

BATU KAWAN BERHAD

(6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
For the year ended 30 September 2014**

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

Directors are pleased to announce the unaudited financial results of the Group for the fourth quarter ended 30 September 2014. Following adoption of the new FRS 10 *Consolidated Financial Statements*, the financial results of Kuala Lumpur Kepong Berhad, previously equity accounted as an Associate, has now been consolidated as a subsidiary into the Group's unaudited financial results.

Condensed Consolidated Statement of Profit or Loss

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2014	2013	2014	2013
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Revenue	2,870,040	2,502,760	11,499,664	9,466,245
Operating expenses	(2,609,543)	(2,181,759)	(10,097,647)	(8,258,882)
Other operating income	22,465	54,826	117,532	154,026
Finance costs	(29,180)	(24,105)	(108,435)	(89,266)
Share of results of associates	3,348	7,223	6,167	13,668
Profit before tax	257,130	358,945	1,417,281	1,285,791
Income tax expense	(68,157)	(82,310)	(310,566)	(253,357)
NET PROFIT FOR THE PERIOD/YEAR	188,973	276,635	1,106,715	1,032,434
Profit attributable to:				
Owners of the Company	90,829	125,385	521,546	483,709
Non-controlling interests	98,144	151,250	585,169	548,725
	188,973	276,635	1,106,715	1,032,434
Earnings per share for profit attributable to owners of the Company (sen)				
Basic	22.1	30.2	126.9	116.5
Diluted	Not applicable	Not applicable	Not applicable	Not applicable

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Report for the year ended 30 September 2013.

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Other Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2014	2013	2014	2013
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Net profit for the period/year	188,973	276,635	1,106,715	1,032,434
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Net fair value (loss)/gain on available-for-sale investments	(102,951)	231,477	(78,848)	292,432
Reclassification adjustments for surplus on disposal of available-for-sale investments	(557)	(249)	(11,416)	(2,136)
Changes in tax rates	(2,054)	-	(2,054)	-
Foreign currency translation differences	(62,007)	(19,254)	(155,757)	6,514
	<u>(167,569)</u>	<u>211,974</u>	<u>(248,075)</u>	<u>296,810</u>
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(19,969)	(124,344)	(19,969)	(124,344)
Total other comprehensive income for the period/year	(187,538)	87,630	(268,044)	172,466
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	1,435	364,265	838,671	1,204,900
Total comprehensive income attributable to:				
Owners of the Company	2,981	160,416	395,514	557,931
Non-controlling interests	(1,546)	203,849	443,157	646,969
	<u>1,435</u>	<u>364,265</u>	<u>838,671</u>	<u>1,204,900</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2013.

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	At 30 September 2014	At 30 September 2013
	RM'000	RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant & equipment	4,503,070	3,999,069
Investment property	52,049	52,977
Land use rights	254,364	196,585
Biological assets	2,154,096	1,972,066
Land held for property development	217,926	216,932
Intangible assets	330,566	346,084
Investment in associates	178,595	118,131
Other investments	916,372	910,787
Deferred tax assets	128,293	103,479
Other receivables	150,977	137,332
	8,886,308	8,053,442
Current assets		
Inventories	1,488,493	1,096,121
Biological assets	27,286	17,811
Trade and other receivables	1,705,883	1,318,661
Property development costs	54,316	40,812
Tax recoverable	24,754	53,117
Derivative assets	76,585	14,158
Asset held for sale	-	11,610
Cash and cash equivalents	1,900,475	2,463,740
	5,277,792	5,016,030
TOTAL ASSETS	14,164,100	13,069,472

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2013.

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	At 30 September 2014	At 30 September 2013
	RM'000	RM'000 (Restated)
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	1,056,451	866,124
Deferred income	4,957	6,965
Taxation	64,400	30,645
Loans and borrowings	1,094,173	796,694
Derivative liabilities	87,226	19,790
	<u>2,307,207</u>	<u>1,720,218</u>
Net current assets	<u>2,970,585</u>	<u>3,295,812</u>
Non-current liabilities		
Provision for retirement benefits	287,038	263,809
Deferred tax liabilities	280,869	272,067
Deferred income	101,495	72,010
Loans and borrowings	2,316,243	2,079,227
	<u>2,985,645</u>	<u>2,687,113</u>
Total liabilities	<u>5,292,852</u>	<u>4,407,331</u>
Net assets	<u>8,871,248</u>	<u>8,662,141</u>
Equity attributable to owners of the Company		
Share capital	435,951	435,951
Treasury shares	(330,723)	(223,387)
Reserves	4,531,773	4,354,929
	<u>4,637,001</u>	<u>4,567,493</u>
Non-controlling interests	4,234,247	4,094,648
Total equity	<u>8,871,248</u>	<u>8,662,141</u>
TOTAL EQUITY AND LIABILITIES	<u>14,164,100</u>	<u>13,069,472</u>
Net assets per share attributable to owners of the Company (RM)	11.33	11.01

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2013.

