

# **BATU KAWAN BERHAD**

(6292-U)  
(Incorporated in Malaysia)

**Interim Financial Report**  
**For the second quarter ended 31 March 2015**

**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

Directors are pleased to announce the unaudited financial results of the Group for the second quarter ended 31 March 2015.

**Condensed Consolidated Statement of Profit or Loss**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	3,159,630	3,023,312	6,374,177	5,610,149
Operating expenses	(2,901,977)	(2,565,575)	(5,804,273)	(4,773,005)
Other operating income	96,599	17,109	129,657	73,261
Finance costs	(28,338)	(24,948)	(57,778)	(51,465)
Share of results of associates	(2,455)	918	(50)	1,704
Share of results of a joint venture	(2,651)	-	(2,651)	-
<b>Profit before taxation</b>	<b>320,808</b>	<b>450,816</b>	<b>639,082</b>	<b>860,644</b>
Income tax expense	(74,538)	(94,234)	(146,010)	(177,526)
<b>NET PROFIT FOR THE PERIOD</b>	<b>246,270</b>	<b>356,582</b>	<b>493,072</b>	<b>683,118</b>
Profit attributable to:				
Owners of the Company	120,892	163,217	237,846	320,189
Non-controlling interests	125,378	193,365	255,226	362,929
	246,270	356,582	493,072	683,118
Earnings per share for profit attributable to owners of the Company (sen)				
Basic	29.6	39.5	58.3	77.5
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 2014.

**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

## Condensed Consolidated Statement of Other Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	<b>246,270</b>	<b>356,582</b>	<b>493,072</b>	<b>683,118</b>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Net fair value gain on available-for-sale investments	257,593	107,369	349,490	191,078
Reclassification adjustments for surplus on disposal of available-for-sale investments	(762)	(388)	(1,466)	(10,459)
Currency translation difference recycled on disposal of a subsidiary	4,319	-	4,319	-
Foreign currency translation differences	70,266	131,247	285,625	71,065
<b>Total other comprehensive income for the period</b>	<b>331,416</b>	<b>238,228</b>	<b>637,968</b>	<b>251,684</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>577,686</b>	<b>594,810</b>	<b>1,131,040</b>	<b>934,802</b>
Total comprehensive income attributable to:				
Owners of the Company	274,625	277,715	534,663	438,189
Non-controlling interests	303,061	317,095	596,377	496,613
	<b>577,686</b>	<b>594,810</b>	<b>1,131,040</b>	<b>934,802</b>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2014.

**Interim Financial Report for the second quarter ended 31 March 2015**  
(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	<b>At 31 March 2015</b>	<b>At 30 September 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	4,574,472	4,503,070
Investment property	51,584	52,049
Prepaid lease payments	272,124	254,364
Biological assets	2,299,475	2,154,096
Land held for property development	219,439	217,926
Goodwill on consolidation	330,706	315,328
Intangible assets	14,335	15,238
Investment in associates	179,936	178,595
Investment in a joint venture	151,563	-
Available-for-sale investments	1,325,369	916,372
Deferred tax assets	118,138	128,293
Other receivables	178,343	150,977
	<b>9,715,484</b>	<b>8,886,308</b>
<b>Current assets</b>		
Inventories	1,428,986	1,488,493
Biological assets	5,350	27,286
Trade and other receivables	1,863,708	1,705,883
Property development costs	60,808	54,316
Tax recoverable	33,283	24,754
Derivative financial assets	107,019	76,585
Cash and cash equivalents	1,909,838	1,900,475
	<b>5,408,992</b>	<b>5,277,792</b>
<b>TOTAL ASSETS</b>	<b>15,124,476</b>	<b>14,164,100</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2014.

