

BATU KAWAN BERHAD

(6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
For the year ended 30 September 2016**

Interim Financial Report for the year ended 30 September 2016

(The figures have not been audited)

Directors are pleased to announce the unaudited financial results of the Group for the year ended 30 September 2016.

Condensed Consolidated Statement of Profit or Loss

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	4,661,089	4,042,003	16,969,251	14,055,308
Operating expenses	(4,440,252)	(3,833,003)	(15,880,380)	(12,942,234)
Other operating income	86,549	100,005	906,148	255,303
Finance costs	(47,022)	(36,867)	(178,152)	(124,799)
Share of results of associates	1,972	2,408	(2,187)	12,420
Share of results of joint ventures	(4,404)	(7,042)	7,906	(14,476)
Profit before taxation	257,932	267,504	1,822,586	1,241,522
Income tax expense	164,627	(63,375)	(45,691)	(271,054)
NET PROFIT FOR THE PERIOD/YEAR	422,559	204,129	1,776,895	970,468
Profit attributable to:				
Owners of the Company	194,734	115,332	825,168	484,840
Non-controlling interests	227,825	88,797	951,727	485,628
	422,559	204,129	1,776,895	970,468
Earnings per share for profit attributable to owners of the Company (sen)				
Basic	48.0	28.3	203.4	119.0
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 2015.

Interim Financial Report for the year ended 30 September 2016

(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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period/year	422,559	204,129	1,776,895	970,468
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	333,531	527,835	(76,704)	913,877
Net change in fair value of available-for-sale investments	(76,378)	218,520	(164,558)	666,753
Realisation on fair value of available-for-sale investments	-	-	(1,726)	(1,466)
Currency translation differences on deemed disposal of a subsidiary	-	-	-	4,319
	<u>257,153</u>	<u>746,355</u>	<u>(242,988)</u>	<u>1,583,483</u>
Other comprehensive loss that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(61,581)	(15,991)	(61,581)	(15,991)
Total other comprehensive income/(loss) for the period/year	195,572	730,364	(304,569)	1,567,492
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	618,131	934,493	1,472,326	2,537,960
Total comprehensive income attributable to:				
Owners of the Company	142,735	456,655	699,126	1,215,555
Non-controlling interests	475,396	477,838	773,200	1,322,405
	<u>618,131</u>	<u>934,493</u>	<u>1,472,326</u>	<u>2,537,960</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2015.

Interim Financial Report for the year ended 30 September 2016
(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	At 30 September 2016	At 30 September 2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	5,337,156	5,095,818
Investment property	50,191	51,120
Prepaid lease payments	319,539	296,303
Biological assets	2,644,794	2,480,204
Land held for property development	1,130,312	226,353
Goodwill on consolidation	349,930	359,064
Intangible assets	15,076	15,297
Investment in associates	170,733	160,974
Investment in joint ventures	251,412	181,169
Available-for-sale investments	1,694,341	1,836,879
Deferred tax assets	467,715	148,496
Other receivables	237,505	204,825
	12,668,704	11,056,502
Current assets		
Inventories	1,950,696	1,657,476
Biological assets	43,697	32,599
Trade and other receivables	2,271,993	2,763,098
Property development costs	83,463	59,964
Tax recoverable	59,588	38,290
Derivative financial assets	119,454	315,825
Short term funds	1,068,716	-
Cash and cash equivalents	1,548,905	2,696,606
	7,146,512	7,563,858
TOTAL ASSETS	19,815,216	18,620,360

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2015.

Interim Financial Report for the year ended 30 September 2016
(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	At 30 September 2016	At 30 September 2015
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	1,400,801	1,469,501
Deferred income	6,328	6,728
Tax payable	75,101	32,556
Borrowings	1,572,222	1,914,940
Derivative financial liabilities	218,786	356,479
	<u>3,273,238</u>	<u>3,780,204</u>
Net current assets	<u>3,873,274</u>	<u>3,783,654</u>
Non-current liabilities		
Provision for retirement benefits	503,650	363,079
Deferred tax liabilities	281,174	285,066
Deferred income	118,665	113,154
Borrowings	3,467,808	3,181,221
	<u>4,371,297</u>	<u>3,942,520</u>
Total liabilities	<u>7,644,535</u>	<u>7,722,724</u>
Net assets	<u>12,170,681</u>	<u>10,897,636</u>
Equity attributable to owners of the Company		
Share capital	435,951	435,951
Treasury shares	(403,272)	(382,208)
Reserves	6,047,130	5,554,449
	<u>6,079,809</u>	<u>5,608,192</u>
Non-controlling interests	6,090,872	5,289,444
Total equity	<u>12,170,681</u>	<u>10,897,636</u>
TOTAL EQUITY AND LIABILITIES	<u>19,815,216</u>	<u>18,620,360</u>
Net assets per share attributable to owners of the Company (RM)	15.01	13.80

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2015.

