

BATU KAWAN BERHAD

(6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
For the year ended 30 September 2015**

Interim Financial Report for the year ended 30 September 2015

(The figures have not been audited)

Directors are pleased to announce the unaudited financial results of the Group for the year ended 30 September 2015.

Condensed Consolidated Statement of Profit or Loss

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	4,042,003	2,870,040	14,055,308	11,499,664
Operating expenses	(3,833,003)	(2,609,543)	(12,942,234)	(10,097,647)
Other operating income	100,005	22,465	255,303	117,532
Finance costs	(36,867)	(29,180)	(124,799)	(108,435)
Share of results of associates	2,408	3,348	12,420	6,167
Share of results of joint ventures	(7,042)	-	(14,476)	-
Profit before taxation	267,504	257,130	1,241,522	1,417,281
Income tax expense	(63,375)	(68,157)	(271,054)	(310,566)
NET PROFIT FOR THE PERIOD/YEAR	204,129	188,973	970,468	1,106,715
Profit attributable to:				
Owners of the Company	115,332	90,829	484,840	521,546
Non-controlling interests	88,797	98,144	485,628	585,169
	204,129	188,973	970,468	1,106,715
Earnings per share for profit attributable to owners of the Company (sen)				
Basic	28.3	22.1	119.0	126.9
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 year ended 30 September 2015

(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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the period/year	204,129	188,973	970,468	1,106,715
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Net change in fair value of available-for-sale investments	218,520	(102,951)	666,753	(78,848)
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	(557)	(1,466)	(11,416)
Foreign currency translation differences on deemed disposal of a subsidiary	-	-	4,319	-
Effect of changes in tax rate on revaluation reserve	-	(2,054)	-	(2,054)
Foreign currency translation differences	527,835	(62,007)	913,877	(155,757)
	746,355	(167,569)	1,583,483	(248,075)
Other comprehensive loss that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(15,991)	(19,969)	(15,991)	(19,969)
Total other comprehensive income/(loss) for the period/year	730,364	(187,538)	1,567,492	(268,044)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	934,493	1,435	2,537,960	838,671
Total comprehensive income attributable to:				
Owners of the Company	456,655	2,981	1,215,555	395,514
Non-controlling interests	477,838	(1,546)	1,322,405	443,157
	934,493	1,435	2,537,960	838,671

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 year ended 30 September 2015
(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	At 30 September 2015	At 30 September 2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	5,095,818	4,503,070
Investment property	51,120	52,049
Prepaid lease payments	296,303	254,364
Biological assets	2,480,204	2,154,096
Land held for property development	226,354	217,926
Goodwill on consolidation	359,064	315,328
Intangible assets	15,297	15,238
Investment in associates	160,974	178,595
Investment in joint ventures	181,169	-
Available-for-sale investments	1,836,879	916,372
Deferred tax assets	148,496	128,293
Other receivables	204,824	150,977
	11,056,502	8,886,308
Current assets		
Inventories	1,657,476	1,488,493
Biological assets	32,599	27,286
Trade and other receivables	2,763,098	1,705,883
Property development costs	59,964	54,316
Tax recoverable	38,290	24,754
Derivative financial assets	315,825	76,585
Cash and cash equivalents	2,696,606	1,900,475
	7,563,858	5,277,792
TOTAL ASSETS	18,620,360	14,164,100