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →										Non-controlling interests	Total equity
	← Non-distributable →					↔ Distributable ↔						
	Share capital	Treasury shares	Revaluation reserve	Capital reserve*	Capital redemption reserve	Exchange fluctuation reserve	Fair value reserve	General reserve	Retained earnings	Total		
	RM'000	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 2013												
As previously stated	435,951	(223,387)	706	517,925	-	(33,071)	331	58,559	3,231,662	3,988,676	74,564	4,063,240
Effects of adopting FRS 10	-	-	5,060	300,976	26,459	(84,188)	366,020	(51,524)	16,014	578,817	4,020,084	4,598,901
As restated	435,951	(223,387)	5,766	818,901	26,459	(117,259)	366,351	7,035	3,247,676	4,567,493	4,094,648	8,662,141
Total comprehensive income for the period/year	-	-	(957)	1,075	1,223	(78,592)	(41,347)	-	514,112	395,514	443,157	838,671
Transaction with owners:												
Effect of changes in shareholdings	-	-	-	-	-	-	-	-	7,504	7,504	(15,542)	(8,038)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	35,807	35,807
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	72,347	72,347
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	(21,657)	(21,657)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Share buy back	-	(107,336)	-	-	-	-	-	-	-	(107,336)	-	(107,336)
Dividend paid	-	-	-	-	-	-	-	-	(226,174)	(226,174)	-	(226,174)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(370,013)	(370,013)
	-	(107,336)	-	-	-	-	-	-	(218,670)	(326,006)	(303,558)	(629,564)
At 30 September 2014	435,951	(330,723)	4,809	819,976	27,682	(195,851)	325,004	7,035	3,543,118	4,637,001	4,234,247	8,871,248

* Included in Capital Reserve is RM488,233,000 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 2013.

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →												
	← Non-distributable →							← Distributable →				Non-controlling interests	Total equity
	Share capital	Treasury shares	Revaluation reserve	Capital reserve*	Capital redemption reserve	Exchange fluctuation reserve	Fair value reserve	General reserve	Retained earnings	Total			
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													
As previously stated	435,951	(196,442)	706	517,490	-	(14,655)	91	(33,404)	3,017,672	3,727,409	66,836	3,794,245	
Effects of adopting FRS 10	-	-	5,060	300,976	24,274	(36,412)	230,955	40,439	13,525	578,817	3,774,634	4,353,451	
As restated	435,951	(196,442)	5,766	818,466	24,274	(51,067)	231,046	7,035	3,031,197	4,306,226	3,841,470	8,147,696	
Total comprehensive income for the period/year	-	-	-	435	1	(66,192)	135,305	-	488,382	557,931	646,969	1,204,900	
Transaction with owners:													
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	4,372	4,372	
Redemption of redeemable preference shares	-	-	-	-	2,184	-	-	-	(2,184)	-	(6,000)	(6,000)	
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,545	2,545	
Advance from/(to) non-controlling interests	-	-	-	-	-	-	-	-	-	-	438	438	
Share buy back	-	(26,945)	-	-	-	-	-	-	-	(26,945)	-	(26,945)	
Dividend paid	-	-	-	-	-	-	-	-	(269,719)	(269,719)	-	(269,719)	
Dividend payable	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(395,146)	(395,146)	
	-	(26,945)	-	-	2,184	-	-	-	(271,903)	(296,664)	(393,791)	(690,455)	
At 30 September 2013	435,951	(223,387)	5,766	818,901	26,459	(117,259)	366,351	7,035	3,247,676	4,567,493	4,094,648	8,662,141	

* Included in Capital Reserve is RM487,158,000 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 2013.

