

BLD PLANTATION BHD.(562199-A)

Interim Financial Report
31 March 2014

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for the Period Ended 31 March 2014

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 31 March 2014

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		RM'000	RM'000	RM'000	RM'000
Revenue		367,896	369,923	367,896	369,923
Cost of sales		(348,468)	(358,795)	(348,468)	(358,795)
Gross profit		19,428	11,128	19,428	11,128
Other operating income		3,966	805	3,966	805
Selling expenses		(10,161)	(6,427)	(10,161)	(6,427)
Administrative expenses		(2,652)	(2,242)	(2,652)	(2,242)
Finance costs		(3,186)	(1,427)	(3,186)	(1,427)
Profit before taxation		7,395	1,837	7,395	1,837
Income tax expenses	18	(2,119)	(467)	(2,119)	(467)
Profit for the period, net of tax representing total Comprehensive Income for the period		5,276	1,370	5,276	1,370
		=====	=====	=====	=====
Profit for the period attributable to:					
Owners of the Company		5,149	1,553	5,149	1,553
Non-controlling interests		127	(183)	127	(183)
		5,276	1,370	5,276	1,370
		=====	=====	=====	=====
Earnings per share (sen) attributable to Owners of the Company:	26				
- Basic		5.51	1.83	5.51	1.83
- 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 2013 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 31.03.2014 RM'000	As At 31.12.2013 RM'000
Non-current Assets		
Property, plant and equipment	386,114	388,823
Biological assets	505,542	502,438
Deferred tax assets	1,268	1,308
	<u>892,924</u>	<u>892,569</u>
Current Assets		
Inventories	148,370	156,852
Receivables	40,688	123,028
Prepaid operating expenses	1,419	1,635
Deposits, cash and bank balances	379,248	263,176
Tax refundable	4,891	5,259
Derivative financial instruments	833	-
	<u>575,449</u>	<u>549,950</u>
Total assets	<u>1,468,373</u> =====	<u>1,442,519</u> =====
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	93,500	93,500
Reserves	683,379	678,230
	<u>776,879</u>	<u>771,730</u>
Non-controlling interests	1,430	1,303
	<u>778,309</u>	<u>773,033</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Financial Position

(The figures have not been audited)

	As At 31.03.2014 RM'000	As At 31.12.2013 RM'000
Non-current liabilities		
Borrowings	139,183	138,524
Deferred tax liabilities	145,755	145,126
	284,938	283,650
Current liabilities		
Borrowings	285,662	269,502
Payables	119,464	114,475
Derivative financial instruments	-	1,859
	405,126	385,836
Total liabilities	690,064	669,486
Total equity and liabilities	1,468,373	1,442,519
	=====	=====
Net assets per share attributable to Owners of the Company (RM)	8.31	8.62
	=====	=====

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

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(Company No: 562199-A)

Condensed Consolidated Statement of Changes in Equity

For the Period Ended 31 March 2014

(The figures have not been audited)

	Attributable to owners of the Company				Non- controlling 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 2014	93,500	598,550	79,680	771,730	1,303	773,033
Total comprehensive income	-	5,149	-	5,149	127	5,276
At 31 March 2014	93,500	603,699	79,680	776,879	1,430	778,309

	Attributable to owners of the Company				Non- controlling 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 2013	85,000	566,162	22,104	673,266	1,745	675,011
Total comprehensive income	-	1,553	-	1,553	(183)	1,370
At 31 March 2013	85,000	567,715	22,104	674,819	1,562	676,381

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 2013 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 March 2014

(The figures have not been audited)

	Cumulative 3 months 31.03.2014 RM'000	Cumulative 3 months 31.03.2013 RM'000
Cash flows from operating activities		
Profit before taxation	7,395	1,837
Adjustments for:		
Depreciation of property, plant and equipment	6,840	5,683
Gain on disposal of property, plant and equipment	(14)	-
Interest income	(1,232)	(226)
Interest expense	3,186	1,427
Net fair value gain on derivative	(2,692)	(580)
Net unrealized foreign exchange gain	(224)	(599)
Operating profit before changes in working capital	13,259	7,542
Decrease in inventories	8,482	1,141
Decrease/(Increase) in receivables and other assets	82,556	(35,088)
Increase in payables	4,989	25,955
Cash generated from/(used in) operations	109,286	(450)
Income tax paid net of refund	(1,082)	5,399
Interest received	1,232	226
Net cash generated from operating activities	109,436	5,175
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,131)	(3,229)
Acquisition of biological assets	(1,992)	(4,283)
Proceeds from disposal of property, plant and equipment	14	-
Net cash used in investing activities	(6,109)	(7,512)

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 March 2014

(The figures have not been audited)

	Cumulative 3 months 31.03.2014 RM'000	Cumulative 3 months 31.03.2013 RM'000
Cash flows from financing activities		
Interest paid	(4,298)	(2,720)
Proceeds from bank borrowings	327,608	336,826
Repayment of bank borrowings	(311,335)	(414,166)
	<hr/>	<hr/>
Net cash proceed from/(used in) financing activities	11,975	(80,060)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	115,302	(82,397)
Effect of foreign exchange rate changes	223	801
Cash and cash equivalents at the beginning of the year	261,347	287,905
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	376,872	206,309
	<hr/> <hr/>	<hr/> <hr/>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013.