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 year ended 30 September 2015
(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	At 30 September 2015	At 30 September 2014
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	1,469,501	1,056,450
Deferred income	6,728	4,957
Tax payable	32,556	64,400
Borrowings	1,914,940	1,094,173
Derivative financial liabilities	356,479	87,226
	<u>3,780,204</u>	<u>2,307,206</u>
Net current assets	<u>3,783,654</u>	<u>2,970,586</u>
Non-current liabilities		
Provision for retirement benefits	363,079	287,038
Deferred tax liabilities	285,066	280,869
Deferred income	113,154	101,495
Borrowings	3,181,221	2,316,243
	<u>3,942,520</u>	<u>2,985,645</u>
Total liabilities	<u>7,722,724</u>	<u>5,292,851</u>
Net assets	<u>10,897,636</u>	<u>8,871,249</u>
Equity attributable to owners of the Company		
Share capital	435,951	435,951
Treasury shares	(382,208)	(330,723)
Reserves	5,554,449	4,531,773
	<u>5,608,192</u>	<u>4,637,001</u>
Non-controlling interests	5,289,444	4,234,248
Total equity	<u>10,897,636</u>	<u>8,871,249</u>
TOTAL EQUITY AND LIABILITIES	<u>18,620,360</u>	<u>14,164,100</u>
Net assets per share attributable to owners of the Company (RM)	13.80	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 year ended 30 September 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
At 1 October 2014	435,951	(330,723)	4,810	819,976	27,682	(195,851)	325,003	7,035	3,543,118	4,637,001	4,234,248	8,871,249
Total comprehensive income for the year	-	-	-	1,756	61	429,314	308,399	-	476,025	1,215,555	1,322,405	2,537,960
Transactions with owners:												
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	-	-	51,597	51,597	96,235	147,832
Share buy back	-	(51,485)	-	-	-	-	-	-	-	(51,485)	-	(51,485)
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	601	601
Dividend paid	-	-	-	-	-	-	-	-	(244,476)	(244,476)	-	(244,476)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(364,045)	(364,045)
	-	(51,485)	-	-	-	-	-	-	(192,879)	(244,364)	(267,209)	(511,573)
At 30 September 2015	435,951	(382,208)	4,810	821,732	27,743	233,463	633,402	7,035	3,826,264	5,608,192	5,289,444	10,897,636

* Included in Capital Reserve is RM489,989,000 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 year ended 30 September 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
At 1 October 2013	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 year	-	-	(956)	1,075	1,223	(78,592)	(41,347)	-	514,111	395,514	443,157	838,671
Transactions with owners:												
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	(226,173)	(226,173)	-	(226,173)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(370,013)	(370,013)
	-	(107,336)	-	-	-	-	-	-	(218,669)	(326,005)	(303,558)	(629,563)
At 30 September 2014	435,951	(330,723)	4,810	819,976	27,682	(195,851)	325,003	7,035	3,543,118	4,637,001	4,234,248	8,871,249

* 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 2014.

Interim Financial Report for the year ended 30 September 2015
(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	Year ended 30 September	
	2015	2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,241,522	1,417,281
Adjustments for:		
Non-cash items	450,859	429,544
Non-operating items	(113,879)	(5,604)
Operating cash flows before changes in working capital	1,578,502	1,841,221
Changes in working capital		
Net change in current assets	(1,113,447)	(728,208)
Net change in current liabilities	557,156	115,197
Cash flows from operations	1,022,211	1,228,210
Interest received	1,654	899
Interest paid	(120,036)	(108,718)
Tax paid	(340,976)	(279,177)
Retirement benefits paid	(25,164)	(26,591)
Net cash flows from operating activities	537,689	814,623
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	8,899	18,705
Proceeds from sale of unquoted investments	10,117	23,178
Proceeds from deemed disposal of shares in a subsidiary, net of cash disposed	(35,089)	-
Proceeds from disposal of shares in a subsidiary	151,632	-
Share buy back	(51,485)	(107,336)
Purchase of property, plant and equipment	(750,292)	(798,864)
Property development expenditure	(8,975)	(898)
Purchase of intangible assets	(871)	(191)
Purchase of other investments	(115,550)	(99,142)
Investment in an associate	-	(66,543)
Payments of prepaid lease	(23,733)	(19,487)
Additions to biological assets	(206,036)	(222,405)
Acquisition of subsidiaries	(5,216)	(132,086)
Compensation from government on land acquired	25,463	5,516
Proceeds from disposal of land	10,266	-
Purchase of shares from non-controlling interests	(3,563)	(8,175)
Dividends received	95,673	55,931
Interest received	31,904	31,954
Repayment from a joint venture	10,454	-
Purchase of a joint venture	(11,408)	-
Sale of subsidiary, net of cash disposed	-	1,059
Net cash flows used in investing activities	(867,810)	(1,318,784)