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	Year ended 30 September	
	2014	2013
	RM'000	RM'000 (Restated)
Cash flows from operating activities		
Profit before tax	1,417,281	1,285,791
Adjustments for:		
Non-cash items	429,544	341,587
Non-operating items	(5,604)	(37,205)
Operating cash flows before changes in working capital	1,841,221	1,590,173
Changes in working capital		
Net change in current assets	(728,208)	101,995
Net change in current liabilities	115,197	34,664
Cash flows from operations	1,228,210	1,726,832
Interest received	899	2,350
Interest paid	(108,718)	(83,062)
Tax paid	(279,295)	(309,010)
Tax refund	118	16
Retirement benefits paid	(26,591)	(20,790)
Net cash flows from operating activities	814,623	1,316,336
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	18,705	3,867
Proceeds from sale of unquoted investments	23,178	10,948
Share buy back	(107,336)	(26,945)
Purchase of property, plant and equipment	(798,864)	(864,655)
Property development expenditure	(898)	(4,370)
Purchase of intangible assets	(191)	(781)
Purchase of other investments	(99,142)	(4,149)
Purchase of shares in associates	(66,543)	(16,107)
Purchase of shares from non-controlling interest	(8,175)	-
Capital distribution from an investment in voluntary liquidation	-	4,046
Purchase of leasehold land	(19,487)	(15,858)
Additions to biological assets	(222,405)	(167,263)
Acquisition of subsidiaries	(132,086)	(10,619)
Compensation from government on land acquired	5,516	667
Dividends received	55,931	52,842
Interest received	31,954	23,775
Proceeds from disposal of shares in associate	-	27,638
Sales of subsidiary, net of cash disposed	1,059	-
Net cash flows used in investing activities	(1,318,784)	(986,964)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2013.

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	Year ended 30 September	
	2014	2013
	RM'000	RM'000 (Restated)
Cash flows from financing activities		
Repayment of term loans	(64,288)	(43,694)
Drawdown/(Repayment) of short term borrowings	574,146	(122,710)
Proceeds from term loan	-	11,638
Dividend paid	(226,174)	(269,719)
Dividends paid to non-controlling interests	(370,013)	(395,146)
Advance from non-controlling interests	-	440
Issuance of shares to non-controlling interests	35,807	2,545
Increase in other receivables	(9,743)	(18,235)
Redemption of redeemable preference shares from non-controlling interests	(4,500)	(6,000)
Issuance of Islamic Medium Term Notes	-	500,000
Net cash flows used in financing activities	(64,765)	(340,881)
Net decrease in cash and cash equivalents	(568,926)	(11,509)
Effects of exchange rate changes	(22,174)	(7,551)
Cash and cash equivalents at 1 October	2,460,652	2,479,712
Cash and cash equivalents at 30 September	1,869,552	2,460,652

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2013.

Interim Financial Report for the year ended 30 September 2014

(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 2013. 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 2013 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 2013

- FRS 10 *Consolidated Financial Statements*
- FRS 11 *Joint Arrangements*
- FRS 12 *Disclosure of Interests in Other Entities*
- FRS 13 *Fair Value Measurement*
- FRS 119 *Employee Benefits (2011)*
- FRS 127 *Separate Financial Statements (2011)*
- FRS 128 *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards (Improvements to FRSs (2012))*
- Amendments to FRS 101 *Presentation of Financial Statements (Improvements to FRSs (2012))*
- Amendments to FRS 116 *Property, Plant and Equipment (Improvements to FRSs (2012))*
- Amendments to FRS 132 *Financial Instruments: Presentation (Improvements to FRSs (2012))*
- Amendments to FRS 134 *Interim Financial Reporting (Improvements to FRSs (2012))*
- Amendments to FRS 10 *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11 *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12 *Disclosure of Interests in Other Entities: Transition Guidance*
- Amendments to IC Interpretation 2 *Members’ Shares in Co-operative Entities and Similar Instruments (Improvements FRSs (2012))*

The application of other revised and amendments to FRSs has no significant effect to the financial statements of the Group except as discussed below:

Adoption of FRS 10 Consolidated Financial Statements (“FRS 10”)

FRS 10 replaces part of FRS 127 *Separate Financial Statements (2011)* (“FRS 127”) that deals with consolidated financial statements and IC Interpretation 112 *Consolidation – Special Purpose Entities*.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor’s returns. Under FRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

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(The figures have not been audited)

The application of FRS 10 affects the accounting for the Group's investment in Kuala Lumpur Kepong Berhad ("KLK") which was previously treated as an associate of the Group and accounted for using the equity method of accounting. Following the adoption of FRS 10, the Company carried out a reassessment and determined that the Company has a de facto control over KLK following the guidance as laid out in FRS 10.