**Interim Financial Report for the second quarter ended 31 March 2015**  
(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	<b>At 31 March 2015</b>	<b>At 30 September 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,161,503	1,056,450
Deferred income	5,555	4,957
Tax payable	54,163	64,400
Borrowings	1,317,368	1,094,173
Derivative financial liabilities	86,215	87,226
	<u>2,624,804</u>	<u>2,307,206</u>
<b>Net current assets</b>	<b><u>2,784,188</u></b>	<b><u>2,970,586</u></b>
<b>Non-current liabilities</b>		
Provision for retirement benefits	285,694	287,038
Deferred tax liabilities	286,316	280,869
Deferred income	106,339	101,495
Borrowings	2,292,429	2,316,243
	<u>2,970,778</u>	<u>2,985,645</u>
<b>Total liabilities</b>	<b><u>5,595,582</u></b>	<b><u>5,292,851</u></b>
<b>Net assets</b>	<b><u>9,528,894</u></b>	<b><u>8,871,249</u></b>
<b>Equity attributable to owners of the Company</b>		
Share capital	435,951	435,951
Treasury shares	(362,232)	(330,723)
Reserves	4,882,205	4,531,773
	<u>4,955,924</u>	<u>4,637,001</u>
Non-controlling interests	4,572,970	4,234,248
<b>Total equity</b>	<b><u>9,528,894</u></b>	<b><u>8,871,249</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>15,124,476</u></b>	<b><u>14,164,100</u></b>
Net assets per share attributable to owners of the Company (RM)	12.16	11.33

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2014.

**Interim Financial Report for the second quarter ended 31 March 2015**

(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			
<b>At 1 October 2014</b>	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	
Total comprehensive income for the period	-	-	-	457	2	134,421	162,204	-	237,579	534,663	596,377	1,131,040	
Transaction with owners:													
Effect of changes in shareholdings	-	-	-	-	-	-	-	-	(778)	(778)	684	(94)	
Share buy back	-	(31,509)	-	-	-	-	-	-	-	(31,509)	-	(31,509)	
Dividend paid	-	-	-	-	-	-	-	-	(183,453)	(183,453)	-	(183,453)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(258,338)	(258,338)	
	-	(31,509)	-	-	-	-	-	-	(184,231)	(215,740)	(257,654)	(473,394)	
<b>At 31 March 2015</b>	435,951	(362,232)	4,809	820,433	27,684	(61,430)	487,208	7,035	3,596,466	4,955,924	4,572,970	9,528,894	

\* Included in Capital Reserve is RM488,690,000 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 2014.

**Interim Financial Report for the second quarter ended 31 March 2015**

(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
<b>At 1 October 2013</b>	435,951	(223,387)	5,766	818,901	26,459	(117,259)	366,350	7,035	3,247,676	4,567,492	4,094,649	8,662,141
Total comprehensive income for the period	-	-	-	506	-	33,757	84,197	-	319,729	438,189	496,613	934,802
Transaction with owners:												
Effect of changes in shareholdings	-	-	-	-	-	-	-	-	7,507	7,507	(15,548)	(8,041)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	35,300	35,300
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	72,347	72,347
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Share buy back	-	(91,945)	-	-	-	-	-	-	-	(91,945)	-	(91,945)
Dividend paid	-	-	-	-	-	-	-	-	(164,776)	(164,776)	-	(164,776)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(264,020)	(264,020)
	-	(91,945)	-	-	-	-	-	-	(157,269)	(249,214)	(176,421)	(425,635)
<b>At 31 March 2014</b>	435,951	(315,332)	5,766	819,407	26,459	(83,502)	450,547	7,035	3,410,136	4,756,467	4,414,841	9,171,308

\* Included in Capital Reserve is RM487,664,000 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 2014.

**Interim Financial Report for the second quarter ended 31 March 2015**  
(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

	<b>6 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	639,082	860,644
Adjustments for:		
Non-cash items	216,666	146,573
Non-operating items	(45,337)	11,866
Operating cash flows before changes in working capital	810,411	1,019,083
Changes in working capital		
Net change in current assets	(178,311)	(738,743)
Net change in current liabilities	241,020	138,383
Cash flows from operations	873,120	418,723
Interest received	528	1,336
Interest paid	(58,385)	(50,374)
Tax paid	(161,901)	(110,577)
Retirement benefits paid	(9,985)	(16,677)
<b>Net cash flows from operating activities</b>	<b>643,377</b>	<b>242,431</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	5,923	15,780
Proceeds from sale of unquoted investments	7,642	19,059
Proceeds from redemption of short term funds	-	186
Proceeds from disposal of shares in a subsidiary, net of cash disposed	(35,089)	-
Share buy back	(31,509)	(91,945)
Purchase of property, plant and equipment	(301,987)	(371,870)
Property development expenditure	(1,995)	(71)
Purchase of intangible assets	(621)	(286)
Purchase of other investments	(22,270)	(86,950)
Investment in an associate	-	(35,300)
Purchase of shares from non-controlling interests	(94)	(8,140)
Payments of prepaid lease	(13,711)	(7,355)
Additions to biological assets	(97,284)	(100,392)
Acquisition of subsidiaries	-	(66,563)
Compensation from government on land acquired	14,408	2,250
Dividends received	22,629	29,572
Interest received	13,194	14,384
Repayment from a joint venture	38,642	-
<b>Net cash flows used in investing activities</b>	<b>(402,122)</b>	<b>(687,641)</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2014.



