

BLD PLANTATION BHD. (562199-A)

Interim Financial Report

30 June 2010

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for Six Months ended 30 June 2010

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 30 June 2010

	Note	Individual Quarter		Cumulative Quarter	
		30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Revenue		336,208	226,255	579,940	368,134
Cost of sales		(303,735)	(201,875)	(519,964)	(329,209)
Gross profit		32,473	24,380	59,976	38,925
Other operating income/(loss)		(4,671)	77	398	130
Selling expenses		(6,109)	(4,344)	(12,058)	(8,857)
Administrative expenses		(1,723)	(1,889)	(3,417)	(3,237)
Finance costs		(981)	(1,708)	(2,602)	(3,692)
Profit before taxation		18,989	16,516	42,297	23,269
Taxation	18	(7,299)	(3,229)	(12,124)	(5,157)
Profit for the period		11,690	13,287	30,173	18,112
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the period		11,690	13,287	30,173	18,112
Profit for the period attributable to:					
Owners of the parent		11,583	13,083	29,957	18,007
Minority interests		107	204	216	105
		11,690	13,287	30,173	18,112
Total Comprehensive Income					
Attributable to:					
Owners of the parent		11,583	13,083	29,957	18,007
Minority interest		107	204	216	105
		11,690	13,287	30,173	18,112
Earnings per share (sen) attribute to ordinary equity holders of the parent:	26				
- Basic		13.63	15.39	35.24	21.18
- Diluted		Not Applicable	Not Applicable	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 30.06.2010 RM'000	As At 31.12.2009 RM'000
Non-current Assets		
Property, plant and equipment	562,744	548,993
Prepaid land lease	143,696	145,208
Deferred tax asset	13,203	17,336
Goodwill on consolidation	82	82
	719,725	711,619
Current Assets		
Inventories	73,659	96,464
Receivables	14,668	64,560
Deposits, cash and bank balances	169,234	82,611
Tax refundable	6,012	8,841
Derivative financial instrument	290	-
	263,863	252,476
Total assets	983,588	964,095
	=====	=====
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	85,000	85,000
Reserves	392,903	370,026
	477,903	455,026
Total equity attribute to owners of the parent	477,903	455,026
Minority interest	1,810	1,594
	479,713	456,620
Total equity	479,713	456,620
Non-current liabilities		
Borrowings	149,479	151,803
Deferred tax liabilities	109,262	104,990
	258,741	256,793
Current liabilities		
Borrowings	173,596	170,876
Payables	64,458	79,806
Dividend payable	7,080	-
	245,134	250,682
Total liabilities	503,875	507,475
	983,588	964,095
Total equity and liabilities	983,588	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 30 June 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
Profit for the period	-	29,957	-	29,957	216	30,173
Final dividend	-	(7,080)	-	(7,080)	-	(7,080)
	<u>85,000</u>	<u>370,799</u>	<u>22,104</u>	<u>477,903</u>	<u>1,810</u>	<u>479,713</u>
At 30 June 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 2009	85,000	324,832	22,104	431,936	1,251	433,187
Profit for the period	-	18,007	-	18,007	105	18,112
Final dividend	-	(7,012)	-	(7,012)	-	(7,012)
	<u>85,000</u>	<u>335,827</u>	<u>22,104</u>	<u>442,931</u>	<u>1,356</u>	<u>444,287</u>
At 30 June 2009	=====	=====	=====	=====	=====	=====

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 30 June 2010

	Cumulative 6 months 30.06.2010 RM'000	Cumulative 6 months 30.06.2009 RM'000
Cash flows from operating activities		
Profit before taxation	42,297	23,268
Adjustments for:		
Depreciation of property, plant and equipment	5,961	5,463
Amortisation of prepaid lease rental	1,512	1,477
Interest income	(140)	(795)
Interest expense	2,602	3,692
Unrealised gain on foreign exchange	(290)	-
Operating profit before changes in working capital	51,942	33,105
Net change in current assets	72,697	16,447
Net change in liabilities	(15,348)	(17,082)
Cash generated from /(use in) operations	109,291	32,470
Income tax paid net of refund	(891)	(1,048)
Interest received	140	795
Net cash generated from/(used in) operating activities	108,540	32,217
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,917)	(22,297)
Net cash used in investing activities	(17,917)	(22,297)
Cash flows from financing activities		
Interest paid	(4,396)	(5,300)
Net proceeds of term loan and revolving credit	7,281	92,011
Net cash generated from financing activities	2,885	86,711
Net (decrease)/ increase in cash and cash equivalents	93,507	96,631
Cash and cash equivalents at the beginning of the period	70,853	106,408
Cash and cash equivalents at the end of the period	164,360	203,039

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 30 June 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 30 June 2010

	Refinery and Kernel Crushing				Consolidated
	Plant RM'000	Milling RM'000	Plantation RM'000	Others RM'000	RM'000
Total revenue	573,224	111,355	15,334	240	700,153
Less: Inter-segment revenue	-	(104,801)	(15,331)	(81)	(120,213)
External revenue	573,224	6,554	3	159	579,940
Results	15,411	26,333	3,712	(557)	44,899
Finance costs	(1,774)	(476)	(352)	-	(2,602)
Profit before tax	13,637	25,857	3,360	(557)	42,297
Income tax expenses	(4,133)	(7,114)	(877)	-	(12,124)
Profit after tax	9,504	18,743	2,483	(557)	30,173

Result for period to date ended 30 June 2009

	Refinery and Kernel Crushing				Consolidated
	Plant RM'000	Milling RM'000	Plantation RM'000	Others RM'000	RM'000
Total revenue	365,535	74,830	10,845	672	451,882
Less: Inter-segment revenue	(18)	(73,405)	(10,325)	-	(83,748)
External revenue	365,517	1,425	520	672	368,134
Results	14,398	10,305	2,344	(86)	26,961
Finance costs	(2,796)	(324)	(572)	-	(3,692)
Profit before tax	11,602	9,981	1,772	(86)	23,269
Income tax expenses	(2,045)	(2,495)	(617)	-	(5,157)
Profit after tax	9,557	7,486	1,155	(86)	18,112

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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	2,439
	=====

14. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2010 is as follows:

	RM'000
Approved and contracted for	-
Approved but not contracted for	27,950
	<hr/>
	27,950
	=====

15. Review of Performance

The Group recorded a profit before tax of RM42.297 million compared to profit before tax of RM23.268 million for the preceding year corresponding quarter. The Group recorded revenue of RM579.940 million compared to RM368.134 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 RM18.989 million compared to a profit before tax of RM23.308 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

	Individual Quarter		Cumulative Quarter	
	6 months ended		6 months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period:				
Deferred taxation	3,294	-	3,719	880
Current period provision	4,005	3,229	8,405	4,277
	-----	-----	-----	-----
	7,299	3,229	12,124	5,157
	=====	=====	=====	=====

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	173,596
Long term borrowings	
Secured	149,479

	323,075
	=====

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 30 June 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 39,790	RM'000 40,080	RM'000 290

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		Cumulative Quarter 6 months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary equity holders of the parent	11,583 =====	13,083 =====	29,957 =====	18,007 =====
Weighted average number of ordinary shares in issue ('000)	85,000 =====	85,000 =====	85,000 =====	85,000 =====
Basic earnings per share (sen) for the period attributable to ordinary equity holders of the parent	13.63 =====	15.39 =====	35.24 =====	21.18 =====