As at 1 October 2013, the Group is the largest shareholder of KLK with a 46.57% equity interest. Except for Citigroup Nominees (Tempatan) Sdn Bhd who is the registered owner of 15.45% shares in KLK, all other shareholders individually own less than 5% of the equity shares of KLK. Historically, the other shareholders did not form a group to exercise their votes collectively. Based on the guidance of FRS 10, the directors have assessed that the Group has had control over KLK since the acquisition in 1973. Following the transitional provisions of FRS 10, if measuring of the investee's assets, liabilities and non-controlling interest is impracticable, the deemed acquisition date shall be the beginning of the earliest period for which application of FRS 3 *Business Combinations* is practicable.

Consequently, KLK has been accounted for as a subsidiary of the Company using a deemed acquisition date on 30 September 1981 because revaluation was performed on KLK's major assets which was then accounted for in KLK's 1981 financial statements.

The change in accounting of the Group's investments in KLK has been applied in accordance with the relevant transitional provisions as set out in FRS 10. The effects of adoption of FRS 10 are applied retrospectively from the deemed acquisition date as follows:

- a) Impact of the application of FRS 10 on the Consolidated Statement of Financial Position as at 1 October 2012, being the beginning of the earliest comparative period, are summarised as follows:

	1 October 2012 as previously reported	FRS 10 adjustments	1 October 2012 as restated
	RM'000	RM'000	RM'000
Non-current assets	3,606,618	3,401,256	7,007,874
Current assets	283,016	4,825,927	5,108,943
Total assets	3,889,634	8,227,183	12,116,817
Current liabilities	51,600	1,577,952	1,629,552
Net current assets	231,416	3,247,975	3,479,391
Non-current liabilities	43,789	2,295,780	2,339,569
Total liabilities	95,389	3,873,732	3,969,121
Net assets	3,794,245	4,353,451	8,147,696
Share capital	435,951	-	435,951
Treasury shares	(196,442)	-	(196,442)
Reserves	3,487,900	578,817	4,066,717
Non-controlling interests	66,836	3,774,634	3,841,470
Total equity	3,794,245	4,353,451	8,147,696

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(The figures have not been audited)

- b) Impact of application of FRS 10 on the Group's profit for the corresponding year ended 30 September 2013 are as follows:

	Impact on FRS 10 adjustments
	RM'000
Increase in revenue	9,104,220
Increase in operating expenses	(7,944,460)
Increase in other operating income	107,477
Increase in finance cost	(80,902)
Decrease in share of results of associates	(413,927)
Increase in profit before tax	772,408
Increase in income tax expense	(232,797)
Increase in net profit for the period	539,611
Increase in profit attributable to:	
Owners of the Company	-
Non-controlling interests	539,611
	539,611

- c) Impact of application of FRS 10 on cash flows of the Group for the corresponding year ended 30 September 2013 are as follows:

	Impact on FRS 10 adjustments
	RM'000
Increase in net cash flows from operating activities	1,209,071
Increase in net cash flows used in investing activities	(1,212,696)
Increase in net cash flows used in financing activities	(568,590)
Decrease in net cash inflows	(572,215)

A3. Seasonal and cyclical operations

The Group's operations are affected to the extent that the plantation operations are influenced by seasonal crop production, weather conditions 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 2014

(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 buybacks, share cancellations or resale of treasury shares for the financial year to-date except for share buybacks of 5,489,700 shares in the Company from the open market. The average price paid for the shares repurchased was RM19.49 per share and the total consideration paid, including transaction costs, was RM107,336,383. The shares bought back were financed by internally generated funds and held as treasury shares.

A7. Dividends paid

	Year ended 30 September	
	2014	2013
	RM'000	RM'000
Interim 15 sen per share single tier (2013: 15 sen per share single tier)	61,398	62,207
Dividends proposed in financial year ("FY") 2013, paid in FY 2014:		
Final 40 sen per share single tier	164,776	-
Dividends proposed in FY 2012, paid in FY 2013:		
Final 50 sen per share single tier	-	207,512
	226,174	269,719

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

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 30 September 2014						
Revenue						
External revenue	5,234,900	5,978,661	117,063	169,040	-	11,499,664
Inter-segment revenue	400,158	244	-	333,416	(733,818)	-
Total revenue	5,635,058	5,978,905	117,063	502,456	(733,818)	11,499,664
Results						
Operating results	1,044,381	377,270	45,815	84,761	(32,678)	1,519,549
Finance cost	(17,491)	(17,510)	-	(106,112)	32,678	(108,435)
Share of results of associates	7,256	404	498	(1,991)	-	6,167
Segment results	1,034,146	360,164	46,313	(23,342)	-	1,417,281
Profit before tax						1,417,281