Interim Financial Report for the year ended 30 September 2016

(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 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
Total comprehensive income/(loss) for the period	-	-	(88)	1,522	1,009	(25,330)	(72,524)	-	794,537	699,126	773,200	1,472,326
Transactions with owners:												
Effect of changes in shareholdings in a joint venture	-	-	-	-	-	-	-	-	(3,622)	(3,622)	(4,156)	(7,778)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	324,800	324,800
Share buy back	-	(21,064)	-	-	-	-	-	-	-	(21,064)	-	(21,064)
Dividends paid	-	-	-	-	-	-	-	-	(202,823)	(202,823)	-	(202,823)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(292,416)	(292,416)
	-	(21,064)	-	-	-	-	-	-	(206,445)	(227,509)	28,228	(199,281)
At 30 September 2016	435,951	(403,272)	4,722	823,254	28,752	208,133	560,878	7,035	4,414,356	6,079,809	6,090,872	12,170,681

* Included in Capital Reserve is RM491,511,000 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 2015.

Interim Financial Report for the year ended 30 September 2016

(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 period	-	-	-	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
Dividends 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 2015.

Interim Financial Report for the year ended 30 September 2016
(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	Year ended 30 September	
	2016	2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,822,586	1,241,522
Adjustments for:		
Non-cash items	543,709	450,859
Non-operating items	(506,474)	(113,879)
Operating cash flows before changes in working capital	1,859,821	1,578,502
Changes in working capital		
Net change in current assets	105,002	(1,113,447)
Net change in current liabilities	(56,662)	557,156
Cash flows from operations	1,908,161	1,022,211
Interest received	1,120	1,654
Interest paid	(175,796)	(120,036)
Tax paid	(303,493)	(340,976)
Retirement benefits paid	(32,390)	(25,164)
Net cash flows from operating activities	1,397,602	537,689
Cash flows from investing activities		
Purchase of property, plant and equipment	(737,375)	(750,292)
Payments of prepaid lease	(27,315)	(23,733)
Plantation development expenditure	(173,281)	(206,036)
Property development expenditure	(903,959)	(8,975)
Purchase of shares in a subsidiary, net of cash acquired	-	(5,216)
Subscription of shares in associates	(325,055)	-
Subscription of shares in joint ventures	(82,134)	(11,408)
Purchase of available-for-sale investments	(54,187)	(115,550)
Purchase of shares from non-controlling interests	-	(3,563)
Purchase of intangible assets	(5,333)	(871)
Share buy back	(21,064)	(51,485)
Proceeds from sale of property, plant and equipment	8,089	8,899
Compensation from government on land acquired	41,553	25,463
Proceeds from disposal of land	831,421	10,266
Proceeds from disposal of available-for-sale investments	21,978	10,117
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
Increase in short term funds	(1,068,716)	-
Dividends received	91,917	95,673
Interest received	41,677	31,904
Repayment from joint ventures	17,098	10,454
Loan to other receivables	(47,170)	-
Net cash flows used in investing activities	(2,391,856)	(867,810)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2015.

Interim Financial Report for the year ended 30 September 2016

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	Year ended 30 September	
	2016	2015
	RM'000	RM'000
Cash flows from financing activities		
Issuance of Islamic Medium Term Notes	500,000	1,100,000
Term loans received	20,943	147,582
Repayment of term loans	(3,784)	(307,245)
(Repayment)/Drawdown of short term borrowings	(497,700)	598,558
Dividends paid	(202,823)	(244,476)
Dividends paid to non-controlling interests	(292,416)	(364,045)
Issuance of shares to non-controlling interests	324,800	-
Increase in other receivables	(6,488)	(18,214)
Net cash flows (used in)/from financing activities	(157,468)	912,160
Net (decrease)/increase in cash and cash equivalents	(1,151,722)	582,039
Effects of exchange rate changes	(9,521)	217,847
Cash and cash equivalents at 1 October	2,669,438	1,869,552
Cash and cash equivalents at 30 September	1,508,195	2,669,438
Cash and cash equivalents at 30 September is represented by:		
Cash and cash equivalents	1,548,905	2,696,606
Borrowings - Bank overdraft	(40,710)	(27,168)
	1,508,195	2,669,438

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2015.