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 year ended 30 September 2015

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	Year ended 30 September	
	2015	2014
	RM'000	RM'000
Cash flows from financing activities		
Issuance of Islamic Medium Term Notes	1,100,000	-
Proceeds from term loans	147,582	-
Repayment of term loans	(307,245)	(64,288)
Drawdown of short term borrowings	598,558	574,146
Dividend paid	(244,476)	(226,173)
Dividends paid to non-controlling interests	(364,045)	(370,013)
Issuance of shares to non-controlling interests	-	35,807
Increase in other receivables	(18,214)	(9,744)
Redemption of redeemable preference shares from non-controlling interests	-	(4,500)
Net cash flows from/(used in) financing activities	912,160	(64,765)
Net increase/(decrease) in cash and cash equivalents	582,039	(568,926)
Effects of exchange rate changes	217,847	(22,174)
Cash and cash equivalents at 1 October	1,869,552	2,460,652
Cash and cash equivalents at 30 September	2,669,438	1,869,552
Cash and cash equivalents at 30 September is represented by:		
Cash and cash equivalents	2,696,606	1,900,475
Borrowings - Bank overdraft	(27,168)	(30,923)
	2,669,438	1,869,552

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 year ended 30 September 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 Financial Reporting Standard (“FRS”) 134 *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board 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 year ended 30 September 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 2,859,531 shares in the Company from the open market. The average price paid for the shares repurchased was RM17.94 per share and the total consideration paid, including transaction costs, was RM51,485,027. The shares bought back were financed by internally generated funds and borrowings and held as treasury shares.

A7. Dividends paid

	Year ended 30 September	
	2015 RM'000	2014 RM'000
Interim 15 sen per share single tier (2014: 15 sen per share single tier)	61,023	61,397
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>244,476</u>	<u>226,173</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

	Plantations RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/Others RM'000	Elimination RM'000	Consolidated RM'000
Year ended 30 September 2015						
Revenue						
External revenue	7,090,777	6,617,000	123,275	224,256	-	14,055,308
Inter-segment revenue	696,380	-	-	506,382	(1,202,762)	-
Total revenue	<u>7,787,157</u>	<u>6,617,000</u>	<u>123,275</u>	<u>730,638</u>	<u>(1,202,762)</u>	<u>14,055,308</u>
Results						
Operating results	799,710	296,730	49,580	257,440	(35,083)	1,368,377
Finance costs	(4,401)	(37,802)	-	(117,679)	35,083	(124,799)
Share of results of associates	4,541	622	11,582	(4,325)	-	12,420
Share of results of joint ventures	(14,250)	-	-	(226)	-	(14,476)
Segment results	<u>785,600</u>	<u>259,550</u>	<u>61,162</u>	<u>135,210</u>	<u>-</u>	<u>1,241,522</u>
Profit before taxation						<u>1,241,522</u>
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	<u>5,635,058</u>	<u>5,978,905</u>	<u>117,063</u>	<u>502,456</u>	<u>(733,818)</u>	<u>11,499,664</u>

