

BLD PLANTATION BHD.(562199-A)

Interim Financial Report
30 June 2014

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for the Period Ended 30 June 2014

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 30 June 2014

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue		396,757	342,658	764,653	712,581
Cost of sales		(370,432)	(319,868)	(718,900)	(678,663)
Gross profit		26,325	22,790	45,753	33,918
Other operating income / (loss)		(609)	(1,426)	3,357	(621)
Selling expenses		(8,763)	(6,286)	(18,924)	(12,713)
Administrative expenses		(4,078)	(3,202)	(6,730)	(5,444)
Finance costs		(2,334)	(1,843)	(5,520)	(3,270)
Profit before taxation		10,541	10,033	17,936	11,870
Income tax expenses	18	(2,946)	(2,894)	(5,065)	(3,361)
Profit for the period, net of tax representing total Comprehensive Income for the period		7,595	7,139	12,871	8,509
Profit for the period attributable to:					
Owners of the Company		7,657	7,252	12,806	8,805
Non-controlling interests		(62)	(113)	65	(296)
		7,595	7,139	12,871	8,509
Earnings per share (sen) attributable to Owners of the Company:	26				
- Basic		8.18	8.43	13.69	10.29
- 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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Condensed Consolidated Statement of Financial Position

(The figures have not been audited)

	As At 30.06.2014 RM'000	As At 31.12.2013 RM'000
Non-current Assets		
Property, plant and equipment	382,405	388,823
Biological assets	508,355	502,438
Deferred tax assets	-	1,308
	<u>890,760</u>	<u>892,569</u>
Current Assets		
Inventories	132,232	156,852
Receivables	62,360	123,028
Prepaid operating expenses	1,215	1,635
Deposits, cash and bank balances	247,754	263,176
Tax refundable	5,607	5,259
Derivative financial instruments	-	-
	<u>449,168</u>	<u>549,950</u>
Total assets	<u>1,339,928</u> =====	<u>1,442,519</u> =====
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	93,500	93,500
Reserves	686,361	678,230
	<u>779,861</u>	<u>771,730</u>
Non-controlling interests	1,368	1,303
	<u>781,229</u>	<u>773,033</u>
Total equity	<u>781,229</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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(Company No: 562199-A)

Condensed Consolidated Statement of Financial Position

(The figures have not been audited)

	As At 30.06.2014 RM'000	As At 31.12.2013 RM'000
Non-current liabilities		
Borrowings	113,116	138,524
Deferred tax liabilities	147,305	145,126
	260,421	283,650
Current liabilities		
Borrowings	212,564	269,502
Payables	85,155	114,475
Derivative financial instruments	559	1,859
	298,278	385,836
Total liabilities	558,699	669,486
Total equity and liabilities	1,339,928	1,442,519
	=====	=====
Net assets per share attributable to Owners of the Company (RM)	8.34	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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Condensed Consolidated Statement of Changes in Equity

For the Period Ended 30 June 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	-	12,806	-	12,806	65	12,871
Final dividend	-	(4,675)	-	(4,675)	-	(4,675)
At 30 June 2014	93,500	606,681	79,680	779,861	1,368	781,229

	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
Issuance of shares	8,500	-	57,676	66,176	-	66,176
Total comprehensive income	-	8,805	-	8,805	(296)	8,509
Dividend paid to non-controlling interest	-	-	-	-	(232)	(232)
Final dividend	-	(4,675)	-	(4,675)	-	(4,675)
At 30 June 2013	93,500	570,292	79,780	743,572	1,217	744,789

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 30 June 2014

(The figures have not been audited)

	Cumulative 6 months 30.06.2014 RM'000	Cumulative 6 months 30.06.2013 RM'000
Cash flows from operating activities		
Profit before taxation	17,936	11,870
Adjustments for:		
Depreciation of property, plant and equipment	13,771	11,557
Gain on disposal of property, plant and equipment	(62)	(18)
Interest income	(2,783)	(560)
Interest expense	5,520	3,270
Net fair value (gain) / loss on derivative	(1,300)	1,177
Net unrealized foreign exchange gain	(470)	(1,844)
Operating profit before changes in working capital	32,612	25,452
Decrease in inventories	24,620	17,764
Decrease in receivables and other assets	61,116	11,085
Decrease in payables	(33,995)	(20,643)
Cash generated from operations	84,353	33,658
Income tax paid net of refund	(1,926)	4,223
Interest received	2,783	560
Net cash generated from operating activities	85,210	38,441
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,354)	(12,977)
Acquisition of biological assets	(3,573)	(7,703)
Proceeds from disposal of property, plant and equipment	63	18
Net cash used in investing activities	(10,864)	(20,662)

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 30 June 2014

(The figures have not been audited)

