

BATU KAWAN BERHAD

(6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
For the third quarter ended 30 June 2013**

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

Condensed Consolidated Income Statement

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	88,276	82,500	262,373	249,834
Operating expenses	(79,913)	(73,711)	(227,078)	(215,210)
Other operating income	12,367	5,941	27,184	13,024
Finance cost	(1,825)	(320)	(2,779)	(1,042)
Share of results of associates	88,182	108,519	307,349	367,234
Profit before tax	107,087	122,929	367,049	413,840
Income tax expense	7,616	(2,640)	(543)	(10,537)
NET PROFIT FOR THE PERIOD	114,703	120,289	366,506	403,303
Profit attributable to:				
Owners of the Company	110,513	119,090	358,324	399,335
Non-controlling interests	4,190	1,199	8,182	3,968
	114,703	120,289	366,506	403,303
Earnings per share for profit attributable to owners of the Company (sen)				
Basic	26.6	28.6	86.3	95.8
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 2012.

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

Condensed Consolidated Statement of Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	114,703	120,289	366,506	403,303
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Net fair value gain/(loss) on available-for-sale investments	(329)	(171)	364	597
Foreign currency translation differences	376	735	(63)	(7,478)
Share of other comprehensive income of associates	(24,099)	(147,499)	38,888	(88,482)
Total other comprehensive income for the period, net of tax	(24,052)	(146,935)	39,189	(95,363)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	90,651	(26,646)	405,695	307,940
Total comprehensive income attributable to:				
Owners of the Company	86,460	(27,857)	397,515	304,017
Non-controlling interests	4,191	1,211	8,180	3,923
	90,651	(26,646)	405,695	307,940

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2012.

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	At 30 June 2013	At 30 September 2012
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	266,818	254,460
Investment properties	53,209	53,906
Land use rights	4,211	3,853
Biological assets	68,802	58,083
Intangible asset	11,996	12,005
Investment in associates	3,204,980	3,172,104
Other investments	24,909	20,648
Deferred tax assets	842	982
Other receivables	34,067	30,577
	<u>3,669,834</u>	<u>3,606,618</u>
Current assets		
Inventories	41,756	34,244
Trade and other receivables	164,488	94,655
Tax recoverable	89	461
Derivative assets	-	6
Short term trust funds	502,130	4,239
Term deposits	98,726	44,527
Cash and bank balances	80,611	104,884
	<u>887,800</u>	<u>283,016</u>
TOTAL ASSETS	<u>4,557,634</u>	<u>3,889,634</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2012.

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	At 30 June 2013	At 30 September 2012
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	36,610	36,699
Provision for retirement benefits	38	165
Dividends payable	62,207	-
Taxation	2,524	3,934
Loans and borrowings	18,568	10,800
Derivative liabilities	40	2
	<u>119,987</u>	<u>51,600</u>
Net current assets	<u>767,813</u>	<u>231,416</u>
Non-current liabilities		
Provision for retirement benefits	3,839	3,574
Deferred tax liabilities	6,496	11,085
Loans and borrowings	525,000	29,130
	<u>535,335</u>	<u>43,789</u>
Total liabilities	<u>655,322</u>	<u>95,389</u>
Net assets	<u>3,902,312</u>	<u>3,794,245</u>
Equity attributable to owners of the Company		
Share capital	435,951	435,951
Treasury shares	(223,080)	(196,442)
Reserves	3,615,695	3,487,900
	<u>3,828,566</u>	<u>3,727,409</u>
Non-controlling interests	73,746	66,836
Total equity	<u>3,902,312</u>	<u>3,794,245</u>
TOTAL EQUITY AND LIABILITIES	<u>4,557,634</u>	<u>3,889,634</u>
Net assets per share attributable to owners of the Company (RM)	9.23	8.96

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2012.

Interim Financial Report for the third quarter ended 30 June 2013

(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 2012	435,951	(196,442)	706	517,490	(14,654)	90	(33,404)	3,017,672	3,727,409	66,836	3,794,245
Total comprehensive income for the period	-	-	-	1,144	(61)	364	37,744	358,324	397,515	8,180	405,695
Transaction with owners:											
Share buy back	-	(26,638)	-	-	-	-	-	-	(26,638)	-	(26,638)
Dividends paid	-	-	-	-	-	-	-	(207,513)	(207,513)	-	(207,513)
Dividends payable	-	-	-	-	-	-	-	(62,207)	(62,207)	-	(62,207)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,270)	(1,270)
Transfer of reserves	-	-	-	-	-	-	-	-	-	-	-
	-	(26,638)	-	-	-	-	-	(269,720)	(296,358)	(1,270)	(297,628)
At 30 June 2013	435,951	(223,080)	706	518,634	(14,715)	454	4,340	3,106,276	3,828,566	73,746	3,902,312

* Included in Capital Reserve is RM247,562,000 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 2012.