Interim Financial Report for the year ended 30 September 2016

(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 2015. 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 2015.

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.

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 1,185,200 shares in the Company from the open market. The average price paid for the shares repurchased was RM17.70 per share and the total consideration paid, including transaction costs, was RM21,063,550. The shares bought back were financed by internally generated funds and borrowings and held as treasury shares.

A7. Dividends paid

	Year ended 30 September	
	2016	2015
	RM’000	RM’000
Interim 15 sen per share single tier (2015: 15 sen per share single tier)	60,806	61,023
Dividends proposed in financial year (“FY”) 2015, paid in FY 2016:		
Final 35 sen per share single tier	142,017	-
Dividends proposed in FY 2014, paid in FY 2015:		
Final 45 sen per share single tier	-	183,453
	202,823	244,476

Interim Financial Report for the year ended 30 September 2016

(The figures have not been audited)

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 2016						
Revenue						
External revenue	8,477,713	8,148,758	110,693	232,087	-	16,969,251
Inter-segment revenue	951,341	-	-	83,150	(1,034,491)	-
Total revenue	9,429,054	8,148,758	110,693	315,237	(1,034,491)	16,969,251
Results						
Operating results	843,210	485,778	25,225	678,229	(37,423)	1,995,019
Finance costs	(11,041)	(53,228)	-	(151,306)	37,423	(178,152)
Share of results of associates	4,985	(2,146)	3,407	(8,433)	-	(2,187)
Share of results of joint ventures	4,425	-	-	3,481	-	7,906
Segment results	841,579	430,404	28,632	521,971	-	1,822,586
Profit before taxation						1,822,586
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	7,787,157	6,617,000	123,275	730,638	(1,202,762)	14,055,308
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 a joint venture	(14,250)	-	-	(226)	-	(14,476)
Segment results	785,600	259,550	61,162	135,210	-	1,241,522
Profit before taxation						1,241,522

b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2016					
Operating assets	6,413,914	7,099,082	1,321,245	4,031,527	18,865,768
Associates	62,602	6,421	70,452	31,258	170,733
Joint ventures	163,472	-	-	87,940	251,412
Segment assets	6,639,988	7,105,503	1,391,697	4,150,725	19,287,913
Tax assets					527,303
Total assets					19,815,216

Interim Financial Report for the year ended 30 September 2016

(The figures have not been audited)

	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	<u>6,861,655</u>	<u>6,953,308</u>	<u>518,907</u>	<u>4,099,704</u>	<u>18,433,574</u>
Tax assets					186,786
Total assets					<u>18,620,360</u>

c) Segment liabilities

	Plantations	Manufacturing	Property Development	Investment Holding/Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2016					
Segment liabilities	<u>1,321,434</u>	<u>2,501,801</u>	<u>43,487</u>	<u>3,421,538</u>	<u>7,288,260</u>
Unallocated liabilities					356,275
Total liabilities					<u>7,644,535</u>
At 30 September 2015					
Segment liabilities	<u>2,177,229</u>	<u>2,253,946</u>	<u>24,744</u>	<u>2,949,183</u>	<u>7,405,102</u>
Unallocated liabilities					317,622
Total liabilities					<u>7,722,724</u>

A9. Material events subsequent to end of period

On 25 October 2016, Kuala Lumpur Kepong Berhad ("KLK") announced a conditional cash offer of 640 pence per share ("Initial Offer") to acquire, via its wholly-owned subsidiary, KL-Kepong International Ltd ("KLKI"), the entire issued and paid-up capital of M.P. Evans Group PLC ("MP Evans"), a company listed on the Alternative Investment Market of the London Stock Exchange.

Further thereto, on 15 November 2016, KLK has announced that it will increase its Initial Offer to 740 pence per share, valuing MP Evans at approximately £415.4 million.

The principal activity of MP Evans is the ownership, management and development of sustainable oil palm estates in Indonesia. Its segments include plantations (predominantly oil palm) in Indonesia (with a residual balance in Malaysia) and property development in Malaysia.

A10. Changes in composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinued operations during the current quarter under review.

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 2015.

