

BLD PLANTATION BHD.(562199-A)

Interim Financial Report
31 December 2013

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for the Year Ended 31 December 2013

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2013

(The figures have not been audited)

		Individual Quarter		Cumulative Quarter	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		440,150	509,395	1,634,367	1,913,764
Cost of sales		(416,146)	(435,185)	(1,535,838)	(1,724,796)
Gross profit		24,004	74,210	98,529	188,968
Other operating income		377	737	3,929	3,667
Selling expenses		(10,439)	(11,364)	(34,040)	(47,694)
Administrative expenses		(10,476)	(12,028)	(18,647)	(20,488)
Finance costs		(3,329)	(2,718)	(12,052)	(6,223)
Profit before taxation		137	48,837	37,719	118,230
Income tax expenses	18	9,818	(11,686)	(744)	(29,172)
Profit for the year, net of tax representing total Comprehensive Income for the year		9,955	37,151	36,975	89,058
		=====	=====	=====	=====
Profit for the year attributable to:					
Owners of the Company		10,022	37,319	37,229	88,511
Non-controlling interests		(67)	(168)	(254)	547
		9,955	37,151	36,975	89,058
		=====	=====	=====	=====
Earnings per share (sen)	26				
attributable to Owners of the Company:					
- Basic		10.72	43.91	41.57	104.13
- Diluted		N/A	N/A	N/A	N/A
		=====	=====	=====	=====

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes.

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(Company No: 562199-A)

Condensed Consolidated Statement of Financial Position

(The figures have not been audited)

	As At 31.12.2013 RM'000	As At 31.12.2012 RM'000
Non-current Assets		
Property, plant and equipment	387,605	386,108
Biological assets	502,386	482,944
Goodwill on consolidation	-	82
Deferred tax assets	842	-
	890,833	869,134
Current Assets		
Inventories	157,000	138,059
Receivables	123,218	59,290
Prepaid operating expenses	1,633	1,741
Deposits, cash and bank balances	263,174	296,546
Tax refundable	4,800	10,593
Derivative financial instruments	-	196
	549,825	506,425
Total assets	1,440,658 =====	1,375,559 =====
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	93,500	85,000
Reserves	678,396	588,266
	771,896	673,266
Non-controlling interests	1,259	1,745
	773,155	675,011
Total equity	773,155	675,011

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes.

BLD PLANTATION BHD
(Company No: 562199-A)

Condensed Consolidated Statement of Financial Position

(The figures have not been audited)

	As At 31.12.2013 RM'000	As At 31.12.2012 RM'000
Non-current liabilities		
Borrowings	138,524	167,585
Deferred tax liabilities	145,272	146,533
	283,796	314,118
Current liabilities		
Borrowings	268,706	262,609
Payables	113,142	123,821
Derivative financial instruments	1,859	-
	383,707	386,430
Total liabilities	667,503	700,548
Total equity and liabilities	1,440,658	1,375,559
	=====	=====
Net assets per share attributable to Owners of the Company (RM)	8.62	7.92
	===	===

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2013

(The figures have not been audited)

	Attributable to owners of the Company				Non- controlling Interests	Total Equity
	Share Capital RM'000	Retained Profit RM'000	Share Premium RM'000	Total RM'000		
At 1 January 2013	85,000	566,162	22,104	673,266	1,745	675,011
Issuance of shares	8,500	-	57,576	66,076	-	66,076
Total comprehensive income	-	37,229	-	37,229	(254)	36,975
Dividend paid to non-controlling interests	-	-	-	-	(232)	(232)
Final dividend	-	(4,675)	-	(4,675)	-	(4,675)
At 31 December 2013	93,500	598,716	79,680	771,896	1,259	773,155
	=====	=====	=====	=====	=====	=====

	Attributable to owners of the Company				Non- controlling Interests	Total Equity
	Share Capital RM'000	Retained Profit RM'000	Share Premium RM'000	Total RM'000		
At 1 January 2012	85,000	493,561	22,104	600,665	1,272	601,937
Acquisition of non-controlling interests	-	(4,010)	-	(4,010)	-	(4,010)
Total comprehensive income	-	88,511	-	88,511	547	89,058
Dividend paid to non-controlling interest	-	-	-	-	(74)	(74)
Final dividend	-	(11,900)	-	(11,900)	-	(11,900)
At 31 December 2012	85,000	566,162	22,104	673,266	1,745	675,011
	=====	=====	=====	=====	=====	=====

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 2012 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Cash Flows

For the Year Ended 31 December 2013

(The figures have not been audited)