Interim Financial Report for the third quarter ended 30 June 2013

(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	-	-	-	(9,036)	(7,433)	597	(79,446)	399,335	304,017	3,923	307,940
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 payable	-	-	-	-	-	-	-	(62,527)	(62,527)	-	(62,527)
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	-	-	(3,324)	(3,324)
Transfer of reserves	-	-	-	-	-	-	-	-	-	-	-
	-	(1,606)	-	-	-	-	-	(396,006)	(397,612)	(3,478)	(401,090)
At 30 June 2012	435,951	(183,824)	706	511,229	(7,556)	(98)	8,391	2,811,320	3,576,119	64,596	3,640,715

* Included in Capital Reserve is RM240,156,000 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 2012.

Interim Financial Report for the third quarter ended 30 June 2013
(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	9 months ended 30 June	
	2013	2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	367,049	413,840
Adjustments for:		
Non-cash items	23,707	25,164
Non-operating items	(313,504)	(369,933)
Operating cash flows before changes in working capital	77,252	69,071
Changes in working capital		
Net change in receivables	511	(22,161)
Net change in other current assets	(7,498)	(9,629)
Net change in payables	1,858	(9,509)
Cash flows from operations	72,123	27,772
Interest received	1,700	887
Interest paid	(1,448)	(1,042)
Tax (paid)/refund	(5,229)	58
Retirement benefits paid	(107)	(326)
Net cash flows from operating activities	67,039	27,349
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	137	29
Share buy back	(26,638)	(1,606)
Purchase of property, plant and equipment	(33,819)	(31,413)
Purchase of other investments	(3,898)	(1,195)
Investment in an associate	(8,716)	-
Capital distribution from an investment in voluntary liquidation	4,046	-
Purchase of shares from non-controlling interests	-	(144)
Subsequent expenditure on investment property	-	(70)
Land use rights	(491)	(10)
Additions to biological assets	(12,110)	(2,259)
Dividends received	248,978	348,253
Net cash flows from investing activities	167,489	311,585

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2012.

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	9 months ended 30 June	
	2013	2012
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(207,513)	(333,479)
Dividends paid to non-controlling interests	(1,270)	(3,324)
Issuance of Islamic medium term notes	500,000	-
Repayment of term loans	(8,000)	(8,000)
Proceeds from term loan	11,638	-
Increase in other receivables	(1,632)	(2,967)
Net cash flows from/(used in) financing activities	293,223	(347,770)
Net increase/(decrease) in cash and cash equivalents	527,751	(8,836)
Effects of exchange rate changes	66	(442)
Cash and cash equivalents at 1 October	153,650	150,740
Cash and cash equivalents at 30 June	681,467	141,462

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2012.

Interim Financial Report for the third quarter ended 30 June 2013

(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 2012. 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 2012 except for the adoption of the following revised and amendments to FRSs:

FRS and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124 *Related Party Disclosures (revised)*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Amendments to FRS effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101 *Presentation of Financial Statements – Presentation of Items or Other Comprehensive Income*

The application of other revised and amendments to FRSs 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.

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 the following:

- a) share buy back of 1,474,600 shares in the Company from the open market. The average price paid for the shares repurchased was RM18.00 per share and the total consideration paid, including transaction costs, was RM26,637,713. The shares bought back were financed by internally generated funds and held as treasury shares; and
- b) on 6 June 2013, the Company implemented an issuance of RM500.0 million nominal value Islamic Medium Term Notes (“Sukuk”) under its Sukuk programme. The Sukuk’s tenure is ten (10) years, with a periodic distribution rate of 4.05% per annum, payable semi-annually.