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 30 September 2013 (Restated)						
Revenue						
External revenue	4,130,774	5,002,375	208,590	124,506	-	9,466,245
Inter-segment revenue	148,169	793	-	403,688	(552,650)	-
Total revenue	4,278,943	5,003,168	208,590	528,194	(552,650)	9,466,245

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(The figures have not been audited)

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 30 September 2013 (Restated)						
Results						
Operating results	804,922	405,136	80,932	90,713	(20,314)	1,361,389
Finance cost	(11,115)	(13,670)	-	(84,795)	20,314	(89,266)
Share of results of associates	10,315	676	2,695	(18)	-	13,668
Segment results	804,122	392,142	83,627	5,900	-	1,285,791
Profit before tax						1,285,791

b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2014					
Operating assets	5,372,768	5,495,955	468,004	2,495,518	13,832,245
Associates	69,471	6,493	56,883	45,961	178,808
Segment assets	5,442,239	5,502,448	524,887	2,541,479	14,011,053
Tax assets					153,047
Total assets					14,164,100
At 30 September 2013 (Restated)					
Operating assets	4,653,989	5,086,300	399,715	2,654,248	12,794,252
Associates	73,559	6,437	21,085	17,543	118,624
Segment assets	4,727,548	5,092,737	420,800	2,671,791	12,912,876
Tax assets					156,596
Total assets					13,069,472

c) Segment liabilities

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2014					
Segment liabilities	1,025,538	1,666,407	56,377	2,199,261	4,947,583
Unallocated liabilities					345,269
Total liabilities					5,292,852

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(The figures have not been audited)

	Plantations RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/Others RM'000	Consolidated RM'000
At 30 September 2013 (Restated)					
Segment liabilities	413,785	1,232,296	28,542	2,429,996	4,104,619
Unallocated liabilities					302,712
Total liabilities					4,407,331

A9. Material events subsequent to end of period

Kuala Lumpur Kepong Berhad ("KLK") via its wholly-owned subsidiary KL-Kepong Plantation Holdings Sdn Bhd had on 10 November 2014 entered into a conditional Joint Venture Agreement with PT Astra Agro Lestari Tbk ("PT Astra Agro") for PT Astra Agro to subscribe new shares in PT Kreasijaya Adhikarya ("PT Kreasijaya"). Upon completion of this agreement, PT Kreasijaya shall cease to be a subsidiary of KLK.

A10. Changes in composition of the Group

During the current quarter, changes to the composition of the Group were:

- a) Upon adoption of FRS 10 *Consolidated Financial Statements* (as disclosed in Note A2), Kuala Lumpur Kepong Berhad ("KLK") is now accounted for as a subsidiary. Prior to this adoption, KLK was accounted for as an associate. Accordingly, all subsidiaries and associates of KLK are now subsidiaries and associates of the Group. In this respect, Collingwood Plantations Pte Ltd ("CPPL"), previously an associate of the Company, is now accounted for as a subsidiary since CPPL is a subsidiary of KLK.
- b) The acquisition of 100% equity interest in Tensachem SA ("Tensachem") was completed on 30 September 2014 by KLK and Tensachem is now a subsidiary of the Group.
- c) The members' voluntary winding up of BKB Europa SARL ("BKB Europa"), a wholly-owned subsidiary of KLK, was completed in the current quarter.

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 2013.

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(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 September 2014 RM'000	At 30 September 2013 RM'000 (Restated)
Capital expenditure:		
Authorised and contracted for	465,678	506,486
Authorised but not contracted for	956,967	783,909
	1,422,645	1,290,395
Acquisition of shares in subsidiaries:		
Authorised and contracted for	1,133	3,211

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 favourable 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 Year ended 30 September	
	2014 RM'000	2013 RM'000 (Restated)
a) Transactions with associates:		
Processing fee earned	1,079	600
Sales of finished goods	7,858	6,107
Sales of electricity	1,097	898
Purchase of goods	6,189	3,723
Service charges paid	3,778	3,647
Research and development services paid	10,982	9,376

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(The figures have not been audited)