	Cumulative 12 months 31.12.2013 RM'000	Cumulative 12 months 31.12.2012 RM'000
Cash flows from operating activities		
Profit before taxation	37,719	118,230
Adjustments for:		
Depreciation of property, plant and equipment	27,816	24,504
Loss / (Gain) on disposal of property, plant and equipment	28	(23)
Interest income	(6,300)	(3,307)
Interest expense	12,052	6,223
Net fair value loss / (gain) on derivative	2,055	(352)
Impairment of Goodwill	82	-
Net unrealized foreign exchange (gain) / loss	(2,134)	1,101
Operating profit before changes in working capital	71,318	146,376
(Increase) / Decrease in inventories	(18,941)	35,118
Increase in receivables and other assets	(63,855)	(5,661)
Decrease in trade and other payables	(10,679)	(84,656)
Cash generated from operations	<u>(22,157)</u>	<u>91,177</u>
Income tax paid net of refund	2,947	(8,896)
Interest received	6,300	3,307
Net cash (used in) / generated from operating activities	<u>(12,910)</u>	<u>85,588</u>
 Cash flows from investing activities		
Acquisition of additional interest in an existing subsidiary	-	(4,010)
Purchase of property, plant and equipment	(29,407)	(55,379)
Acquisition of biological assets	(13,683)	(22,811)
Proceeds from disposal of property, plant and equipment	66	23
Net cash used in investing activities	<u>(43,024)</u>	<u>(82,177)</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Cash Flows

For the Year Ended 31 December 2013

(The figures have not been audited)

	Cumulative 12 months 31.12.2013 RM'000	Cumulative 12 months 31.12.2012 RM'000
Cash flows from financing activities		
Dividend paid to owners of the Company	(4,675)	(11,900)
Dividend paid by a subsidiary to non-controlling interests	(232)	(74)
Proceeds from issuance of ordinary shares	66,076	-
Interest paid	(17,811)	(11,355)
Proceeds from bank borrowings	1,282,768	1,689,187
Repayment of bank borrowings	(1,298,125)	(1,614,643)
Net cash generated from financing activities	<u>28,001</u>	<u>51,215</u>
Net (decrease) / increase in cash and cash equivalents	(27,933)	54,626
Effect of foreign exchange rate changes	2,169	(1,001)
Cash and cash equivalents at the beginning of the year	<u>287,905</u>	<u>234,280</u>
Cash and cash equivalents at the end of the year	<u>262,141</u>	<u>287,905</u>
	=====	=====

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes.

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Notes to the Financial Information

1. Basis of preparation

The condensed consolidated 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 2012.

2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with prevailing established guidelines described in FRS and IC Interpretations wherever applicable and relevant. The adoption of the FRS and IC Interpretations effective for annual financial periods beginning on or after 1 January 2013 did not have any effect on the financial position of the Group or of the Company.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective (for the FRS Framework) :

Amendment to FRS 132: Offsetting Financial Assets and Financial Liabilities

FRS 9 : Financial Instruments

Amendment to FRS 10,
FRS 12 and FRS 127 : Investment Entities

Notes to the Financial Information

2. Significant Accounting Policies (Contd.)

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amount reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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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 2012 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

The Company issued 8,500,000 ordinary shares of RM1.00 each at RM7.80 per share on 20 June 2013 for the Private Placement of shares.

Save for the above, there were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current period ended 31 December 2013.

8. Dividends Paid

The Company had paid final dividend amounting to RM4.675 million in respect of financial year ended 31 December 2012 during the financial year.

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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 were as follows:-

Result for year ended 31 December 2013

	Refinery and Kernel Crushing Plant RM'000	Milling and Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	1,594,333	39,497	537	-	1,634,367
Inter-segment revenue	-	286,922	10,416	(297,338)	-
Total revenue	1,594,333	326,419	10,953	(297,338)	1,634,367
Profit before tax	9,875	26,670	1,174	-	37,719

Result for year ended 31 December 2012

	Refinery and Kernel Crushing Plant RM'000	Milling and Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	1,871,797	41,753	214	-	1,913,764
Inter-segment revenue	13	290,532	19,070	(309,615)	-
Total revenue	1,871,810	332,285	19,284	(309,615)	1,913,764
Profit / (Loss) before tax	66,843	51,805	(418)	-	118,230

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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 were no changes in the composition of the Group as at the date of this announcement.

13. Contingent liabilities and contingent assets

The Company has given corporate guarantee for credit facilities of subsidiaries amounting to about RM1,329 million.

14. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2013 is as follows:

	RM'000
Approved and contracted for	3,742
	=====

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Notes to the Financial Information**15. Review of Performance**

The Group recorded a profit before tax of RM37.719 million compared to the profit before tax of RM118.23 million reported for the corresponding preceding financial year. The revenue recorded at RM1,634.367 million for the current financial year as compared to RM1,913.764 million for the corresponding preceding financial year.

Refinery & Kernel Crushing Plant

The current quarter's revenue and profit before tax were about RM71 million and RM65 million lower than the corresponding quarter of the preceding year, respectively. These were mainly due to lower average selling price of products.