Interim Financial Report for the year ended 30 September 2015

(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 2014						
Results						
Operating results	1,044,381	377,270	45,815	84,761	(32,678)	1,519,549
Finance costs	(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 taxation						1,417,281

b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2015					
Operating assets	6,655,171	6,945,029	450,441	4,040,790	18,091,431
Associates	61,826	8,279	68,466	22,403	160,974
Joint ventures	144,658	-	-	36,511	181,169
Segment assets	6,861,655	6,953,308	518,907	4,099,704	18,433,574
Tax assets					186,786
Total assets					18,620,360
At 30 September 2014					
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	5,442,239	5,502,448	524,887	2,541,479	14,011,053
Tax assets					153,047
Total assets					14,164,100

c) Segment liabilities

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2015					
Segment liabilities	2,177,229	2,253,946	24,744	2,949,183	7,405,102
Unallocated liabilities					317,622
Total liabilities					7,722,724
At 30 September 2014					
Segment liabilities	1,025,538	1,666,407	56,377	2,199,260	4,947,582
Unallocated liabilities					345,269
Total liabilities					5,292,851

Interim Financial Report for the year ended 30 September 2015

(The figures have not been audited)

A9. Material events subsequent to end of period

On 6 October 2015, a subsidiary of Kuala Lumpur Kepong Berhad ("KLK"), Palmamide Sdn Bhd ("Palmamide"), located in Kundang, Rawang had a fire incident in its plant. Surveyors are in the process of assessing the extent of the loss, following which Palmamide will file a claim for reimbursement with the insurance company. Palmamide expects to recover majority of the loss through insurance claim.

A10. Changes in composition of the Group

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

a) The following wholly-owned subsidiaries of KLK which have become dormant were placed under members' voluntary winding-up:

- (i) Austerfield Corporation Sdn Bhd;
- (ii) Brecon Holdings Sdn Bhd;
- (iii) Kulumpang Development Corporation Sdn Bhd.

The aforesaid members' voluntary winding-up will not have any material operational and financial impact on the net assets and earnings of the Group for the financial year ended 30 September 2015.

b) increase in effective shareholding in Malay-Sino Chemical Industries Sdn Bhd to 86.48% from 86.01%.

c) On 8 July 2015, Whitmore Holdings Sdn Bhd ("WH"), a wholly-owned subsidiary of the Company had completed two Conditional Sale and Purchase of Shares Agreements to acquire a total of 90% equity interest in PT Tekukur Indah ("PTTI"), resulting in PTTI becoming a subsidiary of WH.

d) On 28 August 2015, Caruso Australia Ventures Pty Ltd ("CAV"), a wholly-owned subsidiary of the Company, had:

- i) incorporated a wholly-owned subsidiary, Caruso Greenvale Pty Ltd, which has an issued and paid-up capital of AUD100, in Australia. The intended principal activity is a trustee company; and
- ii) set-up a unit trust in Australia, Caruso Greenvale Unit Trust, with 100 units created under the trust deed and wholly subscribed by CAV. The intended principal activity is to invest in a joint venture in Australia to undertake property development.

Subsequent to the year end, on 1 October 2015, KLK via its wholly-owned subsidiary, KLK Emmerich GmbH, has completed the Proposed Acquisition of Emery's oleochemical assets and business in Holthausen, Dusseldorf, Germany.

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.

Interim Financial Report for the year ended 30 September 2015

(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 2015	At 30 September 2014
	RM'000	RM'000
Capital expenditure		
Approved and contracted	195,474	266,052
Approved but not contracted	947,260	936,917
	1,142,734	1,202,969
Acquisitions of shares in sub-subsidiaries		
Approved and contracted	1,268	1,133
Acquisition of land for property development		
Approved and contracted	784,080	784,080

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	
	2015	2014
	RM'000	RM'000
a) Transactions with associates:		
Processing fee earned	734	1,079
Sales of finished goods	8,047	7,858
Sales of electricity	1,196	1,097
Purchase of goods	3,563	6,189
Service charges paid	3,350	3,778
Research and development services paid	11,254	10,982

Interim Financial Report for the year ended 30 September 2015

(The figures have not been audited)