	Cumulative Quarter	
	Year ended 30 September	
	2014	2013
	RM'000	RM'000
		(Restated)
b) Transactions with other related parties being companies in which persons connected with certain Directors have significant interests:		
Sales of goods:		
Taiko Marketing Sdn Bhd	226,988	199,473
Taiko Marketing (S) Pte Ltd	7,864	3,850
Chlor-Al Chemical Pte Ltd	23,337	22,859
Premier Bleaching Earth Sdn Bhd	3,519	5,949
Siam Taiko Marketing Co Ltd	2,175	1,804
Freight income earned:		
Chlor-Al Chemical Pte Ltd	1,946	751
Storage tanks rental received:		
Taiko Marketing Sdn Bhd	2,904	3,012
Purchases of goods:		
Taiko Marketing Sdn Bhd	30,847	28,437
Taiko Marketing (S) Pte Ltd	27,653	18,942
Taiko Acid Works Sdn Bhd	4,232	413
Borneo Taiko Clay Sdn Bhd	4,313	4,396
Bukit Katho Estate Sdn Bhd	3,789	4,292
Kampar Rubber & Tin Co Sdn Bhd	10,240	9,474
Kekal & Deras Sdn Bhd	1,689	1,688
Malay Rubber Plantations (M) Sdn Bhd	8,204	8,451
PT Agro Makmur Abadi	68,333	45,670
PT Safari Riau	29,299	24,914
PT Taiko Persada Indoprima	18,509	19,299
Taiko Clay Marketing Sdn Bhd	1,645	1,411
Taiko Drum Industries Sdn Bhd	2,925	2,142
Taiko Fertiliser Marketing Sdn Bhd	26,881	57,585
Yayasan Perak-Wan Yuen Sdn Bhd	685	989
Management fees paid:		
Farming Management Services Pty Ltd	1,291	1,007
Aircraft operating expenses and management services paid:		
Smooth Route Sdn Bhd	1,214	1,145
Supply of contract labours and engineering works:		
K7 Engineering Sdn Bhd	2,462	1,633
Sales commissions charged by:		
Taiko Marketing Sdn Bhd	2,161	1,890
c) Transactions between subsidiaries and their non-controlling interests:		
Sales of indirect materials and finished goods to:		
Mitsubishi Corporation	73,253	186,617
Mitsui & Co Ltd	127,770	88,958
Tejana Trading & Management Services Sdn Bhd	4,326	5,554

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(The figures have not been audited)

B. Explanatory Notes as required by the Bursa Securities' Listing Requirements**B1. Detailed analysis of performance****4th Quarter FY 2014 vs 4th Quarter FY 2013 (Restated)**

Following the adoption of FRS 10 *Consolidated Financial Statements* whereby KLK is accounted for as the Company's subsidiary, the Group's revenue for the current quarter under review was RM2,870.04 million, 15% higher than restated RM2,502.76 million in the corresponding quarter last year. Plantations and Manufacturing reported higher revenues. However, Group profit before tax decreased 28% to RM257.13 million (2013: RM358.95 million). Comments on the business sectors are as follows:

Plantations sector reported a profit of RM248.14 million, 11% higher against last year's corresponding quarter's profit of RM224.17 million from higher palm kernel prices, higher FFB production and lower production cost.

Manufacturing sector's profit for this quarter was RM11.22 million, significantly lower than last year's corresponding quarter's profit of RM130.28 million despite revenue rose 13% to RM1,501.09 million (2013: RM1,326.75 million). The lower profit was due to recognition of unrealised fair value loss on outstanding derivative contracts. The oleochemical division recorded a loss of RM13.44 million (2013: RM92.30 million profit) and the chemicals division posted a profit of RM20.51 million (2013: RM24.17 million), which included RM12.40 million (2013: RM14.06 million) compensation from a customer in the chemical division for short-fall in contracted products off-take.

Property Development sector registered a profit to RM14.09 million, decreased 42% from last year corresponding quarter's RM24.43 million due to the recognition of lower progressive development profits from Bandar Seri Coalfields project. Revenue had dropped 25% to RM36.46 million (2013: RM48.91 million).

Todate 4th Quarter FY 2014 vs Todate 4th Quarter FY 2013 (Restated)

For the financial under review, Group revenue was RM11,499.66 million, 21% higher than RM9,466.25 million in the corresponding period last year, contributed by higher revenues from Plantations and Manufacturing. Group profit before tax rose 10% to RM1,417.28 million (2013: RM1,285.79 million). Comments on the business sectors are as follows:

Plantations sector reported a profit of RM1,034.15 million, 29% higher than last year's corresponding period's profit of RM804.12 million attributable to higher selling prices of CPO and palm kernel, increased sales volumes and reduction in production cost.