The segment's profit before tax decreased by about RM57 million and the revenue was about RM277 million lower than the preceding year. These were mainly due to lower average selling price during the current financial period.

Milling & Plantation

The segment's revenue and profit before tax were increased by about RM25.6 million and RM14.6 million respectively as compared to the corresponding period of the preceding year. These were mainly due to the higher average selling price of products.

Owing to lower average selling price of products and notwithstanding higher sales volume, the segment's revenue and profit before tax were lower by about RM5.8 million and RM25.1 million respectively, as compared to the corresponding preceding financial year.

Others

Other segments' results are insignificant to the Group.

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

The profit before tax of the Group was about RM0.137 million compared to profit before tax of about RM25.7 million of the immediate preceding quarter. This was mainly due to lower average selling price of products.

17. Commentary on prospects

Based on various reports, it is expected that palm oil prices will continue to be affected by physical supplies and demand. With Indonesia reported to experience production increase due to maturity and increased cultivation area and with uncertainty in Europe thus putting pressure on palm oil demand for the bio-diesel industry, the outlook for palm oil prices will be expected to be one of cautions. Furthermore, the on-setting of minimum wages will also be expected to fuel further increase in costs. Notwithstanding, the Group is mindful of these influencing factors and will continue to be vigilant and prudent in expenditure and productivity.

18. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	12 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Tax expenses for the year:				
Deferred taxation	(11,186)	11,029	(2,102)	28,072
Current year provision	1,368	656	2,624	4,367
Under/(Over) provision in prior years	-	1	222	(3,267)
	-----	-----	-----	-----
	(9,818)	11,686	744	29,172
	=====	=====	=====	=====

The effective tax rate of the Group for the financial year to date is lower than the statutory tax rate due to tax incentives granted to certain companies within the Group.

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Notes to the Financial Information**19. Status of corporate proposals**

- a) The proposed private placement announced on 23 May 2013 was completed during the quarter ended 30 June 2013.
- b) The utilization of the proceed from the Private Placement as at the current financial period is as follow:

Purpose	Original Proposed Utilization	Revised Proposed Utilization	Actual Utilization	Balance	Expected Timeframe for utilization of proceeds
	RM'000	RM'000	RM'000	RM'000	
Oil palm plantation expenditures and general working capital	58,050	58,076	39,000	19,076	Within 24 months
Repayment of borrowings	8,000	8,000	8,000	-	Within 6 months
Expenses related to the Private Placement	250	224	224	-	Within 1 month
Total	66,300	66,300	47,224	19,076	
	=====	=====	=====	=====	

20. Sale of unquoted investments and properties

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

21. Quoted securities

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

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Notes to the Financial Information**22. Borrowings and debt securities**

	RM'000
Short term borrowings	
Secured	268,706
Long term borrowings	
Secured	138,524

	407,230
	=====

The above borrowings are denominated in Ringgit Malaysia.

23. Changes in material litigation

There are no material litigations pending since the last annual reporting date to this announcement date.

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.

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Notes to the Financial Information**26. Earnings per share**

	Individual Quarter 12 months ended		Cumulative Quarter 12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to Owners of the Company	10,022 =====	37,319 =====	37,229 =====	88,511 =====
Weighted average number of ordinary shares in issue ('000)	93,500 =====	85,000 =====	89,541 =====	85,000 =====
Basic earnings per share (sen)	10.72 =====	43.91 =====	41.57 =====	104.13 =====
Diluted earnings per share (sen)	N/A =====	N/A =====	N/A =====	N/A =====

27. Realised and Unrealised Profit/(Losses)

	As At 31.12.2013 RM'000	As At 31.12.2012 RM'000
Total retained profits of the group		
- Realised	742,871	713,600
- Unrealised	(144,155)	(147,438)
	----- 598,716 =====	----- 566,162 =====

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Notes to the Financial Information**28. Comprehensive Income Disclosures**

	Individual Quarter 12 months ended		Cumulative Quarter 12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Result from operating activities is arrived at after charging:				
Finance cost	3,329	2,718	12,052	6,223
Depreciation of property, plant and equipment	10,021	7,836	27,816	24,504
Loss on disposal of property, plant and equipment	-	-	28	-
Impairment of assets	-	-	82	-
Unrealised foreign exchange loss	-	-	-	1,101
Loss on derivative	1,361	1,744	2,055	-
	<hr/>	<hr/>	<hr/>	<hr/>
Result from operating activities is arrived at after crediting:				
Finance income	1,885	2,490	6,300	3,307
Other operating income	33	3	65	19
Gain on disposal of property, plant and equipment	4	-	-	23
Unrealised foreign exchange gain	15	269	2,134	-
Gain on derivative	-	-	-	352
	<hr/>	<hr/>	<hr/>	<hr/>

The Group does not have other material items, other than the items disclosed above, that recognized in the Statement of Comprehensive Income.