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

A7. Dividends paid

	9 months ended 30 June	
	2013 RM'000	2012 RM'000
Dividends proposed in financial year ("FY") 2012, paid in FY 2013:		
Final 50 sen per share single tier	207,513	-
Dividends proposed in FY 2011, paid in FY 2012:		
Final 80 sen per share single tier	-	333,479
	<u>207,513</u>	<u>333,479</u>

A8. Segment information

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure.

a) Segment revenue and results

	Investment Holding	Chemicals	Investment Property	Plantations	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 June 2013						
Revenue						
External revenue	1,291	225,127	4,933	31,022	-	262,373
Inter-segment revenue	12,866	-	-	-	(12,866)	-
Total revenue	<u>14,157</u>	<u>225,127</u>	<u>4,933</u>	<u>31,022</u>	<u>(12,866)</u>	<u>262,373</u>
Results						
Operating results	14,536	48,443	2,770	9,596	(12,866)	62,479
Finance cost	(1,331)	(1,059)	(389)	(7,577)	7,577	(2,779)
Share of results of associates	307,263	86	-	-	-	307,349
Segment results	<u>320,468</u>	<u>47,470</u>	<u>2,381</u>	<u>2,019</u>	<u>(5,289)</u>	<u>367,049</u>
Profit before tax						<u>367,049</u>
9 months ended 30 June 2012						
Revenue						
External revenue	1,432	215,607	4,670	28,125	-	249,834
Inter-segment revenue	16,430	-	-	-	(16,430)	-
Total revenue	<u>17,862</u>	<u>215,607</u>	<u>4,670</u>	<u>28,125</u>	<u>(16,430)</u>	<u>249,834</u>
Results						
Operating results	15,856	31,644	2,500	14,078	(16,430)	47,648
Finance cost	-	(372)	(670)	(6,792)	6,792	(1,042)
Share of results of associates	367,388	(154)	-	-	-	367,234
Segment results	<u>383,244</u>	<u>31,118</u>	<u>1,830</u>	<u>7,286</u>	<u>(9,638)</u>	<u>413,840</u>
Profit before tax						<u>413,840</u>

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

b) Segment assets

	Investment Holding	Chemicals	Investment Property	Plantations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2013					
Operating assets	679,957	454,488	53,835	163,443	1,351,723
Associates	3,203,373	1,607	-	-	3,204,980
Segment assets	<u>3,883,330</u>	<u>456,095</u>	<u>53,835</u>	<u>163,443</u>	<u>4,556,703</u>
Tax assets					931
Total assets					<u>4,557,634</u>
At 30 June 2012					
Operating assets	194,081	378,270	54,999	136,299	763,649
Associates	3,009,489	1,446	-	-	3,010,935
Segment assets	<u>3,203,570</u>	<u>379,716</u>	<u>54,999</u>	<u>136,299</u>	<u>3,774,584</u>
Tax assets					1,045
Total assets					<u>3,775,629</u>

A9. Material events subsequent to end of period

In the interval between the end of the reporting period and this report date, no material events have arisen which have not been reflected in the financial statements for the said period.

A10. Changes in composition of the Group

During the current quarter and financial year to-date, there were no changes to the composition of the Group, except for the following:

- c) on 4 Oct 2012, the Company incorporated a wholly-owned British Virgin Islands subsidiary, BKB Overseas Investments Ltd, which has an issued and paid-up capital of USD2. The principal activity is investment holding; and
- d) acquisition of an 18% equity stake in Collingwood Plantations Pte Ltd ("Collingwood"), a company incorporated in Singapore, which becomes an associate of the Group after taking into account the Company plantation associate, Kuala Lumpur Kepong Bhd's 51% direct interest in Collingwood.

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.

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 2012.

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

A12. Capital commitments

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

	At 30 June 2013	At 30 September 2012
	RM'000	RM'000
Authorised and contracted for:		
Property, plant and equipment	23,700	21,542
Authorised but not contracted for:		
Property, plant and equipment	67,469	66,224
Total capital commitments	<u>91,169</u>	<u>87,766</u>

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 9 months ended 30 June	
	2013	2012
	RM'000	RM'000
a) Transactions with associates and their related companies:		
Sales of finished goods to:		
BASF See Sen Sdn Bhd	2,510	1,695
Rental income of premises from:		
KL-Kepong Industrial Holdings Sdn Bhd	1,006	785
Kuala Lumpur Kepong Berhad	815	779
Sales of fresh fruit bunches to:		
PT Hutan Hijau Mas	29,242	26,593
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	5,406	3,446
Taiko Marketing (S) Pte Ltd	13,885	18,594
Freight income earned from:		
Taiko Marketing Sdn Bhd	622	935
Sales of indirect materials and finished goods to:		
Taiko Marketing Sdn Bhd	142,877	127,485
Taiko Marketing (S) Pte Ltd	145	394
Chlor-Al Chemical Pte Ltd	16,839	17,173
Premier Bleaching Earth Sdn Bhd	4,520	4,096
Taiko Acid Works Sdn Bhd	386	2,380
Sales commissions charged by:		
Taiko Marketing Sdn Bhd	1,372	986