	Cumulative 6 months 30.06.2014 RM'000	Cumulative 6 months 30.06.2013 RM'000
Cash flows from financing activities		
Dividend paid by a subsidiary to non-controlling interests	-	(232)
Proceeds from issuance of ordinary shares	-	66,176
Interest paid	(7,863)	(5,952)
Proceeds from bank borrowings	682,775	695,020
Repayment of bank borrowings	(767,156)	(675,706)
Net cash (used in) / proceed from financing activities	<u>(92,244)</u>	<u>79,306</u>
Net (decrease) / increase in cash and cash equivalents	(17,898)	97,085
Effect of foreign exchange rate changes	442	1,821
Cash and cash equivalents at the beginning of the year	<u>261,347</u>	<u>287,905</u>
Cash and cash equivalents at the end of the period	<u>243,891</u>	<u>386,811</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 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 30 June 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 30 June 2014

	Refinery and Kernel Crushing Plant RM'000	Milling and Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	742,899	21,657	97	-	764,653
Inter-segment revenue	-	152,681	165	(152,846)	-
Total revenue	742,899	174,338	262	(152,846)	764,653
Profit / (Loss) before tax	7,578	11,569	(1,211)	-	17,936

Result for period ended 30 June 2013

	Refinery and Kernel Crushing Plant RM'000	Milling and Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	697,452	14,999	130	-	712,581
Inter-segment revenue	-	101,102	127	(101,229)	-
Total revenue	697,452	116,101	257	(101,229)	712,581
Profit / (Loss) before tax	13,902	(963)	(1,069)	-	11,870

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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 RM1,282million.

14. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2014 is as follows:

	RM'000
Approved and contracted for	2,137
Approved and not contracted for	11,110

	13,247
	=====

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Notes to the Financial Information

15. Review of Performance

The Group recorded a profit before tax of RM17.935 million in the second quarter of the current year compared to the profit before tax of RM11.870 million reported for the corresponding preceding financial period. The current quarter's revenue recorded at RM764.653 million as compared to RM712.581 million for the corresponding quarter of preceding financial year.

Refinery & Kernel Crushing Plant

The current quarter's revenue was about RM48.9 million higher than the corresponding period of the preceding year mainly due to higher average selling price of products. The profit before tax of the current quarter was about RM3.8 million lower than the corresponding period of the preceding year. This was mainly due to higher costs and lower sales volume during the current quarter.

The segment's profit before tax was lower by about RM6.3 million though the revenue was about RM45.4 million higher than the preceding year. The higher revenue was due to higher selling price of products while the lower profit before tax was mainly due to higher costs and lower sales volume during the current financial period.

Milling & Plantation

The segment's revenue and profit before tax were increased by about RM28.8 million and RM4.3 million in the current quarter as compared to the corresponding quarter of the preceding year. These were mainly due to the higher average selling price of products and higher sales volume during the quarter.

Owing to higher average selling price of products and sales volume, the segment's revenue and profit before tax were increased by about RM58.2 million and RM12.5 million respectively, as compared to the corresponding preceding financial period.

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 RM10.54 million compared to RM7.39 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		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year:				
Deferred taxation	2,817	2,133	3,486	2,385
Current year provision	(115)	761	1,335	976
Under provision in prior year	244	-	244	-
	-----	-----	-----	-----
	2,946	2,894	5,065	3,361
	=====	=====	=====	=====

The effective tax rate of the Group for the financial period ended 30 June 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	42,573	15,503	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	50,797	15,503	

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	212,564
Long term borrowings	
Secured	113,116

	325,680
	=====

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

A final single-tier dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2013 was approved by the shareholders during the Annual General Meeting held on 26 June 2014 and paid on 31 July 2014. The payment was made to the shareholders whose names appeared in the Company's Record of Depositors on 4 July 2014.

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Net profit attributable to Owners of the Company	7,657 =====	7,252 =====	12,806 =====	8,805 =====
Weighted average number of ordinary shares in issue ('000)	93,500 =====	86,027 =====	93,500 =====	85,517 =====
Basic earnings per share (sen)	8.18 =====	8.43 =====	13.69 =====	10.29 =====
Diluted earnings per share (sen)	N/A =====	N/A =====	N/A =====	N/A =====

27. Realised and Unrealised Profit/(Losses)

	As At 30.06.2014 RM'000	As At 30.06.2013 RM'000
Total retained profits of the group		
- Realised	754,075	718,348
- Unrealised	(147,394)	(148,056)
	----- 606,681 =====	----- 570,292 =====

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Result from operating activities is arrived at after charging:				
Finance cost	2,334	1,843	5,520	3,270
Depreciation of property, plant and equipment	6,931	5,874	13,771	11,557
Unrealised foreign exchange loss	-	-	-	-
Loss on derivative	1,392	1,757	-	1,177
	<hr/>	<hr/>	<hr/>	<hr/>
Result from operating activities is arrived at after crediting:				
Finance income	1,551	334	2,783	560
Other operating income	18	14	46	19
Gain on disposal of property, plant and equipment	48	18	62	18
Unrealised foreign exchange gain	246	1,245	470	1,844
Gain on derivative	-	-	1,300	-
	<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.