

BLD PLANTATION BHD.(562199-A)

Interim Financial Report
31 March 2017

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for the Period Ended 31 March 2017

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 31 March 2017

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
		RM'000	RM'000	RM'000	RM'000
Revenue		468,374	326,198	468,374	326,198
Cost of sales		(445,711)	(313,291)	(445,711)	(313,291)
Gross profit		22,663	12,907	22,663	12,907
Other operating income		8,744	14,238	8,744	14,238
Selling expenses		(14,589)	(7,833)	(14,589)	(7,833)
Administrative expenses		(3,902)	(3,331)	(3,902)	(3,331)
Finance costs		(2,542)	(2,393)	(2,542)	(2,393)
Profit before taxation		10,374	13,588	10,374	13,588
Income tax expenses	18	(3,236)	(3,385)	(3,236)	(3,385)
Profit for the period, net of tax representing total Comprehensive Income for the period		7,138	10,203	7,138	10,203
		=====	=====	=====	=====
Profit for the period attributable to:					
Owners of the Company		6,672	10,009	6,672	10,009
Non-controlling interests		466	194	466	194
		7,138	10,203	7,138	10,203
		=====	=====	=====	=====
Earnings per share (sen) attributable to Owners of the Company:	25				
- Basic		7.13	10.70	7.13	10.70
- 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 2016 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Financial Position

(The figures have not been audited)

	As At 31.03.2017 RM'000	As At 31.12.2016 RM'000
Non-current Assets		
Property, plant and equipment	350,612	354,945
Biological assets	573,238	562,066
Deferred tax assets	6,085	4,390
	<u>929,935</u>	<u>921,401</u>
Current Assets		
Inventories	134,210	83,911
Receivables	111,348	168,005
Prepaid operating expenses	5,107	6,070
Tax refundable	1,929	1,278
Derivative financial instruments	2,639	-
Deposits, cash and bank balances	209,599	319,283
	<u>464,832</u>	<u>578,547</u>
Total assets	<u>1,394,767</u> =====	<u>1,499,948</u> =====
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	173,180	93,500
Reserves	644,347	717,355
	<u>817,527</u>	<u>810,855</u>
Non-controlling interests	2,544	2,078
	<u>820,071</u>	<u>812,933</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 2016 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 31.03.2017 RM'000	As At 31.12.2016 RM'000
Non-current liabilities		
Borrowings	92,312	92,313
Deferred tax liabilities	151,677	149,288
	243,989	241,601
Current liabilities		
Borrowings	220,870	269,660
Payables	109,833	168,756
Tax payable	4	2,474
Derivative financial instruments	-	4,524
	330,707	445,414
Total liabilities	574,696	687,015
Total equity and liabilities	1,394,767	1,499,948
	=====	=====
Net assets per share attributable to Owners of the Company (RM)	8.74	8.67
	=====	=====

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Changes in Equity

For the Period Ended 31 March 2017

(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 2017	93,500	637,675	79,680	810,855	2,078	812,933
Total comprehensive income	-	6,672	-	6,672	466	7,138
Reclassification pursuant to Company Act 2016	79,680	-	(79,680)	-	-	-
At 31 March 2017	173,180	644,347	-	817,527	2,544	820,071

	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 2016	93,500	617,046	79,680	790,226	1,282	791,508
Total comprehensive income	-	10,009	-	10,009	194	10,203
At 31 March 2016	93,500	627,055	79,680	800,235	1,476	801,711

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 2016 and the accompanying explanatory notes.

BLD PLANTATION BHD

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 March 2017

(The figures have not been audited)

	Cumulative 3 months 31.03.2017 RM'000	Cumulative 3 months 31.03.2016 RM'000
Cash flows from operating activities		
Profit before taxation	10,374	13,588
Adjustments for:		
Depreciation of property, plant and equipment	6,968	6,852
Gain on disposal of property, plant and equipment	(58)	(114)
Interest income	(1,508)	(1,790)
Interest expense	2,542	2,393
Net fair value gain on derivative	(7,162)	(12,316)
Net unrealized foreign exchange loss	353	8,354
Operating profit before changes in working capital	11,509	16,967
(Increase) / Decrease in inventories	(50,299)	12,435
Decrease in receivables and other assets	57,575	56,415
Decrease in payables	(58,882)	(25,249)
Cash (used in) / generated from operations	(40,097)	60,568
Income tax paid, net of refund	(5,663)	(1,151)
Interest received	1,508	1,790
Net cash (used in) / generated from operating activities	(44,252)	61,207
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,650)	(1,026)
Acquisition of biological assets (net of interest and depreciation capitalized)	(10,787)	(5,735)
Proceeds from disposal of property, plant and equipment	58	205
Net cash used in investing activities	(13,379)	(6,556)

