

BLD PLANTATION BHD. (562199-A)

Interim Financial Report
31 March 2010

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for Three Months ended 31 March 2010

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 31 March 2010

		First Quarter	
		3 months ended	
		31.03.2010	31.03.2009
	Note	RM'000	RM'000
Revenue		243,732	141,286
Cost of sales		(216,229)	(126,741)
Gross profit		27,503	14,545
Other operating income		5,069	53
Selling expenses		(5,949)	(4,513)
Administrative expenses		(1,694)	(1,348)
Finance costs		(1,621)	(1,984)
Profit before taxation		23,308	6,753
Taxation	18	(4,825)	(1,928)
Profit for the period		18,483	4,825
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		18,483	4,825
Profit for the period attributable to:			
Owners of the parent		18,374	4,924
Minority interests		109	(99)
		18,483	4,825
Total Comprehensive Income Attributable to:			
Owners of the parent		18,374	4,924
Minority interest		109	(99)
		18,483	4,825
Earnings per share (sen) attribute to ordinary equity holders of the parent:	26		
- Basic		21.62	5.79
- Diluted		Not applicable	Not applicable

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Financial Position

	As At 31.03.2010 RM'000	As At 31.12.2009 RM'000
Non-current Assets		
Property, plant and equipment	549,772	548,993
Prepaid land lease	144,453	145,208
Deferred tax asset	15,919	17,336
Goodwill on consolidation	82	82
	710,226	711,619
Current Assets		
Inventories	117,873	96,464
Receivables	50,954	64,560
Deposits, cash and bank balances	72,737	82,611
Tax refundable	8,861	8,841
Derivative financial instrument	4,905	-
	255,330	252,476
Total assets	965,556 =====	964,095 =====
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	85,000	85,000
Reserves	388,400	370,026
	473,400	455,026
Minority interest	1,703	1,594
	475,103	456,620
Total equity	475,103	456,620
Non-current liabilities		
Borrowings	159,932	151,803
Deferred tax liabilities	107,973	104,990
	267,905	256,793
Current liabilities		
Borrowings	168,219	170,876
Payables	54,329	79,806
	222,548	250,682
Total liabilities	490,453	507,475
Total equity and liabilities	965,556 =====	964,095 =====

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Condensed Consolidated Statement of Financial Position

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Changes in Equity

For the Period Ended 31 March 2010

	Attributable to owners of the parent				Minority interests	Total Equity
	Share Capital	Retained Profit	Share Premium	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	85,000	347,922	22,104	455,026	1,594	456,620
Total comprehensive income for the period	-	18,374	-	18,374	109	18,483
At 31 March 2010	85,000	366,296	22,104	473,400	1,703	475,103

	Attributable to owners of the parent				Minority interests	Total Equity
	Share Capital	Retained Profit	Share Premium	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	85,000	268,150	22,104	375,254	382	375,636
Total comprehensive income for the period	-	4,924	-	4,924	(99)	4,825
At 31 March 2009	85,000	273,074	22,104	380,178	283	380,461

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 March 2010

	Cumulative 3 months 31.03.2010 RM'000	Cumulative 3 months 31.03.2009 RM'000
Cash flows from operating activities		
Profit before taxation	23,308	6,753
Adjustments for:		
Depreciation of property, plant and equipment	3,487	2,677
Amortisation of prepaid lease rental	756	738
Interest income	(59)	(49)
Interest expense	1,621	1,984
Unrealised gain on foreign exchange	(4,906)	-
Operating profit before changes in working capital	24,207	12,103
Net change in current assets	(7,803)	3,048
Net change in liabilities	(25,477)	(21,167)
Cash use in operations	(9,073)	(6,016)
Income tax paid net of refund	(445)	(524)
Interest received	59	49
Net used in operating activities	(9,459)	(6,491)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,507)	(9,220)
Net cash used in investing activities	(3,507)	(9,220)
Cash flows from financing activities		
Interest paid	(2,382)	(2,779)
Net proceeds of term loan and revolving credit	14,229	29,758
Net cash generated from financing activities	11,847	26,979
Net (decrease)/ increase in cash and cash equivalents	(1,119)	11,268
Effect from change in foreign exchange	1	
Cash and cash equivalents at the beginning of the period	70,853	106,408
Cash and cash equivalents at the end of the period	69,735	117,676

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes.

