<b>Net cash flows from operating activities</b>	<b>69,802</b>	<b>51,296</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	43	366
Compensation from government acquisition of land	-	300
Share buy back	(14,224)	(35,599)
Purchase of property, plant and equipment	(68,493)	(90,311)
Purchase of shares from non-controlling interests	(144)	-
Purchase of other investments	(1,195)	-
Subsequent (expenditure)/discount on investment property	(70)	11
Land use rights	(10)	-
Additions to biological assets	(5,136)	(6,677)
Dividends received	422,913	302,250
<b>Net cash flows from investing activities</b>	<b>333,684</b>	<b>170,340</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 year ended 30 September 2012**  
(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

	Year ended 30 September	
	2012	2011
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	(396,006)	(271,849)
Dividends paid to non-controlling interests	(3,234)	(2,132)
Repayment of term loans	(8,000)	(8,000)
Increase in other receivables	(4,808)	(6,800)
Proceeds from term loan	12,279	12,082
<b>Net cash flows used in financing activities</b>	<b>(399,769)</b>	<b>(276,699)</b>
Net increased/(decrease) in cash and cash equivalents	3,717	(55,063)
Effects of exchange rate changes	(807)	35
Cash and cash equivalents at 1 October	150,740	205,768
<b>Cash and cash equivalents at 30 September</b>	<b>153,650</b>	<b>150,740</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 year ended 30 September 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 and fluctuations in commodity prices.

**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 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 763,700 in the Company from the open market. The average price paid for the shares repurchased was RM18.57 per share and the total consideration paid, including transaction costs, was RM14,223,916. 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>2012 RM'000</b>	<b>2011 RM'000</b>
Interim 15 sen per share single tier (2011: 15 sen per share single tier)	62,527	62,648
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>396,006</u>	<u>271,849</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 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>Year ended 30 September 2012</b>						
<b>Revenue</b>						
External revenue	1,799	294,942	6,272	33,528	-	336,541
Inter-segment revenue	18,790	-	-	-	(18,790)	-
Total revenue	<u>20,589</u>	<u>294,942</u>	<u>6,272</u>	<u>33,528</u>	<u>(18,790)</u>	<u>336,541</u>
<b>Results</b>						
Operating results	14,901	48,897	3,271	14,909	(18,790)	63,188
Finance cost	-	(627)	(854)	(9,153)	9,153	(1,481)
Share of results of associates	564,016	(79)	-	-	-	563,937
Segment results	<u>578,917</u>	<u>48,191</u>	<u>2,417</u>	<u>5,756</u>	<u>(9,637)</u>	<u>625,644</u>
Profit before tax						<u>625,644</u>

**Interim Financial Report for the year ended 30 September 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>Year ended 30 September 2011</b>						
Revenue						
External revenue	4,715	248,001	4,442	25,982	-	283,140
Inter-segment revenue	18,298	-	-	-	(18,298)	-
<b>Total revenue</b>	<b>23,013</b>	<b>248,001</b>	<b>4,442</b>	<b>25,982</b>	<b>(18,298)</b>	<b>283,140</b>
Results						
Operating results	18,755	41,382	1,371	11,862	(18,298)	55,072
Finance cost	-	(82)	(1,225)	(8,595)	8,595	(1,307)
Share of results of associates	731,728	(137)	-	-	-	731,591
<b>Segment results</b>	<b>750,483</b>	<b>41,163</b>	<b>146</b>	<b>3,267</b>	<b>(9,703)</b>	<b>785,356</b>
Profit before tax						<u>785,356</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 2012</b>					
Operating assets	110,498	415,896	54,472	135,221	716,087
Associates	3,170,583	1,521	-	-	3,172,104
<b>Segment assets</b>	<b>3,281,081</b>	<b>417,417</b>	<b>54,472</b>	<b>135,221</b>	<b>3,888,191</b>
Tax assets					1,443
<b>Total assets</b>					<b>3,889,634</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
<b>Segment assets</b>	<b>3,267,296</b>	<b>365,779</b>	<b>56,167</b>	<b>122,924</b>	<b>3,812,166</b>
Tax assets					4,556
<b>Total assets</b>					<b>3,816,722</b>

**Interim Financial Report for the year ended 30 September 2012**

(The figures have not been audited)

**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 except for the Company had on 4 October 2012 entered into an agreement to acquire from the Vendor, Hii Eii Sing, 1,841 ordinary shares or approximately 18% equity stake in Collingwood Plantations Pte Ltd, a company incorporated in Singapore, for a cash consideration of USD3,153,633, which shall be payable on the completion of the agreement.

**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.

Subsequent to the financial year, the Company had incorporated a new wholly-owned subsidiary in British Virgin Islands, BKB Overseas Investments Ltd, which has an issued and paid-up capital of USD2 and is currently non-operational. The intended principal activity is investment holding.