Interim Financial Report for the year ended 30 September 2016

(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 2016 RM'000	At 30 September 2015 RM'000
Capital expenditure		
Approved and contracted	255,875	195,474
Approved but not contracted	639,613	947,260
	<u>895,488</u>	<u>1,142,734</u>
Acquisitions of shares in sub-subsidiaries		
Approved and contracted	1,336	1,268
Acquisition of land for property development		
Approved and contracted	-	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	
	2016 RM'000	2015 RM'000
a) Transactions with associates and joint venture:		
Sales of finished goods	18,171	8,047
Sales of electricity	1,082	1,196
Purchase of goods	874,566	3,563
Service charges paid	2,414	3,350
Research and development services paid	13,218	11,524

Interim Financial Report for the year ended 30 September 2016

(The figures have not been audited)

		Cumulative Quarter	
		Year ended	
		30 September	
		2016	2015
		RM'000	RM'000
b)	Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest:		
	Sales of goods:		
	Taiko Marketing Sdn Bhd	252,680	244,406
	Taiko Marketing (S) Pte Ltd	4,939	4,566
	Chlor-Al Chemical Pte Ltd	16,897	20,811
	Siam Taiko Marketing Co Ltd	3,592	2,149
	Purchases of goods:		
	Taiko Marketing Sdn Bhd	34,211	36,703
	Taiko Marketing (S) Pte Ltd	33,577	21,845
	Taiko Acid Works Sdn Bhd	11,073	250
	Borneo Taiko Clay Sdn Bhd	4,776	4,228
	Bukit Katho Estate Sdn Bhd	3,336	3,061
	Kampar Rubber & Tin Co Sdn Bhd	7,531	8,617
	Kekal & Deras Sdn Bhd	1,312	1,335
	Ladang Tai Tak (Kota Tinggi) Sdn Bhd	2,153	2,709
	Malay Rubber Plantations (M) Sdn Bhd	5,042	6,382
	PT Agro Makmur Abadi	53,334	69,984
	PT Bumi Karyatama Raharja	1,931	-
	PT Safari Riau	28,350	31,670
	PT Taiko Persada Indoprima	-	4,554
	Taiko Clay Marketing Sdn Bhd	1,663	1,915
	Taiko Drum Industries Sdn Bhd	3,638	2,775
	Taiko Fertiliser Marketing Sdn Bhd	16	5,728
	Freight income:		
	Taiko Marketing Sdn Bhd	1,151	1,554
	Chlor-Al Chemical Pte Ltd	140	1,245
	Storage tanks rental received:		
	Taiko Marketing Sdn Bhd	3,077	2,826
	Management fees paid:		
	Farming Management Services Pty Ltd	1,832	1,597
	Aircraft operating expense and management services paid:		
	Smooth Route Sdn Bhd	1,641	1,508
	Supply of contract labours and engineering works:		
	K7 Engineering Sdn Bhd	3,436	3,146
	Sales commissions charged by:		
	Taiko Marketing Sdn Bhd	59	3,929
		<hr/>	<hr/>
c)	Transactions between subsidiaries and their non-controlling interests:		
	Sales of goods:		
	Mitsubishi Corporation	195,152	86,846
	Mitsui & Co Ltd	314,023	224,549
	Tejana Trading & Management Services Sdn Bhd	4,830	2,344
	Purchases of goods:		
	PT Eka Dura Indonesia	23,243	-
	PT Letawa	43,980	-
	PT Tanjung Sarana Lestari	1,220,434	-
		<hr/>	<hr/>

Interim Financial Report for the year ended 30 September 2016

(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 2016 vs 4th Quarter FY 2015

The Group revenue for the current quarter was RM4,661.09 million, 15% higher than RM4,042.00 million in the corresponding quarter last year as Plantations, Manufacturing and Property Development reported higher revenues. Group profit before tax decreased 4% to RM257.93 million (2015: RM267.50 million). Comments on the respective business segments are as follows:

Plantations reported a profit of RM222.17 million, 20% higher compared to last year's corresponding quarter's profit of RM184.75 million due to higher commodity prices, despite lower FFB production and higher cost of CPO production.

Manufacturing's profit for this quarter was RM9.10 million, much lower than last year's corresponding quarter's profit of RM56.79 million due to unrealised loss from the fair value changes on outstanding derivative contracts despite a 25% higher revenue at RM2,271.37 million (2015: RM1,821.15 million). The oleochemical division reported a loss of RM11.35 million (2015: RM29.06 million profit) while the chemicals division posted a profit of RM15.30 million (2015: RM23.24 million).