	Cumulative Quarter	
	Year ended 30 September	
	2015	2014
	RM'000	RM'000
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	244,406	226,988
Taiko Marketing (S) Pte Ltd	4,566	7,864
Chlor-Al Chemical Pte Ltd	20,811	23,337
Premier Bleaching Earth Sdn Bhd	37	3,519
Siam Taiko Marketing Co Ltd	2,149	2,175
Purchases of goods:		
Taiko Marketing Sdn Bhd	36,703	30,847
Taiko Marketing (S) Pte Ltd	21,845	27,653
Taiko Acid Works Sdn Bhd	250	4,232
Borneo Taiko Clay Sdn Bhd	4,228	4,313
Bukit Katho Estate Sdn Bhd	3,061	3,789
Kampar Rubber & Tin Co Sdn Bhd	8,617	10,240
Kekal & Deras Sdn Bhd	1,335	1,689
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	2,709	-
Malay Rubber Plantations (M) Sdn Bhd	6,382	8,204
PT Agro Makmur Abadi	69,984	68,333
PT Safari Riau	31,670	29,299
PT Taiko Persada Indoprima	4,554	18,509
Taiko Clay Marketing Sdn Bhd	1,915	1,645
Taiko Drum Industries Sdn Bhd	2,775	2,925
Taiko Fertiliser Marketing Sdn Bhd	5,728	26,881
Yayasan Perak-Wan Yuen Sdn Bhd	458	685
Freight income earned:		
Taiko Marketing Sdn Bhd	1,554	495
Chlor-Al Chemical Pte Ltd	1,245	1,946
Storage tanks rental received:		
Taiko Marketing Sdn Bhd	2,826	2,904
Management fees paid:		
Farming Management Services Pty Ltd	1,597	1,291
Aircraft operating expenses and management services paid:		
Smooth Route Sdn Bhd	1,508	1,214
Supply of contract labours and engineering works:		
K7 Engineering Sdn Bhd	3,146	2,462
Sales commissions charged by:		
Taiko Marketing Sdn Bhd	3,929	2,161
c) Transactions between subsidiaries and their non-controlling interests:		
Sales of indirect materials and finished goods to:		
Mitsubishi Corporation	86,846	73,253
Mitsui & Co Ltd	224,549	127,770
Tejana Trading & Management Services Sdn Bhd	2,344	4,326

Interim Financial Report for the year ended 30 September 2015

(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 2015 vs 4th Quarter FY 2014

The Group's revenue for the current quarter was RM4,042.00 million, 41% higher than RM2,870.04 million in the corresponding quarter last year as all segments, except Property Development, reported higher revenues. Group profit before tax rose 4% to RM267.50 million (2014: RM257.13 million). Comments on the respective business segments are as follows:

Plantations reported a profit of RM184.75 million, 26% lower compared to last year's corresponding quarter's profit of RM248.14 million due to lower commodity prices and higher CPO production cost.

Manufacturing's profit for this quarter was RM56.79 million, significantly higher than last year's corresponding quarter's profit of RM11.22 million due to higher revenue at RM1,821.15 million (2014: RM1,501.09 million). The oleochemical division recorded a profit of RM29.06 million (2014: RM13.44 million loss) while the chemicals division posted a profit of RM23.24 million (2014: RM20.51 million).

Property Development's profit decreased to RM10.63 million (2014: RM14.09 million) due to the decline in profit recognition from the development project in Bandar Seri Coalfields, Sungai Buloh. Revenue dropped 40% to RM21.72 million (2014: RM36.46 million).

Investment Holding/Others' profit of RM15.34 million (2014: RM16.32 million loss) due to higher dividend income.

Todate 4th Quarter FY 2015 vs Todate 4th Quarter FY 2014

For the financial year under review, Group revenue was RM14,055.31 million, 22% higher than RM11,499.66 million in the corresponding period last year as all segments reported higher revenues. However, group profit before tax dropped 12% to RM1,241.52 million (2014: RM1,417.28 million). Comments on the business segments are as follows:

Plantations reported a profit of RM785.60 million, 24% lower than last year's corresponding period's profit of RM1,034.15 million due to lower commodity prices and higher CPO production cost.