Manufacturing sector's profit of RM360.16 million was 8% lower compared to the RM392.14 million reported for last year's corresponding period, despite revenue rose 20% to RM5,978.91 million (2013: RM5,003.17 million). The sharp drop of crude palm kernel oil prices in the 4th quarter had impacted margins and resulted in stocks write-down. The oleochemical division recorded a lower profit of RM263.24 million (2013: RM305.70 million) while the chemicals division posted a higher profit of RM85.23 million (2013: RM71.64 million), which included RM40.31 million (2013: RM33.58 million) compensation from a customer in the chemical division for short-fall in contracted products off-take.

Property Development sector reported a 44% lower revenue of RM117.06 million (2013: RM208.59 million) which generated a profit of RM46.31 million, 45% lower than last year corresponding period's RM83.63 million. This was due to lower profit recognition from the development project in Bandar Seri Coalfields, Sungai Buloh.

Investment Holding/Others registered a loss of RM23.34 million (2013: RM25.74 million loss) due to a RM23.44 million impairment on the Group's investment in Papua New Guinea.

B2. Comparison of current quarter's results to the preceding quarter**4th Quarter FY 2014 vs 3rd Quarter FY 2014**

This quarter, Group pre-tax profit was RM257.13 million, decreased 14% from RM299.51 million reported in the preceding quarter mainly due to lower Manufacturing profit resulting from recognition of unrealised fair value loss on outstanding derivative contracts due to sharp decline in palm oil prices and stocks write-down.

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(The figures have not been audited)

B3. Current year's prospects

The Group's profit for the financial year ending 2015 is expected to be comparable to that of the previous financial year notwithstanding weak prevailing palm products prices. The Manufacturing sector is expected to achieve reasonable profit with its increased capacity and on-going operational efficiencies.

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 2014.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2014	2013	2014	2013
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Current tax				
Malaysian income tax	65,130	57,639	239,807	222,732
Foreign income tax	31,980	24,271	103,513	65,255
	97,110	81,910	343,320	287,987
Deferred tax				
Relating to origination and reversal of temporary differences	(30,980)	2,234	(28,313)	(38,792)
(Over)/Under provision in respect of previous years	3,341	(2,989)	(3,174)	880
	(27,639)	(755)	(31,487)	(37,912)
(Over)/Under provision in respect of previous years				
Malaysian income tax	(2,929)	2,465	(1,105)	4,118
Foreign income tax	1,615	(1,310)	(162)	(836)
	(1,314)	1,155	(1,267)	3,282
	68,157	82,310	310,566	253,357

The effective tax rate for the current quarter is higher than the statutory tax rate mainly due to non-recognition of deferred tax assets by certain loss making subsidiaries and withholding tax on foreign dividend income. The higher tax rate is partly mitigated by tax exempt income.

The effective tax rate for the current financial year to-date is lower than the statutory tax rate mainly due to non-taxable income.

B6. Status of corporate proposals

The conditional agreements entered into by Whitmore Holdings Sdn Bhd ("WH"), a wholly-owned subsidiary of the Company, respectively with Damin (dated 10 August 2012) and Bobby Noer Rahman (dated 27 March 2013) to acquire a 39% and 51% equity interest in PT Tekukur Indah ("PTTI"), a company established in the Republic of Indonesia, respectively for a cash consideration of Rp1,395 billion and Rp765 million are still pending completion.

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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 2014		At 30 September 2013	
	RM'000	Amount in Foreign Currency '000	RM'000 (Restated)	Amount in Foreign Currency '000 (Restated)
a) Repayable within 12 months:				
(i) Term Loans				
- Secured	808	Euro195	-	
	-		7,568	
	808		7,568	
- Unsecured	6,268	USD10,000	335,687	
	32,850		-	
	39,118		335,687	
	39,926		343,255	
(ii) Bank Overdraft				
- Unsecured	30,923	Euro7,460	-	
	-		3,088	HKD7,347
	30,923		3,088	
(iii) Short Term Borrowings				
- Unsecured	293,242	USD89,330	80,020	USD24,500
	-		3,729	Rmb7,000
	24,049	CHF7,000	25,221	CHF7,000
	79,802	GBP15,000	142,487	GBP27,000
	276,668	Euro66,749	61,730	Euro14,000
	349,563		137,164	
	1,023,324		450,351	
Total repayable within 12 months	1,094,173		796,694	
b) Repayable after 12 months:				
(i) Term Loans				
- Secured	1,944	Euro469	-	
- Unsecured	82,898	Euro20,000	88,216	Euro20,000
	131,401	USD40,000	163,743	USD50,000
	300,000		27,268	
	514,299		279,227	
	516,243		279,227	
(ii) Islamic Medium Term Notes				
- Unsecured	1,800,000		1,800,000	
Total repayable after 12 months	2,316,243		2,079,227	
Total Group borrowings	3,410,416		2,875,921	

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

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.