**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

	<b>6 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Repayment of term loans	(6,661)	(37,288)
Drawdown of short term borrowings	122,111	459,011
Dividend paid	(183,453)	(164,776)
Dividends paid to non-controlling interests	(258,338)	(264,020)
Issuance of shares to non-controlling interests	-	35,300
Increase in other receivables	(9,108)	(4,286)
Redemption of redeemable preference shares from non-controlling interests	-	(4,500)
<b>Net cash flows (used in)/from financing activities</b>	<b>(335,449)</b>	<b>19,441</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(94,194)</b>	<b>(425,769)</b>
Effects of exchange rate changes	70,254	15,136
Cash and cash equivalents at 1 October	1,869,401	2,460,652
<b>Cash and cash equivalents at 31 March</b>	<b>1,845,461</b>	<b>2,050,019</b>
Cash and cash equivalents at 31 March is represented by:		
Cash and cash equivalents	1,909,838	2,098,896
Borrowings - Bank overdraft	(64,377)	(48,877)
	<b>1,845,461</b>	<b>2,050,019</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2014.

**Interim Financial Report for the second quarter ended 31 March 2015**

(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 2014. 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 2014 except for the adoption of the following revised and amendments to FRSs:

***Amendments to FRSs and interpretation effective for annual periods beginning on or after 1 January 2014***

- Amendments to FRS 10 *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12 *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127 *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 136 *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21 *Levies*

***Amendments to FRSs effective for annual periods beginning on or after 1 July 2014***

- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to FRS 2 *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3 *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8 *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13 *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116 *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119 *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124 *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138 *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140 *Investment Property (Annual Improvements 2011-2013 Cycle)*

The application of the above amendments to FRSs and interpretation 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 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.

**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

**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 buybacks, share cancellations or resale of treasury shares for the financial year to-date except for share buybacks of 1,747,900 shares in the Company from the open market. The average price paid for the shares repurchased was RM17.96 per share and the total consideration paid, including transaction costs, was RM31,508,513. The shares bought back were financed by internally generated funds and borrowings and held as treasury shares.

**A7. Dividends paid**

	<b>6 months ended 31 March</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Dividends proposed in financial year ("FY") 2014, paid in FY 2015:		
Final 45 sen per share single tier	183,453	-
Dividends proposed in FY 2013, paid in FY 2014:		
Final 40 sen per share single tier	-	164,776
	<u>183,453</u>	<u>164,776</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>Plantations RM'000</b>	<b>Manufacturing RM'000</b>	<b>Property Development RM'000</b>	<b>Investment Holding/Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>6 months ended 31 March 2015</b>						
Revenue						
External revenue	3,097,747	3,104,335	72,578	99,517	-	6,374,177
Inter-segment revenue	369,957	-	-	256,918	(626,875)	-
Total revenue	<u>3,467,704</u>	<u>3,104,335</u>	<u>72,578</u>	<u>356,435</u>	<u>(626,875)</u>	<u>6,374,177</u>
Results						
Operating results	412,928	138,377	41,970	120,277	(13,991)	699,561
Finance cost	(1,940)	(13,768)	-	(56,061)	13,991	(57,778)
Share of results of associates	3,055	245	809	(4,159)	-	(50)
Share of results of a joint venture	(2,651)	-	-	-	-	(2,651)
Segment results	<u>411,392</u>	<u>124,854</u>	<u>42,779</u>	<u>60,057</u>	<u>-</u>	<u>639,082</u>
Profit before taxation						<u>639,082</u>
<b>6 months ended 31 March 2014</b>						
Revenue						
External revenue	2,533,318	2,930,660	48,855	97,316	-	5,610,149
Inter-segment revenue	223,993	244	-	17,806	(242,043)	-
Total revenue	<u>2,757,311</u>	<u>2,930,904</u>	<u>48,855</u>	<u>115,122</u>	<u>(242,043)</u>	<u>5,610,149</u>