Manufacturing's profit was lower at RM259.55 million (2014: RM360.16 million), despite revenue rose 11% to RM6,617.00 million (2014: RM5,978.91 million), as fatty alcohol business was affected by the bearish petroleum prices, slowdown in China economy, currency translation loss and unrealised loss from fair value changes on outstanding derivative contracts. The oleochemical division recorded a lower profit of RM171.26 million (2014: RM263.24 million) while the chemicals division posted a profit of RM74.25 million (2014: RM85.23 million).

Property Development reported a 32% higher profit at RM61.16 million (2014: RM46.31 million) generated from a higher revenue of RM123.28 million (2014: RM117.06 million). This segment's profit comprised development profit from Bandar Seri Coalfields project and surpluses from sale of lands.

Investment Holding/Others' profit of RM135.21 million (2014: RM23.34 million loss) due to higher dividend income, realised foreign exchange gain and surplus from government acquisition of land.

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

4th Quarter FY 2015 vs 3rd Quarter FY 2015

This quarter, Group pre-tax profit was RM267.50 million, decreased 20% from the RM334.94 million reported in the preceding quarter due to lower profits from all segments, except Property Development. Manufacturing segment was affected by unrealised loss from fair value changes on outstanding derivative contracts while Investment Holding/Others' lower profit was due to lower dividend income.

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(The figures have not been audited)

B3. Current year's prospects

The Group's Plantations profit for financial year 2016 is expected to be comparable to that of the previous financial year given the prevailing palm oil price. Notwithstanding the current difficult business environment, the Group anticipates its oleochemical division's profit for financial year 2016 to be favourable, with additional capacities from new plants coming on-stream and the initiatives for operational efficiency and productivity improvements.

As for the chemicals division, profit from the chlor-alkali business is projected to be satisfactory whilst the sulphuric acid business is likely to remain challenging and competitive.

Overall, the Group's profit for financial year 2016 is expected to be satisfactory.

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 2015.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	48,804	65,130	185,957	239,807
Foreign income tax	29,719	31,980	97,519	103,513
	78,523	97,110	283,476	343,320
Deferred tax				
Relating to origination and reversal of temporary differences	(15,872)	(30,980)	(23,725)	(28,313)
Relating to changes in tax rates	(2,869)	-	(2,869)	-
Under/(Over) provision in respect of previous years	(613)	3,341	7,424	(3,174)
	(19,354)	(27,639)	(19,170)	(31,487)
(Over)/Under provision in respect of previous years				
Malaysian income tax	(2,061)	(2,929)	(4,700)	(1,105)
Foreign income tax	6,267	1,615	11,448	(162)
	4,206	(1,314)	6,748	(1,267)
	63,375	68,157	271,054	310,566

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

There were no corporate proposals announced.

Interim Financial Report for the year ended 30 September 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 30 September 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	1,001	Euro204	808	Euro195
	1,001		808	
- Unsecured	88,235	USD20,000	32,850	USD10,000
	98,388	Euro20,000	6,268	
	186,623		39,118	
	187,624		39,926	
(ii) Bank Overdraft				
- Unsecured	27,168	Euro5,523	30,923	Euro7,460
	27,168		30,923	
(iii) Short Term Borrowings				
- Unsecured	813,493	USD184,843	293,242	USD89,330
	-		24,049	CHF7,000
	26,637	GBP4,000	79,802	GBP15,000
	167,281	Euro34,000	276,668	Euro66,749
	692,737		349,563	
	1,700,148		1,023,324	
Total repayable within 12 months	1,914,940		1,094,173	
b) Repayable after 12 months:				
(i) Term Loans				
- Secured	1,286	Euro261	1,944	Euro469
- Unsecured	147,582	Euro30,000	82,898	Euro20,000
	132,353	USD30,000	131,401	USD40,000
	-		300,000	
	279,935		514,299	
	281,221		516,243	
(ii) Islamic Medium Term Notes				
- Unsecured	2,900,000		1,800,000	
Total repayable after 12 months	3,181,221		2,316,243	
Total Group borrowings	5,096,161		3,410,416	

Interim Financial Report for the year ended 30 September 2015

(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 2015, the values and maturity analysis of the outstanding derivatives 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	(872,347)	(131,682)
- 1 year to 3 years	-	-
- More than 3 years	-	-
b) Commodity futures contracts:		
- Less than 1 year	4,221	91,132
- 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 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.

