

BLD PLANTATION BHD.(562199-A)

Interim Financial Report
31 December 2016

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for the Period Ended 31 December 2016

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 31 December 2016

(The figures have not been audited)

| | Note | Individual Quarter | | Cumulative Quarter | |
|---|-----------|----------------------|----------------------|----------------------|----------------------|
| | | 31.12.2016 RM'000 | 31.12.2015 RM'000 | 31.12.2016 RM'000 | 31.12.2015 RM'000 |
| Revenue | | 534,922 | 422,495 | 1,847,293 | 1,440,443 |
| Cost of sales | | (505,134) | (430,705) | (1,731,893) | (1,392,974) |
| Gross profit / (loss) | | 29,788 | (8,210) | 115,400 | 47,469 |
| Other operating income | | 2,794 | 13,008 | 3,534 | 7,348 |
| Selling expenses | | (15,833) | (8,710) | (49,535) | (36,639) |
| Administrative expenses | | (7,007) | (8,117) | (18,842) | (18,583) |
| Finance costs | | (2,378) | (3,616) | (10,452) | (11,547) |
| Profit / (Loss) before taxation | | 7,364 | (15,645) | 40,105 | (11,952) |
| Income tax expenses | 18 | (4,994) | 4,320 | (16,792) | 5,825 |
| Profit / (Loss) for the period, net of tax representing total Comprehensive Income for the period | | 2,370 | (11,325) | 23,313 | (6,127) |
| Profit / (loss) for the period attributable to: | | | | | |
| Owners of the Company | | 2,200 | (11,341) | 22,519 | (6,380) |
| Non-controlling interests | | 170 | 16 | 794 | 253 |
| | | 2,370 | (11,325) | 23,313 | (6,127) |
| Earnings / (Loss) per share (sen) attributable to Owners of the Company: | 26 | | | | |
| - Basic | | 2.35 | (12.13) | 24.08 | (6.82) |
| - 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 2015 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 31.12.2016 RM'000 | As At 31.12.2015 RM'000 |
|---|--|--|
| Non-current Assets | | |
| Property, plant and equipment | 354,945 | 368,519 |
| Biological assets | 561,982 | 532,112 |
| Deferred tax assets | 5,176 | 11,780 |
| | <u>922,103</u> | <u>912,411</u> |
| | | |
| Current Assets | | |
| Inventories | 83,196 | 130,474 |
| Receivables | 168,004 | 107,515 |
| Prepaid operating expenses | 6,060 | 851 |
| Deposits, cash and bank balances | 319,283 | 363,995 |
| Tax refundable | 1,278 | 3,221 |
| | <u>577,821</u> | <u>606,056</u> |
| | | |
| Total assets | <u>1,499,924</u> | <u>1,518,467</u> |
| | | |
| EQUITY AND LIABILITIES | | |
| | | |
| Equity attributable to owners of the Company | | |
| Share capital | 93,500 | 93,500 |
| Reserves | 717,375 | 696,726 |
| | <u>810,875</u> | <u>790,226</u> |
| | | |
| Non-controlling interests | 2,076 | 1,282 |
| | <u>812,951</u> | <u>791,508</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 2015 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 31.12.2016 RM'000 | As At 31.12.2015 RM'000 |
|--|--|--|
| Non-current liabilities | | |
| Borrowings | 92,313 | 130,414 |
| Deferred tax liabilities | 149,016 | 152,334 |
| | <u>241,329</u> | <u>282,748</u> |
| Current liabilities | | |
| Borrowings | 269,660 | 310,549 |
| Payables | 169,155 | 132,510 |
| Tax payable | 2,305 | 141 |
| Derivative financial instruments | 4,524 | 1,011 |
| | <u>445,644</u> | <u>444,211</u> |
| Total liabilities | 686,973 | 726,959 |
| Total equity and liabilities | <u>1,499,924</u> ===== | <u>1,518,467</u> ===== |
| Net assets per share attributable to Owners of the Company (RM) | 8.67 ===== | 8.45 ===== |

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes.

BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Changes in Equity

For the Period Ended 31 December 2016

(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 2016 | 93,500 | 617,046 | 79,680 | 790,226 | 1,282 | 791,508 |
| Total comprehensive income | - | 22,519 | - | 22,519 | 794 | 23,313 |
| Final dividend | - | (1,870) | - | (1,870) | - | (1,870) |
| At 31 December 2016 | <u>93,500</u> | <u>637,695</u> | <u>79,680</u> | <u>810,875</u> | <u>2,076</u> | <u>812,951</u> |

| | 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 2015 | 93,500 | 627,166 | 79,680 | 800,346 | 1,029 | 801,375 |
| Total comprehensive income / (loss) | - | (6,380) | - | (6,380) | 253 | (6,127) |
| Final dividend | - | (3,740) | - | (3,740) | - | (3,740) |
| At 31 December 2015 | <u>93,500</u> | <u>617,046</u> | <u>79,680</u> | <u>790,226</u> | <u>1,282</u> | <u>791,508</u> |

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 2015 and the accompanying explanatory notes.

BLD PLANTATION BHD

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 December 2016

(The figures have not been audited)

| | Cumulative 12 months 31.12.2016 RM'000 | Cumulative 12 months 31.12.2015 RM'000 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit / (loss) before taxation | 40,105 | (11,952) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 28,941 | 28,202 |
| Loss / (Gain) on disposal of property, plant and equipment | 26 | (200) |
| Interest income | (7,023) | (7,797) |
| Interest expense | 10,452 | 11,547 |
| Net fair value loss / (gain) on derivative | 3,513 | (220) |
| Net unrealized foreign exchange gain | (898) | (20,229) |
| Operating profit before changes in working capital | 75,116 | (649) |
| Decrease / (Increase) in inventories | 47,279 | (3,941) |
| Increase in receivables and other assets | (65,466) | (60,827) |
| Decrease in payables | 36,651 | 30,043 |
| Cash generated from / (used in) operations | 93,580 | (35,374) |
| Income tax paid, net of refund | (9,399) | (2,630) |
| Interest received | 7,023 | 7,797 |
| Net cash generated from / (used in) operating activities | 91,204 | (30,207) |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (15,852) | (14,067) |
| Acquisition of biological assets (net of interest and depreciation capitalized) | (26,547) | (12,705) |
| Proceeds from disposal of property, plant and equipment | 402 | 1,173 |
| Net cash used in investing activities | (41,997) | (25,599) |

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 December 2016

(The figures have not been audited)

| | Cumulative 12 months 31.12.2016 RM'000 | Cumulative 12 months 31.12.2015 RM'000 |
|---|---|---|
| Cash flows from financing activities | | |
| Dividend paid to owners of the Company | (1,870) | (3,740) |
| Interest paid | (13,718) | (15,356) |
| Proceeds from bank borrowings | 1,316,982 | 1,174,871 |
| Repayment of bank borrowings | (1,395,799) | (1,108,928) |
| | <hr/> | <hr/> |
| Net cash (used in) / generated from financing activities | (94,405) | 46,847 |
| | <hr/> | <hr/> |
| Net decrease in cash and cash equivalents | (45,198) | (8,959) |
| Effect of foreign exchange rate changes | 659 | 19,913 |
| Cash and cash equivalents at the beginning of the year | 361,832 | 350,878 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the year | 317,293 | 361,832 |
| | <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 2015 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 2015.

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 2016 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, Classification and Measurement of Share-based Payment Transactions
- FRS 9, Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- Amendments to FRS 107, Disclosure Initiative
- Amendments to FRS 112, Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 4, Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 1, FRS 12, FRS 128, Annual Improvements to FRS Standards 2014 – 2016 Cycle
- Amendments to FRS 140, Transfers of Investment Property
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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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 are allowed to defer adoption of MFRS, and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB. According to announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

In presenting its first MFRS financial statements, the Company 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 2015 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 year ended 31 December 2016.

8. Dividend paid

The Company had paid final dividend amounting to RM1.87 million in respect of the financial year ended 31 December 2015 during the financial year.

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Notes to the Financial Information

9. Segmental information

No segment analysis is prepared as the Company is primarily engaged in the oil palm industry in Malaysia.

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 RM1,033 million.

14. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2016 is as follows:

| | |
|-----------------------------|---------------|
| | RM'000 |
| Approved and contracted for | 1,699 |
| | ===== |

15. Review of Performance

The Group achieved higher revenue and profit before tax of about RM112.4 million and RM23 million than the corresponding period of the preceding year due to higher average selling price of products.

The Group's revenue and profit before tax were higher by about RM407 million and RM52 million during the current financial period as compared to the preceding year due to higher sales volume and higher average selling price of products.

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

Due to lower sales volume of products, the Group recorded profit before tax of about RM7.4 million in the current quarter as compared to RM10.7 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 as well as the exchange rate of Ringgit Malaysia.

18. Income tax expenses

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|-------------------|---------------------------|-------------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2016 | 31.12.2015 | 31.12.2016 | 31.12.2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax expense for the year: | | | | |
| Deferred taxation | (1,267) | (4,887) | 3,286 | (9,490) |
| Current year provision | (1,135) | 567 | 6,161 | 3,721 |
| Under / (Over) provision in prior year | 7,396 | - | 7,345 | (56) |
| | ----- | ----- | ----- | ----- |
| | 4,994 | (4,320) | 16,792 | (5,825) |
| | ===== | ===== | ===== | ===== |

The effective tax rate of the Group for the financial period ended 31 December 2016 is higher than the statutory tax rate due to certain non-deductible expenses.

19. Status of corporate proposals

In respect of the acquisition of the entire equity interest in Pekan Semangat Sdn Bhd (Pekan) as per the Share Sale Agreement ("SSA") dated 15th March 2016, BLD Plantation Berhad and the Vendors of Pekan have mutually agreed to rescind the SSA on 5th October 2016.

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 | 269,660 |
| Long term borrowings | |
| Secured | 92,313 |
| | ----- |
| | 361,973 |
| | ===== |

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.

26. Earnings per share

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|-------------------|---------------------------|-------------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2016 | 31.12.2015 | 31.12.2016 | 31.12.2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit attributable to Owners of the Company | 2,200 | (11,341) | 22,519 | (6,380) |
| | ===== | ===== | ===== | ===== |
| Weighted average number of ordinary shares in issue ('000) | 93,500 | 93,500 | 93,500 | 93,500 |
| | ===== | ===== | ===== | ===== |
| Basic earnings per share (sen) | 2.35 | (12.13) | 24.08 | (6.82) |
| | ===== | ===== | ===== | ===== |
| Diluted earnings per share (sen) | N/A | N/A | N/A | N/A |
| | ===== | ===== | ===== | ===== |

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(Company No: 562199-A)

Notes to the Financial Information**27. Realised and Unrealised Profit / (Losses)**

| | As At 31.12.2016 RM'000 | As At 31.12.2015 RM'000 |
|-------------------------------------|--|--|
| Total retained profits of the group | | |
| - Realised | 785,160 | 738,382 |
| - Unrealised | (147,465) | (121,336) |
| | ----- | ----- |
| | 637,695 | 617,046 |
| | ===== | ===== |

28. Comprehensive Income Disclosures

| | Individual Quarter 3 months ended | | Cumulative Quarter 12 months ended | |
|--|--|------------------------------|---|------------------------------|
| | 31.12.2016 RM'000 | 31.12.2015 RM'000 | 31.12.2016 RM'000 | 31.12.2015 RM'000 |
| Result from operating activities is arrived at after charging: | | | | |
| Finance cost | 2,378 | 3,616 | 10,452 | 11,547 |
| Depreciation of property, plant and equipment | 7,936 | 7,366 | 28,941 | 28,202 |
| Loss on disposal of property, plant and equipment | - | - | 26 | - |
| Loss on derivative | - | - | 3,513 | - |
| Unrealised foreign exchange loss | 1,718 | 7,126 | - | - |
| | ----- | ----- | ----- | ----- |
| Result from operating activities is arrived at after crediting: | | | | |
| Finance income | 1,882 | 2,046 | 7,023 | 7,797 |
| Other operating income | 15 | 14 | 61 | 60 |
| Gain on disposal of property, plant and equipment | 21 | 157 | - | 200 |
| Gain on derivative | 942 | 10,885 | - | 220 |
| Unrealised foreign exchange gain | - | - | 898 | 20,229 |
| | ----- | ----- | ----- | ----- |

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