**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

	<b>Plantations</b>	<b>Manufacturing</b>	<b>Property Development</b>	<b>Investment Holding/Others</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>6 months ended 31 March 2014</b>						
Results						
Operating results	561,815	267,716	21,297	78,977	(19,400)	910,405
Finance cost	(8,072)	(7,300)	-	(52,147)	16,054	(51,465)
Share of results of associates	1,040	378	325	(39)	-	1,704
Segment results	<u>554,783</u>	<u>260,794</u>	<u>21,622</u>	<u>26,791</u>	<u>(3,346)</u>	<u>860,644</u>
Profit before taxation						<u>860,644</u>

**b) Segment assets**

	<b>Plantations</b>	<b>Manufacturing</b>	<b>Property Development</b>	<b>Investment Holding/Others</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 March 2015</b>					
Operating assets	5,482,337	5,870,468	459,430	2,829,321	14,641,556
Associates	68,882	6,913	57,692	46,449	179,936
Joint Venture	151,563	-	-	-	151,563
Segment assets	<u>5,702,782</u>	<u>5,877,381</u>	<u>517,122</u>	<u>2,875,770</u>	<u>14,973,055</u>
Tax assets					151,421
Total assets					<u>15,124,476</u>
<b>At 30 September 2014</b>					
Operating assets	5,372,768	5,496,168	468,004	2,495,518	13,832,458
Associates	69,471	6,280	56,883	45,961	178,595
Segment assets	<u>5,442,239</u>	<u>5,502,448</u>	<u>524,887</u>	<u>2,541,479</u>	<u>14,011,053</u>
Tax assets					153,047
Total assets					<u>14,164,100</u>

**c) Segment liabilities**

	<b>Plantations</b>	<b>Manufacturing</b>	<b>Property Development</b>	<b>Investment Holding/Others</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 March 2015</b>					
Segment liabilities	<u>1,176,625</u>	<u>1,858,320</u>	<u>30,645</u>	<u>2,189,513</u>	<u>5,255,103</u>
Unallocated liabilities					340,479
Total liabilities					<u>5,595,582</u>
<b>At 30 September 2014</b>					
Segment liabilities	<u>1,025,538</u>	<u>1,666,407</u>	<u>56,377</u>	<u>2,199,260</u>	<u>4,947,582</u>
Unallocated liabilities					345,269
Total liabilities					<u>5,292,851</u>

**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

**A9. Material events subsequent to end of period**

On 16 April 2015, Kuala Lumpur Kepong Berhad (“KLK”) completed the disposal of a 20% equity interest in its wholly-owned subsidiary, KLK Premier Capital Ltd (“KLKPCL”), to Mitsui & Co Ltd. Following the disposal, KLKPCL is now an 80% owned subsidiary of KLK.

**A10. Changes in composition of the Group**

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

- a) Upon completion of the subscription of 50% new shares in PT Kreasijaya Adhikarya (“PT Kreasijaya”) by PT Astra Agro Lestari Tbk in January 2015, PT Kreasijaya, previously a subsidiary, is now a joint venture of the KLK Group.

Subsequent to the period end, the Company had incorporated/set-up the following entities:

- a) a new wholly-owned subsidiary in Singapore, Caruso Ventures Pte Ltd (“CVPL”), which has an issued and paid-up capital of SGD5,000 and is currently non-operational. The intended principal activity is investment holding;
- b) a new wholly-owned subsidiary of CVPL in Australia, Caruso Australia Ventures Pty Ltd (“CAV”), which has an issued and paid-up capital of AUD100 and is currently non-operational. The intended principal activity is investment holding;
- c) a new wholly-owned subsidiary of CAV in Australia, Caruso Epping Pty Ltd (“CEP”), which has an issued and paid-up capital of AUD100 and is currently non-operational. The intended principal activity is trustee company; and
- d) a unit trust in Australia, Caruso Epping Unit Trust, with 100 units created under the trust deed and wholly subscribed by CAV. The intended principal activity is to hold land and undertake property development in Australia.