**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 30 September 2012	At 30 September 2011
	RM'000	RM'000
Authorised and contracted for:		
Property, plant and equipment	21,542	19,038
Authorised but not contracted for:		
Property, plant and equipment	66,224	76,494
Total capital commitments	87,766	95,532

**Interim Financial Report for the year ended 30 September 2012**

(The figures have not been audited)

**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:

	<b>Cumulative Quarter</b>	
	<b>Year ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Transactions with associates and their related companies:		
Sales of finished goods to:		
BASF See Sen Sdn Bhd	2,808	2,623
Rental income of premises from:		
KL-Kepong Industrial Holdings Sdn Bhd	1,274	1,045
Kuala Lumpur Kepong Berhad	1,039	1,039
Sales of fresh fruit bunches to:		
PT Hutan Hijau Mas	31,498	24,109
	<b>31,498</b>	<b>24,109</b>
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	5,043	5,928
Taiko Marketing (S) Pte Ltd	18,594	14,167
Freight income earned from:		
Taiko Marketing Sdn Bhd	1,309	1,516
Sales of indirect materials and finished goods to:		
Taiko Marketing Sdn Bhd	173,959	135,234
Taiko Marketing (S) Pte Ltd	394	3,778
Chlor-Al Chemical Pte Ltd	23,476	19,118
Premier Bleaching Earth Sdn Bhd	5,563	4,727
Taiko Acid Works Sdn Bhd	2,381	-
Sales commissions charged by:		
Taiko Marketing Sdn Bhd	1,329	1,090
	<b>1,329</b>	<b>1,090</b>

**Interim Financial Report for the year ended 30 September 2012**

(The figures have not been audited)

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

**B1. Detailed analysis of performance**

**4<sup>th</sup> Quarter FY 2012 vs 4<sup>th</sup> Quarter FY 2011**

The Group revenue for the current quarter under review was RM86.7 million, 17% higher than RM74.3 million in the corresponding quarter last year. All segments reported higher revenues except for Investment Holding. However, Group profit before tax dropped 8% to RM211.8 million (2011: RM229.0 million) mainly affected by lower profit contribution from our plantation associate, KLK.

After equity accounting of KLK's results, profit before tax from **Investment Holding** was RM195.7 million, 9% lower (2011: RM215.3 million), mainly due to KLK's lower profit contribution affected by lower commodity selling prices.

**Chemicals** sector reported a 19% increase in revenue to RM79.3 million from RM66.9 million contributed by higher sales volumes and higher products' selling prices. Profit before tax was higher at RM17.1 million (2011: RM13.2 million) which benefited from a RM4.7 million (2011: Nil) non-fulfillment of chemical off-takes compensation claim against a customer.

**Investment Property** sector's revenue was RM1.6 million, 23% higher compared to the RM1.3 million reported last corresponding quarter, due to higher occupancy rate which resulted in a profit before tax of RM587,000 (2011: RM95,000).

Our Indonesian **Plantations'** subsidiary recorded revenue of RM5.4 million, similar to last corresponding period despite higher FFB crop harvested (2012: 10,737 mt vs 2011: 7,861 mt) from an increased mature area of 3,087 ha (2011: 2,516 ha) as FFB price was 23% lower. Hence, a loss of RM1.5 million (2011: RM449,000 profit) was reported.

**Todate 4<sup>th</sup> Quarter FY 2012 vs Todate 4<sup>th</sup> Quarter FY 2011**

For the financial year under review, Group profit before tax was RM625.6 million, 20% lower than the RM785.4 million reported last year, despite a 19% increase in revenue. All segments reported higher profits except for Investment Holding.

Revenue from **Investment Holding** was lower at RM20.6 million (2011: RM23.0 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 RM578.9 million (2011: RM750.5 million), decreased 23% due to KLK's lower profit from lower commodity selling prices.

**Chemicals** sector's revenue was RM294.9 million, 19% higher than the RM248.0 million reported last corresponding period, from higher sales volumes and higher products' selling prices which resulted in a higher profit before tax at RM48.2 million (2011: RM41.2 million). The current period's profit also benefited from a RM14.9 million (2011: RM4.3 million) compensation claim against a customer for non-fulfillment of chemical off-takes.

Profit before tax of **Investment Property** sector rose to RM2.4 million (2011: RM146,000) resulting from higher revenue at RM6.3 million (2011: RM4.4 million), contributed by increase in occupancy rate.

Revenue of our Indonesian **Plantations'** subsidiary improved 29% to RM33.5 million (2011: RM26.0 million) due to higher FFB crop harvested (2012: 56,855 mt vs 2011: 39,648 mt) from an increased mature area of 3,087 ha (2011: 2,440 ha). Accordingly, profit before tax increased 76% to RM5.8 million from RM3.3 million last corresponding period.

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

Pre-tax profit for the current quarter was RM211.8 million, 72% higher than the RM122.9 million reported in the preceding quarter mainly due to our plantation associate's (KLK) marginally higher after-tax profit.

**Interim Financial Report for the year ended 30 September 2012**

(The figures have not been audited)

**B3. Current year's prospects**

As profit of our plantation associate, Kuala Lumpur Kepong Berhad will be affected by global economic uncertainties and the prevailing weak palm product prices, the Group's profit for the financial year ending 30 September 2013 is expected to be lower, notwithstanding that expected profit from our Chemicals' sector may be better.