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Notes to the Financial Information

1. Basis of preparation

The interim financial statements are unaudited and have been principally prepared in accordance with Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2009 except for the adoption of the following new Financial Reporting Standards (FRSs), amendments to FRSs and Interpretations with effect from 1 January 2010:

- FRS 7: Financial Instruments: Disclosures
- FRS 8 : Operating Segments
- FRS 101: Presentation of Financial Statements (revised)
- Amendments to FRS 101: Presentation of Financial Statements
- FRS 123: Borrowing Costs (revised)
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 139 : Financial Instruments: Recognition and Measurement
- IC Interpretation 10: Interim Financial Reporting and Impairment
- Improvements to FRSs (2009)

Other than the principal effects discussed below, the adoption of the above FRSs, Amendments and Interpretations do not have any significant impact on the Group’s result.

(a) FRS 8: Operating Segment

FRS 8 requires segment information to be presented on a similar basis as that used for internal reporting purposes. As a result, the Group’s segmental reporting had been presented based on that used for internal reporting to the chief operating maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

(b) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 has introduced changes in terminology used, format and contents of financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity are required to be presented in statement of comprehensive income and components of comprehensive income are not permitted to be presented in the statement of changes in equity.

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Notes to the Financial Information

2. Significant Accounting Policies (con't)

(c) FRS 139 : Financial Instruments : Recognition and Measurement

FRS 139 resulted in changes to accounting policies relating to recognition and measurement of financial instruments. A financial asset or a financial liability shall be recognized in its statement of financial position when, and only when, the group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is recorded at fair value upon initial recognition.

Subsequent to initial recognition, financial assets are classified as 'financial assets at fair value through profit or loss', 'held-to-maturity investments', loans and receivables', available for sale financial assets' or derivatives designated as hedging instruments, as appropriate.

Loans and Receivables prior to adoption of FRS 139 were stated at cost less allowance for doubtful debts. Under FRS139, financial assets categorized as loans and receivables are subsequently measured at cost using the effective interest methods. Gains or losses arising from amortization process, impairment, or derecognition of loans and receivables are recognized in profit or loss.

Financial liabilities after initial recognition are classified as 'fair value through profit or loss', 'amortised cost' or 'derivates designated as hedging instruments', as appropriate.

The group financial liabilities include borrowings, trade and other payables, and derivative instruments. Accordingly, the group assessed its derivatives and designated its derivatives arising from forward exchange contract as fair value hedge.

To qualify for hedge accounting, the group is required to document prospectively the hedging relationship of the hedge instrument, the hedged item and nature of the risk being hedged. Besides it also required to demonstrate the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value on an ongoing basis to ensure that the hedge has been effective throughout the financial reporting periods for which the hedge was designated.

In accordance with the respective transitional provisions, the Group are exempted from disclosing the possible impact to the financial statements upon the initial application.

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Notes to the Financial Information

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

4. Comments about seasonal or cyclical factors

The production of fresh fruit bunches is seasonal in nature and low during the first half of the year.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the reporting quarter.

6. Changes in estimates

There was no significant change in estimates of amounts reported which have a material impact on the reporting quarter.

7. Debt and equity securities

There was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current period ended 31 March 2010

8. Dividends Paid

There was no dividend payment during the reporting quarter.

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Notes to the Financial Information**9. Segmental information**

The segment information for business segments predominantly conducted in Malaysia for the current financial year to date were as follows:-

Result for period to date ended 31 March 2010

	Refinery and Kernel Crushing				Consolidated
	Plant RM'000	Milling RM'000	Plantation RM'000	Others RM'000	RM'000
Total revenue	240,850	52,773	6,774	113	300,150
Less: Inter-segment revenue	-	(49,966)	(6,772)	(40)	(56,778)
External revenue	240,850	2,807	2	73	243,732
Results	11,670	12,467	1,013	(220)	24,930
Finance costs	(1,210)	(196)	(215)	-	(1,621)
Profit before tax	10,460	12,271	798	(220)	23,309
Income tax expenses	(1,417)	(3,194)	(215)	-	(4,826)
Profit after tax	9,043	9,077	583	(220)	18,483