Interim Financial Report for the year ended 30 September 2015

(The figures have not been audited)

B11. Dividend

- a) A final single tier dividend of 35 sen per share has been recommended by the Directors in respect of the financial year ended 30 September 2015 (year ended 30 September 2014: single tier dividend of 45 sen per share) and subject to the shareholders' approval at the forthcoming Annual General Meeting, will be paid on 17 March 2016 to shareholders registered in the Company's Register as at 24 February 2016.

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 22 February 2016, 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 24 February 2016, 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 50 sen per share (2014: single tier dividend of 60 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	
	2015	2014	2015	2014
Net profit for the period attributable to owners of the Company (RM'000)	115,332	90,829	484,840	521,546
Weighted average number of shares ('000)	407,587	411,096	407,587	411,096
Earnings per share (sen)	28.3	22.1	119.0	126.9

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.

Interim Financial Report for the year ended 30 September 2015

(The figures have not been audited)

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		Year ended	
	30 September		30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(14,393)	(11,484)	(48,421)	(40,929)
Dividend income	(25,524)	(18,203)	(98,780)	(59,674)
Other income	(100,023)	(22,465)	(255,321)	(117,532)
Interest expense	36,867	29,180	124,799	108,435
Depreciation and amortisation	110,718	102,685	422,285	367,557
(Reversal of)/Provision for and write-off of receivables	6,148	(1,546)	9,339	1,317
Provision for and write-off of inventories	741	17,136	22,128	29,190
Surplus on disposal of quoted or unquoted investments	(183)	(617)	(2,364)	(11,765)
Surplus on disposal of land	(4,311)	(658)	(13,011)	(2,224)
Surplus arising from government acquisition of land	(2,520)	(3,145)	(23,731)	(4,675)
Surplus on deemed disposal of a subsidiary	-	-	(12,266)	-
Surplus arising from disposal of shares in a subsidiary	-	(278)	-	(2,404)
Impairment of property, plant and equipment	-	424	-	424
Impairment of prepaid lease payment	-	-	-	19,760
Impairment of available-for-sale investments	1,396	-	1,396	-
Impairment of goodwill	-	(2)	-	3,680
Foreign exchange (gain)/loss	(50,773)	(9,525)	(94,445)	11,027
Loss on derivatives	86,453	31,843	147,315	44,818
Exceptional items	-	-	-	-

Interim Financial Report for the year ended 30 September 2015

(The figures have not been audited)

B15. Breakdown of realised and unrealised profits or losses

	At 30 September 2015 RM'000	At 30 September 2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	6,751,335	6,766,700
- Unrealised	322,044	(207,481)
	<u>7,073,379</u>	<u>6,559,219</u>
Total share of retained profits from associates:		
- Realised	73,854	61,481
- Unrealised	287	32
	<u>74,141</u>	<u>61,513</u>
Total share of (accumulated loss)/retained profits from a joint venture:		
- Realised	(25,082)	-
- Unrealised	10,606	-
	<u>(14,476)</u>	<u>-</u>
Consolidation adjustments	(3,306,780)	(3,077,614)
Total group retained profits as per consolidated accounts	<u>3,826,264</u>	<u>3,543,118</u>

By Order of the Board

CHONG SEE TECK
YAP MIOW KIEN
CHIEW CINDY
Company Secretaries

18 November 2015