**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 2012.

**B5. Income tax expense**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	1,929	(4,774)	5,411	2,727
Foreign income tax	238	236	917	859
	<u>2,167</u>	<u>(4,538)</u>	<u>6,328</u>	<u>3,586</u>
Deferred tax				
Relating to origination and reversal of temporary differences	2,418	(6,425)	9,510	(5,686)
(Over)/Under provision in prior years	(1,421)	262	(1,421)	262
	<u>997</u>	<u>(6,163)</u>	<u>8,089</u>	<u>(5,424)</u>
Over provision in respect of previous years				
Malaysian income tax	-	(64)	(716)	(129)
	<u>-</u>	<u>(64)</u>	<u>(716)</u>	<u>(129)</u>
	<u>3,164</u>	<u>(10,765)</u>	<u>13,701</u>	<u>(1,967)</u>

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

**B6. Status of corporate proposals**

On 10 August 2012, Whitmore Holdings Sdn Bhd ("WH"), a wholly-owned subsidiary has entered into a conditional agreement to acquire from the Vendor, Damin, a 39% equity stake in PT Tekukur Indah ("PTTI"), a company established in the Republic of Indonesia, for a cash consideration of Rp1.395 billion and subject to adjustment for any difference in actual area of land which is free from "masyarakat" control. The agreement is subject to conditions precedent being fulfilled or waived (as the case may be) within eighteen months from the date of the agreement or any other date determined by the purchaser.

On 11 August 2012, WH has also entered into a call and put option agreement to acquire from Bobby Noer Rahman ("BNR"), a 51% equity stake in PTTI for a cash consideration of Rp 765 million. BNR agrees to grant a call option to WH and WH agrees to grant a put option to BNR upon the shares being legally registered in BNR's name.

The above agreements are yet to be completed.



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(The figures have not been audited)

**B7. Group borrowings**

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

	At 30 September 2012	At 30 September 2011
	RM'000	RM'000
Repayable within 12 months:		
Secured term loans	8,000	8,000
Unsecured term loan	2,800	-
	<u>10,800</u>	<u>8,000</u>
Repayable after 12 months:		
Secured term loans	7,568	15,569
Unsecured term loan	21,562	12,082
	<u>29,130</u>	<u>27,651</u>
Total Group borrowings	<u>39,930</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 30 September 2012, the values and maturity analysis of the outstanding forward foreign exchange contracts of the Group are as follows:

	Contract / Notional Value	Fair value Net gain
	RM'000	RM'000
Outstanding forward foreign exchange contracts:		
Less than 1 year	1,760	4

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 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 year ended 30 September 2012**

(The figures have not been audited)

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

	<b>At 30 September 2012</b>	<b>At 30 September 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of Batu Kawan Berhad and its subsidiaries:		
- Realised	781,811	716,623
- Unrealised	(10,017)	(1,695)
	<hr/> 771,794	<hr/> 714,928
Total share of retained profits from associates:		
- Realised	2,319,358	2,134,832
- Unrealised	(33,222)	8,805
	<hr/> 2,286,136	<hr/> 2,143,637
Less: Consolidation adjustments	(40,258)	(50,574)
Total group retained profits as per consolidated accounts	<hr/> <b>3,017,672</b>	<hr/> <b>2,807,991</b>

**B11. Material Litigation**

The BKB Group is not engaged in any material litigation either as plaintiff or defendant and the Directors of BKB do not know of any proceedings, pending or threatened against the BKB Group or of any fact likely to give rise to any proceedings which might materially affect the position or business of the BKB Group.

**B12. Dividend**

- a) A final single tier dividend of 50 sen per share has been recommended by the Directors in respect of the financial year ended 30 September 2012 (year ended 30 September 2011: single tier dividend of 80 sen per share) and subject to the shareholders' approval at the forthcoming Annual General Meeting, will be paid on 22 March 2013 to shareholders registered in the Company's Register as at 25 February 2013.

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 2013, 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 25 February 2013, 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 65 sen per share (2011: single tier dividend of 95 sen per share).

**Interim Financial Report for the year ended 30 September 2012**

(The figures have not been audited)

**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		Year ended	
	30 September		30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Net profit for the period attributable to owners of the Company (RM'000)	206,352	235,962	605,687	779,468
Weighted average number of shares ('000)	416,774	418,060	416,774	418,060
Earnings per share (sen)	49.50	56.44	145.33	186.45

**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:

	Individual Quarter		Cumulative Quarter	
	3 months ended		Year ended	
	30 September		30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,032)	(854)	(3,597)	(2,933)
Dividend income	(276)	(794)	(1,398)	(4,712)
Other income	(6,078)	(6,170)	(19,102)	(11,147)
Interest expense	439	360	1,481	1,307
Depreciation and amortisation	7,036	7,345	30,627	23,982
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	-	-	-	(407)
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	648	(526)	(74)	(523)
(Gain)/loss on derivatives	2	(26)	97	69
Exceptional items	-	-	-	-

By Order of the Board

CHONG SEE TECK  
MD SHAIZATUL AZAM  
Company Secretaries