The commodity future contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the vegetable oil commodities.

As at 30 September 2014, the values and maturity analysis of the outstanding forward foreign exchange contracts of the Group are as follows:

	Contract / Notional value Net long/(short)	Fair value Net gains/(losses)
	RM'000	RM'000
a) Forward foreign exchange contracts:		
- Less than 1 year	(987,708)	(11,343)
- 1 year to 3 years	-	-
- More than 3 years	-	-
b) Commodity futures contracts:		
- Less than 1 year	79,698	679
- 1 year to 3 years	-	-
- More than 3 years	-	-

With the adoption of FRS 139 *Financial Instruments: Recognition and Measurement*, 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 2014, 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. 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.

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(The figures have not been audited)

B11. Dividend

- a) A final single tier dividend of 45 sen per share has been recommended by the Directors in respect of the financial year ended 30 September 2014 (year ended 30 September 2013: single tier dividend of 40 sen per share) and subject to the shareholders' approval at the forthcoming Annual General Meeting, will be paid on 19 March 2015 to shareholders registered in the Company's Register as at 23 February 2015.

A Depositor with 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 19 February 2015, in respect of securities which are exempted from mandatory deposit;
 - (ii) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 23 February 2015, in respect of transfers; and
 - (iii) Securities bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.
- b) The total dividend for the current financial year to-date is single tier dividend of 60 sen per share (2013: single tier dividend of 55 sen per share).

B12. 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	
	2014	2013	2014	2013
Net profit for the period attributable to owners of the Company (RM'000)	90,829	125,385	521,546	483,709
Weighted average number of shares ('000)	411,096	415,136	411,096	415,136
Earnings per share (sen)	22.1	30.2	126.9	116.5

B13. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2013 was not subject to any qualifications.

Interim Financial Report for the year ended 30 September 2014

(The figures have not been audited)

B14. Condensed Consolidated Statement of Profit or Loss

Profit before tax for the period/year is arrived at after charging/(crediting) the following items:

	Individual Quarter		Cumulative Quarter	
	3 months ended		Year ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Interest income	(11,484)	(8,215)	(40,929)	(34,295)
Dividend income	(18,203)	(19,359)	(59,674)	(55,222)
Other income	(22,465)	(54,826)	(117,532)	(154,026)
Interest expense	29,180	24,105	108,435	89,266
Depreciation and amortisation	102,685	79,016	367,557	318,209
(Reversal of)/Provision for and write-off of receivables	(1,546)	(922)	1,317	2,610
Provision for and write-off of inventories	17,136	(7,486)	29,190	18,379
Gain on disposal of quoted or unquoted investments	(617)	(625)	(11,765)	(3,562)
Gain on disposal of land	(658)	(251)	(2,224)	(2,897)
Deficit/(Surplus) arising from government acquisition of land	(3,145)	(2)	(4,675)	(626)
Impairment of property, plant and equipment	424	193	424	6,503
Impairment of prepaid lease payment	-	-	19,760	-
Impairment of intangible assets	-	3	-	442
Impairment of goodwill	(2)	-	3,680	177
Foreign exchange loss/(gain)	(9,525)	30,347	11,027	(4,056)
Loss/(Gain) on derivatives	31,843	(15,015)	44,818	17,812
Exceptional items	-	-	-	-

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(The figures have not been audited)

B15. Breakdown of realised and unrealised profits or losses

	At 30 September 2014	At 30 September 2013
	RM'000	RM'000 (Restated)
Total retained profits of the Company and its subsidiaries:		
- Realised	6,766,700	6,189,914
- Unrealised	(207,481)	(170,560)
	<hr/> 6,559,219	<hr/> 6,019,354
Total share of retained profits from associates:		
- Realised	61,481	59,573
- Unrealised	32	(237)
	<hr/> 61,513	<hr/> 59,336
Consolidation adjustments	(3,077,614)	(2,831,014)
Total group retained profits as per consolidated accounts	<hr/> 3,543,118	<hr/> 3,247,676

By Order of the Board

CHONG SEE TECK
YAP MIOW KIEN
Company Secretaries

19 November 2014