Property Development registered a profit of RM19.25 million (2015: RM10.63 million) from a revenue of RM60.57 million, significantly higher than last year's corresponding quarter's RM21.72 million.

Todate 4th Quarter FY 2016 vs Todate 4th Quarter FY 2015

For the financial year under review, Group revenue was RM16,969.25 million, 21% higher than RM14,055.31 million in the corresponding period last year as Plantations and Manufacturing reported higher revenues. Group profit before tax increased 47% to RM1,822.59 million (2015: RM1,241.52 million) after accounting for a surplus of RM489.33 million from sale of plantation land to an associate. Comments on the business segments are as follows:

Plantations reported a profit of RM841.58 million, 7% higher than last year's corresponding period's profit of RM785.60 million with strong contributions from processing operations. Profit from estate operations increased slightly from higher commodity prices, despite lower FFB production and higher CPO production cost.

Manufacturing's profit was significantly higher at RM430.40 million (2015: RM259.55 million) as revenue rose 23% to RM8,148.76 million (2015: RM6,617.00 million). The oleochemical division recorded a profit of RM299.40 million (2015: RM171.26 million) and the chemicals division also posted a higher profit of RM107.12 million (2015: RM74.25 million).

Property Development's profit dropped 53% to RM28.63 million (2015: RM61.16 million) with a lower revenue of RM110.69 million (2015: RM123.28 million). In financial year 2015, there were surpluses recorded from sale of lands.

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

4th Quarter FY 2016 vs 3rd Quarter FY 2016

This quarter, Group pre-tax profit was RM257.93 million, decreased 28% from the RM357.51 million reported in the preceding quarter mainly due to lower profit from Manufacturing, affected by unrealised loss from the fair value changes on outstanding derivative contracts. Plantations profit was 5% higher due to higher commodity prices while profit from Properties improved due to higher revenue.

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(The figures have not been audited)

B3. Current year's prospects

The Group's Plantations performance for financial year 2017 is expected to be satisfactory in view of the prevailing palm products prices and the anticipated improvement in FFB production.

Due to continuing difficult market conditions, the profitability of the Group's oleochemical business will be challenged. As for the chemicals division, profit from the chlor-alkali business is projected to be satisfactory while the challenging sulphuric acid business has been restructured.

Overall, the Group expects a satisfactory profit for financial year 2017.

B4. Variance of actual profit from forecast profit

The Group did not issue any forecast profit or profit guarantee during the financial year to-date.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		Year ended 30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian taxation	48,849	48,804	168,126	185,957
Overseas taxation	45,443	29,719	117,975	97,519
	94,292	78,523	286,101	283,476
Deferred tax				
Relating to origination and reversal of temporary differences	(20,333)	(15,872)	4,624	(23,725)
Relating to changes in tax rates	(7)	(2,869)	535	(2,869)
Relating to revaluation of biological assets	(283,157)	-	(283,157)	-
Under/(Over) provision in respect of previous years	2,420	(613)	(8,751)	7,424
	(301,074)	(19,354)	(286,749)	(19,170)
Final tax on revaluation of biological assets	34,445	-	34,445	-
Under/(Over) provision in respect of previous years				
Malaysian taxation	74	(2,061)	212	(4,700)
Overseas taxation	7,636	6,267	11,682	11,448
	7,710	4,206	11,894	6,748
	(164,627)	63,375	45,691	271,054

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 and the recognition of deferred tax assets of RM283.16 million relating to the revaluation of biological assets by certain plantations subsidiaries in Indonesia.

B6. Status of corporate proposals

There were no corporate proposals announced.

