

BLD PLANTATION BHD.(562199-A)

Interim Financial Report
30 September 2014

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for the Period Ended 30 September 2014

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 30 September 2014

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Revenue		366,126	481,636	1,130,779	1,194,217
Cost of sales		(337,916)	(441,029)	(1,056,816)	(1,119,692)
Gross profit		28,210	40,607	73,963	74,525
Other operating (loss) / income		(651)	4,173	2,706	3,552
Selling expenses		(10,398)	(10,888)	(29,322)	(23,601)
Administrative expenses		(4,116)	(2,727)	(10,846)	(8,171)
Finance costs		(2,616)	(5,453)	(8,136)	(8,723)
Profit before taxation		10,429	25,712	28,365	37,582
Income tax expenses	18	(5,292)	(7,201)	(10,357)	(10,562)
Profit for the period, net of tax representing total Comprehensive Income for the period		5,137	18,511	18,008	27,020
		=====	=====	=====	=====
Profit for the period attributable to:					
Owners of the Company		5,092	18,402	17,898	27,207
Non-controlling interests		45	109	110	(187)
		5,137	18,511	18,008	27,020
		=====	=====	=====	=====
Earnings per share (sen) attributable to Owners of the Company:	26				
- Basic		5.45	19.68	19.14	30.84
- 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 30.09.2014 RM'000	As At 31.12.2013 RM'000
Non-current Assets		
Property, plant and equipment	387,557	388,823
Biological assets	511,978	502,438
Deferred tax assets	-	1,308
	<u>899,535</u>	<u>892,569</u>
Current Assets		
Inventories	163,259	156,852
Receivables	28,596	123,028
Prepaid operating expenses	140	1,635
Deposits, cash and bank balances	307,075	263,176
Tax refundable	4,015	5,259
	<u>503,085</u>	<u>549,950</u>
Total assets	<u>1,402,620</u>	<u>1,442,519</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	93,500	93,500
Reserves	691,453	678,230
	<u>784,953</u>	<u>771,730</u>
Non-controlling interests	1,413	1,303
	<u>786,366</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 30.09.2014 RM'000	As At 31.12.2013 RM'000
Non-current liabilities		
Borrowings	140,731	138,524
Deferred tax liabilities	150,518	145,126
	291,249	283,650
Current liabilities		
Borrowings	219,291	269,502
Payables	102,904	114,475
Derivative financial instruments	2,810	1,859
	325,005	385,836
Total liabilities	616,254	669,486
Total equity and liabilities	1,402,620	1,442,519
	=====	=====
Net assets per share attributable to Owners of the Company (RM)	8.39	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 September 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	-	17,898	-	17,898	110	18,008
Final dividend	-	(4,675)	-	(4,675)	-	(4,675)
At 30 September 2014	93,500	611,773	79,680	784,953	1,413	786,366

	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	-	57,576	66,076	-	66,076
Total comprehensive income	-	27,207	-	27,207	(187)	27,020
Dividend paid to non-controlling interest	-	-	-	-	(232)	(232)
Final dividend	-	(4,675)	-	(4,675)	-	(4,675)
At 30 September 2013	93,500	588,694	79,680	761,874	1,326	763,200

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.

BLD PLANTATION BHD

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 30 September 2014

(The figures have not been audited)

	Cumulative 9 months 30.09.2014 RM'000	Cumulative 9 months 30.09.2013 RM'000
Cash flows from operating activities		
Profit before taxation	28,365	37,582
Adjustments for:		
Depreciation of property, plant and equipment	20,882	17,795
(Gain) / Loss on disposal of property, plant and equipment	(211)	32
Interest income	(4,374)	(4,415)
Interest expense	8,136	8,723
Net fair value loss on derivative	951	694
Impairment of Goodwill	-	82
Net unrealized foreign exchange gain	(1,001)	(2,119)
Operating profit before changes in working capital	52,748	58,374
(Increase) / Decrease in inventories	(6,407)	2,259
Decrease / (Increase) in receivables and other assets	95,927	(24,677)
Decrease in payables	(11,571)	(2,452)
Cash generated from operations	130,697	33,504
Income tax paid net of refund	(2,412)	3,595
Interest received	4,374	4,415
Net cash generated from operating activities	132,659	41,514
Cash flows from investing activities		
Acquisition of property, plant and equipment	(19,768)	(18,167)
Acquisition of biological assets	(6,090)	(10,790)
Proceeds from disposal of property, plant and equipment	363	19
Net cash used in investing activities	(25,495)	(28,938)

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 30 September 2014

(The figures have not been audited)

	Cumulative 9 months 30.09.2014 RM'000	Cumulative 9 months 30.09.2013 RM'000
Cash flows from financing activities		
Dividend paid to owners of the Company	(4,675)	(4,675)
Dividend paid by a subsidiary to non-controlling interests	-	(232)
Proceeds from issuance of ordinary shares	-	66,076
Interest paid	(11,586)	(12,910)
Proceeds from bank borrowings	1,007,832	976,518
Repayment of bank borrowings	(1,062,248)	(997,272)
	<hr/>	<hr/>
Net cash (used in) / proceed from financing activities	(70,677)	27,505
	<hr/>	<hr/>
Net increase in cash and cash equivalents	36,487	40,081
Effect of foreign exchange rate changes	1,001	2,293
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	298,835	330,279
	<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 30 September 2014.