**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 2014.

**A12. Capital commitments**

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

	At 31 March 2015 RM’000	At 30 September 2014 RM’000
Capital expenditure		
Approved and contracted	211,116	266,052
Approved but not contracted	494,590	936,917
	<u>705,706</u>	<u>1,202,969</u>
Acquisition of shares in a subsidiary		
Approved and contracted	<u>1,196</u>	<u>1,133</u>
Acquisition of land for property development		
Approved and contracted	<u>784,080</u>	<u>784,080</u>

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(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 favourable 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>6 months ended</b>	
	<b>31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Transactions with associates:		
Sales of finished goods	4,247	4,378
Purchase of goods	1,615	2,003
Service charges paid	1,081	1,705
Research and development services paid	6,759	6,284
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	118,696	110,956
Taiko Marketing (S) Pte Ltd	2,158	3,401
Chlor-Al Chemical Pte Ltd	9,771	12,162
Premier Bleaching Earth Sdn Bhd	-	3,119
Siam Taiko Marketing Co Ltd	1,240	-
Purchases of goods:		
Taiko Marketing Sdn Bhd	17,613	16,129
Taiko Marketing (S) Pte Ltd	12,696	8,481
Borneo Taiko Clay Sdn Bhd	2,187	2,545
Bukit Katho Estate Sdn Bhd	1,463	1,879
Kampar Rubber & Tin Co Sdn Bhd	4,044	5,328
Malay Rubber Plantations (M) Sdn Bhd	2,707	4,151
PT Agro Makmur Abadi	35,272	35,848
PT Safari Riau	14,628	14,625
PT Taiko Persada Indoprima	3,897	7,751
Taiko Drum Industries Sdn Bhd	1,330	1,690
Taiko Fertiliser Marketing Sdn Bhd	1,805	20,412
Storage tanks rental received:		
Taiko Marketing Sdn Bhd	1,377	1,461
Supply of contract labours and engineering works:		
K7 Engineering Sdn Bhd	1,431	985
Sales commissions charged by:		
Taiko Marketing Sdn Bhd	3,903	1,088
c) Transactions between subsidiaries and their non-controlling interests:		
Sales of indirect materials and finished goods to:		
Mitsubishi Corporation	35,209	72,792
Mitsui & Co Ltd	139,687	61,586
Tejana Trading & Management Services Sdn Bhd	1,037	3,294

**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

**B. Explanatory Notes as required by the Bursa Securities' Listing Requirements****B1. Detailed analysis of performance****2<sup>nd</sup> Quarter FY 2015 vs 2<sup>nd</sup> Quarter FY 2014**

The Group's revenue for the current quarter under review was RM3,159.63 million, 5% higher than RM3,023.31 million in the corresponding quarter last year as all segments reported higher revenues. However, Group profit before tax was 29% lower at RM320.81 million (2014: RM450.82 million). Comments on the respective business segments are as follows:

**Plantations** reported a profit of RM165.16 million, 44% lower than last year's corresponding quarter's profit of RM293.19 million due to lower commodity prices, lower FFB and rubber production and higher CPO production cost.

Profit from the **Manufacturing** dropped 50% to RM78.47 million (2014: RM157.10 million) due to lower selling prices. Though revenue was marginally higher at RM1,595.00 million (2014: RM1,577.37 million), its results were affected by competitive fatty alcohol product prices resulting from low petroleum prices. The oleochemical division recorded a lower profit of RM56.49 million (2014: RM136.30 million) while the chemicals division posted a profit of RM16.19 million (2014: RM19.40 million).

**Property Development's** profit was substantially higher at RM28.91 million (2014: RM8.41 million) from higher revenue of RM42.66 million (2014: RM21.42 million). This was contributed by the development project in Bandar Seri Coalfields and surpluses from disposal of lands.

**Investment Holding/Others'** profit of RM48.27 million (2014: RM4.53 million loss) included realised foreign exchange gain, surplus from deemed disposal of a subsidiary and surplus from government acquisition of land.