Interim Financial Report for the third quarter ended 30 June 2013

(The figures have not been audited)

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

B1. Detailed analysis of performance

3rd Quarter FY 2013 vs 3rd Quarter FY 2012

The Group revenue for the current quarter under review increased 7% to RM88.28 million (2012: RM82.50 million) with all segments reported higher revenues except for Investment Holding. However, Group profit before tax dropped 13% to RM107.09 million (2012: RM122.93 million) mainly affected by lower profit contribution from our plantation associate, Kuala Lumpur Kepong Berhad ("KLK").

After equity accounting of KLK's results, profit before tax from **Investment Holding** was RM88.28 million, 21% lower (2012: RM111.61 million), mainly due to KLK's lower profit contribution from lower commodity prices.

Chemicals sector reported a 6% increase in revenue to RM78.43 million from RM74.25 million contributed by higher sales volumes. Profit before tax was higher at RM19.36 million (2012: RM11.79 million), which included RM10.74 million (2012: RM4.96 million) compensation from a customer for short-fall in contracted products off-take.

Investment Property sector revenue was RM1.68 million, 7% higher compared to RM1.57 million reported last corresponding quarter, due to higher occupancy rate which resulted in a higher profit before tax of RM882,000 (2012: RM635,000).

Our Indonesian **Plantations'** subsidiary revenue rose 32% to RM8.04 million (2012: RM6.10 million) from higher FFB crop harvested. However, the subsidiary incurred a loss of RM1.43 million (2012: RM1.11 million loss) due to a 24% drop in FFB price.

Todate 3rd Quarter FY 2013 vs Todate 3rd Quarter FY 2012

For the current period, Group revenue was RM262.37 million, 5% higher than RM249.83 million in the corresponding period last year. All segments reported higher revenues except for Investment Holding. However, Group profit before tax dropped 11% to RM367.05 million (2012: RM413.84 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 RM320.47 million, 16% lower (2012: RM383.24 million), mainly due to KLK's lower profit contribution, reflecting the prevailing lower commodity prices.

Chemicals sector reported a 4% increase in revenue to RM225.13 million from RM215.61 million contributed by higher sales volumes. Profit before tax was higher at RM47.47 million (2012: RM31.12 million), which included RM19.52 million (2012: 10.16 million) compensation from a customer for short-fall in contracted products off-take.

Investment Property sector revenue was RM4.93 million, 6% higher compared to RM4.67 million reported last corresponding period, due to higher occupancy rate which resulted in a higher profit before tax of RM2.38 million (2012: RM1.83 million).

Our Indonesian **Plantations'** subsidiary recorded revenue of RM31.02 million, 10% higher than last corresponding period of RM28.12 million, with higher FFB crop harvested (2013: 61,033 mt vs 2012: 46,117 mt) from increased mature area of 3,423 ha (2012: 3,087 ha). However, profit before tax decreased 72% to RM2.02 million due to lower FFB price.

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

3rd Quarter FY 2013 vs 2nd Quarter FY 2013

This quarter, Group pre-tax profit was RM107.09 million, 6% lower than the RM114.48 million reported in the preceding quarter, mainly due to our plantation associate's, Kuala Lumpur Kepong Berhad, lower after-tax profit.

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(The figures have not been audited)

B3. Current year's prospects

In view of the slow recovery of the global economy and prevailing weaker commodity prices affecting our plantation associate, Kuala Lumpur Kepong Berhad's profit, the Group's profit for the financial year ending 30 September 2013 will be lower than that of the previous financial year.

B4. Variance of actual profit from forecast profit

The Group did not issue any forecast profit or profit guarantee for the current financial year.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	(269)	780	4,226	3,481
Foreign income tax	270	224	766	679
	1	1,004	4,992	4,160
Deferred tax				
Relating to origination and reversal of temporary differences	(7,617)	2,352	(4,449)	7,093
	(7,617)	2,352	(4,449)	7,093
Over provision in respect of previous years				
Malaysian income tax	-	(716)	-	(716)
	-	(716)	-	(716)
	(7,616)	2,640	543	10,537

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

a) 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 within eighteen months from the date of the agreement.