8. Dividends Paid

The Company had paid final dividend amounting to RM4.675 million in respect of financial year ended 31 December 2013 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 were as follows:-

Result for period ended 30 September 2014

	Refinery and Kernel Crushing Plant RM'000	Milling and Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	1,096,146	34,321	312	-	1,130,779
Inter-segment revenue	-	235,357	250	(235,607)	-
Total revenue	<u>1,096,146</u>	<u>269,678</u>	<u>562</u>	<u>(235,607)</u>	<u>1,130,779</u>
Profit / (Loss) before tax	<u>7,773</u>	<u>22,367</u>	<u>(1,775)</u>	<u>-</u>	<u>28,365</u>

Result for period ended 30 September 2013

	Refinery and Kernel Crushing Plant RM'000	Milling and Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	1,166,254	27,627	336	-	1,194,217
Inter-segment revenue	-	188,294	190	(188,484)	-
Total revenue	<u>1,166,254</u>	<u>215,921</u>	<u>526</u>	<u>(188,484)</u>	<u>1,194,217</u>
Profit / (Loss) before tax	<u>29,998</u>	<u>9,056</u>	<u>(1,472)</u>	<u>-</u>	<u>37,582</u>

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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 RM1,358 million.

14. Capital commitments

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

	RM'000
Approved and contracted for	3,050
Approved and not contracted for	6,003

	9,053
	=====

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Notes to the Financial Information

15. Review of Performance

The Group recorded a profit before tax of RM28.365 million compared to the profit before tax of RM37.582 million reported for the corresponding financial period of preceding year. The revenue recorded at RM1,130.779 million for the current financial period as compared to RM1,194.217 million for the corresponding financial period of preceding year.

Refinery & Kernel Crushing Plant

The current quarter's revenue and profit before tax were lower by about RM115 million and RM16 million respectively as compared to the corresponding quarter of the preceding year. This was mainly due to lower sales volume during the current quarter.

The lower revenue and profit before tax by about RM70 million and RM22 million during the current financial period than the preceding year were mainly due to lower average selling price of products.

Milling & Plantation

The segment's revenue was lower by about RM4.5 million as compared to the corresponding period of the preceding year. This was mainly due to lower average selling price of products. However, the profit before tax recorded a marginal increase of about RM0.7 million as compared to the corresponding period of the preceding year due to higher sales volume of products.

Owing to higher sales volume, the segment's revenue and profit before tax were increased by about RM53.7 million and RM13.3 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**

Owing to higher sales volume notwithstanding with the lower average selling price of products during the current quarter, the Group recorded profit before tax of about RM10.4 million compared to about RM10.5 million of the immediate preceding quarter.

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		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year:				
Deferred taxation	3,215	6,699	6,701	9,084
Current year provision	2,104	280	3,439	1,256
(Over) / Under provision in prior year	(27)	222	217	222
	-----	-----	-----	-----
	5,292	7,201	10,357	10,562
	=====	=====	=====	=====

The effective tax rate of the Group for the financial period ended 30 September 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	58,076	-	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	66,300	-	

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.

Notes to the Financial Information

22. Borrowings and debt securities

	RM'000
Short term borrowings	
Secured	219,291
Long term borrowings	
Secured	140,731

	360,022
	=====

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 9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Net profit attributable to Owners of the Company	5,092 =====	18,402 =====	17,898 =====	27,207 =====
Weighted average number of ordinary shares in issue ('000)	93,500 =====	93,500 =====	93,500 =====	88,207 =====
Basic earnings per share (sen)	5.45 ====	19.68 =====	19.14 =====	30.84 =====
Diluted earnings per share (sen)	N/A ====	N/A ====	N/A ====	N/A ====

27. Realised and Unrealised Profit/(Losses)

	As At 30.09.2014 RM'000	As At 30.09.2013 RM'000
Total retained profits of the group		
- Realised	764,100	742,690
- Unrealised	(152,327)	(153,996)
	----- 611,773 =====	----- 588,694 =====

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

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Result from operating activities is arrived at after charging:				
Finance cost	2,616	5,453	8,136	8,723
Depreciation of property, plant and equipment	7,111	6,238	20,882	17,795
Loss on disposal of property, plant and equipment	-	50	-	32
Impairment of assets	-	82	-	82
Loss on derivative	2,251	-	951	694
	_____	_____	_____	_____
Result from operating activities is arrived at after crediting:				
Finance income	1,591	3,855	4,374	4,415
Other operating income	28	13	74	32
Gain on disposal of property, plant and equipment	149	-	211	-
Unrealised foreign exchange gain	531	275	1,001	2,119
Gain on derivative	-	483	-	-
	_____	_____	_____	_____

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