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 March 2017

(The figures have not been audited)

	Cumulative 3 months 31.03.2017 RM'000	Cumulative 12 months 31.03.2016 RM'000
Cash flows from financing activities		
Interest paid	(2,913)	(2,874)
Proceeds from bank borrowings	362,057	258,495
Repayment of bank borrowings	(411,495)	(348,167)
	<hr/>	<hr/>
Net cash used in financing activities	(52,351)	(92,546)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(109,982)	(37,895)
Effect of foreign exchange rate changes	(350)	(8,009)
Cash and cash equivalents at the beginning of the year	317,293	361,832
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	206,961	315,928
	<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 2016 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 2016.

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 2017 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) :

- FRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to FRS 2)
- FRS 9 Financial Instruments
- Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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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 2016 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 2017.

8. Dividend paid

There was no dividend paid in the current quarter.

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.

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Notes to the Financial Information

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 March 2017 is as follows:

	RM'000
Approved and contracted for	699
Approved and not contracted for	53,556

	54,255
	=====

15. Review of Performance

The Group's revenue was higher by about RM142 million as compared to the corresponding period of the preceding year mainly due to higher sales volume and higher average selling price of products. Owing to higher average costs during the current period, the profit before tax was lower by about RM3.2 million as compared to the corresponding period of the preceding year.

16. Comparison with Preceding Quarter's Results

Due to higher selling price of products, the Group recorded profit before tax of about RM10.37 million in the current quarter as compared to about RM8.6 million of the immediate preceding quarter.

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Notes to the Financial Information**17. Commentary on prospects**

Palm oil prices outlook is likely to be moderate as palm oil production is seen recovering slowly. In view of global economic uncertainties, fluctuation in foreign exchange rates, volatility of palm oil prices and other macro-environment factors affecting the industry, the Group focuses to remain resilient and prudence in expenditures as well as allocation of resources.

18. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year:				
Deferred taxation	694	1,024	694	1,024
Current year provision	2,542	2,361	2,542	2,361
	-----	-----	-----	-----
	3,236	3,385	3,236	3,385
	=====	=====	=====	=====

The effective tax rate of the Group for the financial period ended 31 March 2017 is higher than the statutory tax rate due to certain non-deductible expenses.

19. Sale of unquoted investments and properties

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

20. Quoted securities

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

21. Borrowings and debt securities

	RM'000
Short term borrowings	
Secured	220,870
Long term borrowings	
Secured	92,312

	313,182
	=====

The above borrowings are denominated in Ringgit Malaysia.

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Notes to the Financial Information**22. Changes in material litigation**

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

23. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast and profit guarantee.

24. Dividend

A final single-tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2016 was approved by the shareholders during the Annual General Meeting held on 19 May 2017 and to be paid on 20 July 2017. The payment was made to the shareholders whose names appeared in the Company's Record of Depositors on 21 June 2017.

25. Earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to Owners of the Company	6,672 =====	10,009 =====	6,672 =====	10,009 =====
Weighted average number of ordinary shares in issue ('000)	93,500 =====	93,500 =====	93,500 =====	93,500 =====
Basic earnings per share (sen)	7.13 =====	10.70 =====	7.13 =====	10.70 =====
Diluted earnings per share (sen)	N/A =====	N/A =====	N/A =====	N/A =====

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Notes to the Financial Information**26. Realised and Unrealised Profit / (Losses)**

	As At 31.03.2017 RM'000	As At 31.03.2016 RM'000
Total retained profits of the group		
- Realised	787,653	765,681
- Unrealised	(143,306)	(138,626)
	-----	-----
	644,347	627,055
	=====	=====

27. Comprehensive Income Disclosures

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Result from operating activities is arrived at after charging:				
Finance cost	2,542	2,393	2,542	2,393
Depreciation of property, plant and equipment	6,968	6,852	6,968	6,852
Unrealised foreign exchange loss	353	8,354	353	8,354
	-----	-----	-----	-----
Result from operating activities is arrived at after crediting:				
Finance income	1,508	1,790	1,508	1,790
Other operating income	16	17	16	17
Gain on disposal of property, plant and equipment	58	114	58	114
Gain on derivative	7,162	12,316	7,162	12,316
	-----	-----	-----	-----

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