**Todate 2<sup>nd</sup> Quarter FY 2015 vs Todate 2<sup>nd</sup> Quarter FY 2014**

For the first half financial year 2015, Group revenue was RM6,374.18 million, 14% higher than RM5,610.15 million in the corresponding period last year as all segments reported higher revenues. However, group profit before tax dropped 26% to RM639.08 million (2014: RM860.64 million). Comments on the business segments are as follows:

**Plantations** reported a profit of RM411.39 million, 26% lower than last year's corresponding period's profit of RM554.78 million due to lower commodity prices, lower FFB and rubber production and higher CPO production cost.

**Manufacturing's** profit was much lower at RM124.85 million (2014: RM260.79 million), despite revenue rose 6% to RM3,104.34 million (2014: RM2,930.90 million), as fatty alcohol business was affected by cheap petroleum prices and foreign exchange losses. The oleochemical division recorded a lower profit of RM85.29 million (2014: RM210.8 million) and the chemicals division posted a profit of RM33.06 million (2014: RM43.12 million).

**Property Development** reported a 49% higher revenue of RM72.58 million (2014: RM48.86 million) which generated a profit of RM42.78 million, almost double of last year corresponding period's RM21.62 million. This was due to higher profit recognised from the development project in Bandar Seri Coalfields and surpluses from sale of lands.

**Investment Holding/Others'** profit of RM60.06 million (2014: RM26.79 million) included realised foreign exchange gain, surplus from deemed disposal of a subsidiary and surplus from government acquisition of land.

**B2. Comparison of current quarter's results to the preceding quarter****2<sup>nd</sup> Quarter FY 2015 vs 1<sup>st</sup> Quarter FY 2015**

This quarter, the Group reported a pre-tax profit of RM320.81 million, slightly higher than the RM318.27 million reported in the preceding quarter. This was due to higher profits from Manufacturing, Property Development and Investment Holding/Others resulting from higher revenue and surpluses from disposal of lands and deemed disposal of a subsidiary. However, Plantations sector's profit was lower, affected by higher CPO production cost and lower FFB production, despite higher commodity prices.

**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

**B3. Current year's prospects**

The Group's Plantations profit for the current financial year is expected to be lower than last financial year's in view of the prevailing low palm oil prices. The oleochemical division expects reasonable level of profit for the current financial year, albeit lower than that of the last financial year, with additional capacities from new plants coming on-stream and the initiatives for operational efficiencies and productivity improvements.

Overall, the Group's profit for the current financial year is expected to 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 quarter ended 31 March 2015.

**B5. Income tax expense**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	42,108	56,869	96,172	120,747
Foreign income tax	22,104	25,172	46,170	48,986
	64,212	82,041	142,342	169,733
Deferred tax				
Relating to origination and reversal of temporary differences	1,533	10,198	(5,613)	11,196
Under/(Over) provision in respect of previous years	7,749	(1,186)	8,025	(6,483)
	9,282	9,012	2,412	4,713
Under provision in respect of previous years				
Malaysian income tax	1	1,184	260	782
Foreign income tax	1,043	1,997	996	2,298
	1,044	3,181	1,256	3,080
	74,538	94,234	146,010	177,526

The effective tax rate for the current quarter and 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 respectively acquire a 39% and 51% equity interest in PT Tekukur Indah ("PTTI"), a company established in the Republic of Indonesia, for a cash consideration of Rp1,395 billion and Rp765 million are still pending completion.



**Interim Financial Report for the second quarter ended 31 March 2015**

(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 31 March 2015		At 30 September 2014	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
a) Repayable within 12 months:				
(i) Term Loans				
- Secured	819	Euro206	808	Euro195
	819		808	
- Unsecured	74,317	USD20,000	32,850	USD10,000
	-		6,268	
	74,317		39,118	
	75,136		39,926	
(ii) Bank Overdraft				
- Secured	469	Euro118	-	
- Unsecured	63,908	Euro16,072	30,923	Euro7,460
	64,377		30,923	
(iii) Short Term Borrowings				
- Unsecured	361,147	USD97,433	293,242	USD89,330
	19,050	CHF5,000	24,049	CHF7,000
	71,382	GBP13,000	79,802	GBP15,000
	203,010	Euro51,055	276,668	Euro66,749
	523,266		349,563	
	1,177,855		1,023,324	
Total repayable within 12 months	1,317,368		1,094,173	
b) Repayable after 12 months:				
(i) Term Loans				
- Secured	1,427	Euro359	1,944	Euro469
- Unsecured	79,526	Euro20,000	82,898	Euro20,000
	111,476	USD30,000	131,401	USD40,000
	300,000		300,000	
	491,002		514,299	
	492,429		516,243	
(ii) Islamic Medium Term Notes				
- Unsecured	1,800,000		1,800,000	
Total repayable after 12 months	2,292,429		2,316,243	
Total Group borrowings	3,609,797		3,410,416	