On 27 March 2013, WH exercised the call option granted by Bobby Noer Rahman ("BNR") and entered into a conditional agreement with BNR to acquire a 51% equity stake in PTTI for a cash consideration of Rp765 million. The agreement is subject to conditions precedent being fulfilled within twelve months from the date of the agreement.

Both the above agreements are yet to be completed.

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(The figures have not been audited)

- b) On 3 May 2013, the Company obtained approval of the Securities Commission Malaysia for the establishment and issuance of an Islamic Medium Term Notes Programme of up to RM500.0 million in nominal value ("Sukuk Programme").

The Sukuk to be issued from the Sukuk Programme is based on the Shariah principle of Musharakah. The tenure of the Sukuk Programme is ten (10) years from the date of the first issue of Sukuk under the Sukuk Programme. Proceeds from the Sukuk Programme will be utilised by the Company to finance its Shariah-compliant investments, general corporate purposes (including operational and capital expenditure requirements) and working capital needs. RAM Ratings Services Berhad has assigned a long-term rating of AA₁ to the Sukuk Programme with a stable outlook.

On 6 June 2013, the Company issued the full RM500.0 million nominal value of the above Sukuk Programme, at a periodic distribution rate of 4.05% per annum, payable semi-annually.

B7. Group borrowings

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

	At 30 June 2013 RM'000	At 30 September 2012 RM'000
(a) Repayable within 12 months:		
(i) Term Loans		
- Secured	7,568	8,000
- Unsecured	11,000	2,800
Total repayable within 12 months	18,568	10,800
(b) Repayable after 12 months:		
(i) Term Loans		
- Secured	-	7,568
- Unsecured	25,000	21,562
	25,000	29,130
(ii) Islamic Medium Term Notes		
- Unsecured	500,000	-
	525,000	29,130
Total repayable after 12 months	525,000	29,130
Total Group borrowings	543,568	39,930

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.

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(The figures have not been audited)

As at 30 June 2013, the values and maturity analysis of the outstanding forward foreign exchange contracts of the Group are as follows:

	Contract / Notional Value	Fair value Net loss
	RM'000	RM'000
Outstanding forward foreign exchange contracts:		
Less than 1 year	2,969	(62)

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

For the current quarter ended 30 June 2013, 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.

B10. Breakdown of realised and unrealised profits or losses

	At 30 June 2013	At 30 September 2012
	RM'000	RM'000
Total retained profits of Batu Kawan Berhad and its subsidiaries:		
- Realised	887,438	781,811
- Unrealised	(5,175)	(10,017)
	882,263	771,794
Total share of retained profits from associates:		
- Realised	2,293,625	2,319,358
- Unrealised	(22,562)	(33,222)
	2,271,063	2,286,136
Less: Consolidation adjustments	(47,050)	(40,258)
Total group retained profits as per consolidated accounts	3,106,276	3,017,672

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) The Directors do not recommend the payment of any dividend for the quarter ended 30 June 2013.

An interim single tier dividend of 15 sen per share (2012: interim single tier dividend of 15 sen per share) was declared by the Directors on 22 May 2013 and was paid on 16 August 2013.

b) The total dividend for the current financial year to-date is single tier dividend of 15 sen per share (2012: single tier dividend of 15 sen per share).

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(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		9 months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the period attributable to owners of the Company (RM'000)	110,513	119,090	358,324	399,335
Weighted average number of shares ('000)	415,280	416,861	415,280	416,861
Earnings per share (sen)	26.6	28.6	86.3	95.8

B14. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2012 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		9 months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,310)	(821)	(3,608)	(2,565)
Dividend income	(55)	(523)	(1,035)	(1,122)
Other income	(12,367)	(5,941)	(27,184)	(13,024)
Interest expense	1,825	320	2,779	1,042
Depreciation and amortisation	7,857	7,468	23,403	23,591
Provision for and write-off of receivables	-	-	-	-
Provision for and write-off of inventories	74	-	74	-
(Gain)/loss on disposal of quoted or unquoted investment	-	-	-	-
(Gain)/loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	(293)	(1,373)	(504)	(722)
(Gain)/loss on derivatives	57	77	62	95
Exceptional items	-	-	-	-

By Order of the Board

CHONG SEE TECK
MD SHAIZATUL AZAM
YAP MIOW KIEN
Company Secretaries