Interim Financial Report for the year ended 30 September 2016

(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 2016		At 30 September 2015	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
a) Repayable within 12 months:				
(i) Term Loans				
- Secured	7,899	Euro1,697	1,001	Euro204
	7,899		1,001	
- Unsecured	82,459	USD20,000	88,235	USD20,000
	-		98,388	Euro20,000
	82,459		186,623	
	90,358		187,624	
(ii) Islamic Medium Term Notes				
- Unsecured	300,000		-	
(ii) Bank Overdraft				
- Unsecured	40,710	Euro8,747	27,168	Euro5,523
(iii) Short Term Borrowings				
- Unsecured	313,248	USD75,682	813,493	USD184,843
	-		26,637	GBP4,000
	107,040	Euro23,000	167,281	Euro34,000
	720,866		692,737	
	1,141,154		1,700,148	
Total repayable within 12 months	1,572,222		1,914,940	
b) Repayable after 12 months:				
(i) Term Loans				
- Secured	11,424	Euro2,455	1,286	Euro261
- Unsecured	232,695	Euro50,000	147,582	Euro30,000
	123,689	USD30,000	132,353	USD30,000
	356,384		279,935	
	367,808		281,221	
(ii) Islamic Medium Term Notes				
- Unsecured	3,100,000		2,900,000	
Total repayable after 12 months	3,467,808		3,181,221	
Total Group borrowings	5,040,030		5,096,161	

B8. Derivative financial instruments

The Group has entered into forward foreign exchange contracts as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments.

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(The figures have not been audited)

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 2016, 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	(1,095,734)	(24,124)
- 1 year to 3 years	-	-
- More than 3 years	-	-
b) Commodity futures contracts:		
- Less than 1 year	(323,755)	(75,208)
- 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 2016, 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) A final single tier dividend of 40 sen per share has been recommended by the Directors in respect of the financial year ended 30 September 2016 (year ended 30 September 2015: single tier dividend of 35 sen per share) and subject to the shareholders' approval at the forthcoming Annual General Meeting, will be paid on 16 March 2017 to shareholders registered in the Company's Register as at 22 February 2017.

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 20 February 2017, 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 February 2017, 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.

Interim Financial Report for the year ended 30 September 2016

(The figures have not been audited)

- b) The total dividend for the current financial year to-date is single tier dividend of 55 sen per share (2015: single tier dividend of 50 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 30 September		Year ended 30 September	
	2016	2015	2016	2015
Net profit for the period attributable to owners of the Company (RM'000)	194,734	115,332	825,168	484,840
Weighted average number of shares ('000)	405,726	407,587	405,726	407,587
Earnings per share (sen)	48.0	28.3	203.3	119.0

B13. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2015 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 30 September		Year ended 30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income	(15,841)	(14,393)	(62,996)	(48,421)
Dividend income	(23,742)	(25,524)	(86,673)	(98,780)
Other income	(86,549)	(100,023)	(906,148)	(255,321)
Interest expense	47,022	36,867	178,152	124,799
Depreciation and amortisation	111,226	110,718	485,043	422,285
(Reversal of)/Provision for and write-off of receivables	(2,140)	6,148	(2,235)	9,339
Provision for and write-off of inventories	(4,870)	741	6,297	22,128
Surplus on disposal of quoted or unquoted investments	(251)	(183)	(7,757)	(2,364)
Surplus on disposal of land	(4,736)	(4,311)	(496,542)	(13,011)
Surplus arising from government acquisition of land	193	(2,520)	(40,701)	(23,731)
Surplus on deemed disposal of a subsidiary	-	-	-	(12,266)
Impairment of leasehold land	(47)	-	8,096	-
Impairment of property, plant and equipment	4,068	-	4,068	-
Impairment of goodwill	-	-	1,369	-
Impairment of available-for-sale investments	1,548	1,396	1,548	1,396
Impairment of value in an associate	2,021	-	2,021	-
Foreign exchange (gain)/loss	(52,559)	(50,773)	(3,544)	(94,445)
Loss/(Gain) on derivatives	135,606	86,453	37,715	147,315
Exceptional items	-	-	-	-

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(The figures have not been audited)

B15. Breakdown of realised and unrealised profits or losses

	At 30 September 2016 RM'000	At 30 September 2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	7,618,338	6,751,335
- Unrealised	621,229	322,044
	<u>8,239,567</u>	<u>7,073,379</u>
Total share of retained profits from associates:		
- Realised	67,927	73,854
- Unrealised	238	287
	<u>68,165</u>	<u>74,141</u>
Total share of (accumulated loss)/retained profits from joint ventures:		
- Realised	(24,561)	(25,082)
- Unrealised	10,214	10,606
	<u>(14,347)</u>	<u>(14,476)</u>
Consolidation adjustments	<u>(3,879,029)</u>	<u>(3,306,780)</u>
Total group retained profits as per consolidated accounts	<u>4,414,356</u>	<u>3,826,264</u>

By Order of the Board

CHONG SEE TECK
YAP MIOW KIEN
CHIEW CINDY
Company Secretaries

16 November 2016