Result for period to date ended 31 March 2009

	Refinery and Kernel Crushing				Consolidated
	Plant RM'000	Milling RM'000	Plantation RM'000	Others RM'000	RM'000
Total revenue	140,534	39,493	4,292	-	184,319
Less: Inter-segment revenue	(18)	(38,730)	(4,284)	-	(43,032)
External revenue	140,516	763	8	-	141,287
Results	5,244	3,339	430	(277)	8,736
Finance costs	(1,521)	(182)	(281)	-	(1,984)
Profit before tax	3,723	3,157	149	(277)	6,752
Income tax expenses	(931)	(789)	(207)	-	(1,927)
Profit after tax	2,792	2,368	(58)	(277)	4,825

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Notes to the Financial Information**10. Carrying amount of revalued assets**

As at the end of this reporting quarter, the Group does not have any revalued assets.

11. Subsequent events

There is no other material event subsequent to this reporting quarter as at the date of this announcement.

12. Changes in the composition of the Group

There was no change in composition of the Group for this reporting quarter.

13. Changes in contingent liabilities and contingent assets

	RM'000
Guarantee relating to bonding requirement	2,468
	=====

14. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 March 2010 is as follows:

	RM'000
Approved and contracted for	976
Approved but not contracted for	25,110
	<hr/>
	26,086
	=====

15. Review of Performance

The Group recorded a profit before tax of RM23.308 million compared to profit before tax of RM6.753 million for the preceding year corresponding quarter. The Group recorded revenue of RM243.732 million compared to RM141.286 million for the preceding year corresponding quarter.

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Notes to the Financial Information**16. Comparison with Preceding Quarter's Results**

The Group incurred profit before tax of RM23.308 million compared to a profit before tax of RM3.037 million compared to immediate preceding quarter.

17. Commentary on prospects

The Group's financial performance is mainly dependent on the demand for palm oil products in world edible oil market and their corresponding prices. Barring any unforeseen circumstances, the Directors are of the opinion that the Group's performance is expected to be satisfactory for the current year.

18. Taxation

	First Quarter 3 months ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
Tax expense for the period:		
Deferred taxation	4,400	1,048
Current period provision	425	880
	-----	-----
	4,825	1,928
	=====	=====

19. Sale of unquoted investments and properties

There were no sales of unquoted investments and properties during the current quarter.

20. Quoted securities

There were no purchases or sales of quoted securities during the current quarter.

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Notes to the Financial Information**21. Borrowings and debt securities**

	RM'000
Short term borrowings	
Secured	168,219
Long term borrowings	
Secured	159,932

	328,151
	=====

The above borrowings are denominated in Ringgit Malaysia.

22. Derivative Financial Instruments

Details of outstanding derivative financial instrument designated as fair value hedge as at 31 March 2010 was as follows:

Type of derivatives	Currency	Contract Amount	Fair Value	Gain on Fair Value Changes
		-----	-----	-----
Forward foreign exchange contract – maturing within 6 months	USD	RM'000 139,966	RM'000 135,061	RM'000 4,905

Forward foreign exchange contract is used purely as a hedging tool to minimise the group's exposure to changes in fair value of its firm commitment, conducted in the ordinary course of business, as a result of fluctuation in exchange rate.

The fair value of forward exchange contract is determined using forward market rates at the end of the reporting period and changes in the fair value is recognised in profit or loss. The subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with the corresponding gain or loss recognised in profit or loss.

There is minimal credit risk as the contracts were entered into with reputable banks.

23. Changes in material litigation

There are no material litigations pending since the last annual balance sheet date to the date of this announcement.

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Notes to the Financial Information**24. Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast and profit guarantee.

25. Dividend

No dividend has been proposed for the current reporting quarter.

26. Earnings per share

	First Quarter 3 months ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
Net profit attributable to ordinary equity holders of the parent	18,374 =====	4,924 =====
Weighted average number of ordinary shares in issue ('000)	85,000 =====	85,000 =====
Basic earnings per share (sen) for the period attributable to ordinary equity holders of the parent	21.62 =====	5.79 =====