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 2014 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) :

- Amendments to FRS 2, FRS 3, FRS 8, FRS 116, FRS 124 and FRS 138, Annual Improvements 2010-2012 Cycle
- Amendments to FRS 3, FRS 13 and FRS 140, Annual Improvements 2011-2013 Cycle
- Amendments to FRS 119, Defined Benefit Plans: Employee Contributions
- FRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- FRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- FRS 9, Financial Instruments: Hedge Accounting and amendments to FRS7 and FRS 139

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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 2013 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 2014.

8. Dividends Paid

There was no dividend paid in the current 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 were as follows:-

Result for period ended 31 March 2014

	Refinery and Kernel Crushing Plant RM'000	Milling and Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	358,282	9,566	48	-	367,896
Inter-segment revenue	-	75,017	79	(75,096)	-
Total revenue	358,282	84,583	127	(75,096)	367,896
Profit / (Loss) before tax	559	7,403	(567)	-	7,395

Result for period ended 31 March 2013

	Refinery and Kernel Crushing Plant RM'000	Milling and Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	361,823	8,049	51	-	369,923
Inter-segment revenue	-	47,142	63	(47,205)	-
Total revenue	361,823	55,191	114	(47,205)	369,923
Profit / (Loss) before tax	3,032	(798)	(397)	-	1,837

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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 RM1,282 million.

14. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 March 2014 is as follows:

	RM'000
Approved and contracted for	3,809
Approved and not contracted for	12,540

	16,349
	=====

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Notes to the Financial Information

15. Review of Performance

The Group recorded a profit before tax of RM7.395 million in the first quarter of the current year compared to the profit before tax of RM1.837 million reported for the corresponding preceding financial period. The current quarter's revenue recorded at RM367,896 million as compared to RM369,923 million for corresponding quarter of preceding financial year.

Refinery & Kernel Crushing Plant

The current quarter's revenue and profit before tax were about RM3.5 million and RM2.5 million lower than the corresponding period of the preceding year mainly due to lower sales volume of products and higher costs.

Milling & Plantation

The segment's revenue and profit before tax were increased by about RM29.4 million and RM8.2 million respectively as compared to the corresponding period of the preceding year. This was mainly due to higher selling price of products during the quarter.

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 Group recorded profit before tax of RM7.39 million compared to the loss before tax of RM1.06 million of the immediate preceding quarter. The increase was mainly due to higher average price of products.

17. Commentary on prospects

The financial performance of the Group is dependent on the physical supply and demand of palm oil products in the world edible oil market and their corresponding prices. The Group is cautious that some changes in policy might cause supply constraints in long term to the local industry as a whole while leading to positive economic implications on palm oil prices. Notwithstanding, the Group is mindful of various influencing factors and will continue to be vigilant and prudent in expenditure and productivity.

18. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year:				
Deferred taxation	669	252	669	252
Current year provision	1,450	215	1,450	215
	-----	-----	-----	-----
	2,119	467	2,119	467
	=====	=====	=====	=====

The effective tax rate of the Group for the financial period ended 31 March 2014 is higher than the statutory tax rate due to certain non-deductible expenses.

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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	40,992	17,084	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	49,216	17,084	

20. Sale of unquoted investments and properties

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

21. Quoted securities

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

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

	RM'000
Short term borrowings	
Secured	285,662
Long term borrowings	
Secured	139,183

	424,845
	=====

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 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Net profit attributable to Owners of the Company	5,149 =====	1,553 =====	5,149 =====	1,553 =====
Weighted average number of ordinary shares in issue ('000)	93,500 =====	85,000 =====	93,500 =====	85,000 =====
Basic earnings per share (sen)	5.51 =====	1.83 =====	5.51 =====	1.83 =====
Diluted earnings per share (sen)	N/A =====	N/A =====	N/A =====	N/A =====

27. Realised and Unrealised Profit/(Losses)

	As At 31.03.2014 RM'000	As At 31.03.2013 RM'000
Total retained profits of the group		
- Realised	747,129	713,126
- Unrealised	(143,430)	(145,411)
	----- 603,699 =====	----- 567,715 =====

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

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Result from operating activities is arrived at after charging:				
Finance cost	3,186	1,427	3,186	1,427
Depreciation of property, plant and equipment	6,840	5,683	6,840	5,683
	_____	_____	_____	_____
Result from operating activities is arrived at after crediting:				
Finance income	1,232	226	1,232	226
Other operating income	28	5	28	5
Gain on disposal of property, plant and equipment	14	-	14	-
Unrealised foreign exchange gain	224	599	224	599
Gain on derivative	2,692	580	2,692	580
	_____	_____	_____	_____

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