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(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 31 March 2015, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	<b>Contract / Notional value Net long/(short) RM'000</b>	<b>Fair value Net gains/(losses) RM'000</b>
a) Forward foreign exchange contracts:		
- Less than 1 year	(963,244)	(24,247)
- 1 year to 3 years	-	-
- More than 3 years	-	-
b) Commodity futures contracts:		
- Less than 1 year	(245,616)	45,060
- 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 31 March 2015, 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.

**B11. Dividend**

a) An interim single tier dividend of 15 sen per share has been declared by the Directors in respect of the financial year ending 30 September 2015 (2014: single tier dividend of 15 sen per share) and will be paid on 13 August 2015 to shareholders registered in the Company's Register as at 22 July 2015.

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 20 July 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 22 July 2015, in respect of transfers; and

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(The figures have not been audited)

(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) Total dividend for the current financial year to-date is single tier dividend of 15 sen per share (2014: single tier dividend of 15 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 31 March		6 months ended 31 March	
	2015	2014	2015	2014
Net profit for the period attributable to owners of the Company (RM'000)	120,892	163,217	237,846	320,189
Weighted average number of shares ('000)	408,112	412,890	408,112	412,890
Earnings per share (sen)	29.6	39.5	58.3	77.5

**B13. Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the year ended 30 September 2014 was not subject to any qualifications.

**B14. Condensed Consolidated Statement of Profit or Loss**

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(12,293)	(10,021)	(21,385)	(19,946)
Dividend income	(6,850)	(8,383)	(16,372)	(19,653)
Other income	(96,599)	(17,109)	(129,657)	(73,261)
Interest expense	28,338	24,948	57,778	51,465
Depreciation and amortisation	104,372	90,309	206,107	174,519
(Reversal of)/Provision for and write-off of receivables	(687)	1,604	(1,262)	3,016
Provision for and write-off of inventories	1,049	5,271	11,235	4,686
Surplus on disposal of quoted or unquoted investments	(1,484)	(1,045)	(2,179)	(10,959)
Surplus on disposal of land	(282)	(447)	(994)	(988)
Surplus arising from government acquisition of land	(10,702)	(249)	(13,061)	(1,592)
Surplus on deemed disposal of a subsidiary	(12,266)	-	(12,266)	-
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange (gain)/loss	(13,803)	4,443	(38,434)	7,271
(Gain)/Loss on derivatives	(3,508)	(38,760)	25,971	7,725
Exceptional items	-	-	-	-

**Interim Financial Report for the second quarter ended 31 March 2015**

(The figures have not been audited)

**B15. Breakdown of realised and unrealised profits or losses**

	<b>At 31 March 2015 RM'000</b>	<b>At 30 September 2014 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	6,729,076	6,766,700
- Unrealised	(83,689)	(207,481)
	<hr/> 6,645,387	<hr/> 6,559,219
Total share of retained profits from associates:		
- Realised	59,357	61,481
- Unrealised	24	32
	<hr/> 59,381	<hr/> 61,513
Total share of (accumulated loss)/retained profits from a joint venture:		
- Realised	(9,238)	-
- Unrealised	6,587	-
	<hr/> (2,651)	<hr/> -
Consolidation adjustments	<hr/> (3,105,651)	<hr/> (3,077,614)
Total group retained profits as per consolidated accounts	<hr/> <hr/> 3,596,466	<hr/> <hr/> 3,543,118

By Order of the Board

CHONG SEE TECK  
YAP MIOW KIEN  
CHIEW CINDY  
Company Secretaries

20 May 2015