

BLD PLANTATION BHD.(562199-A)

Interim Financial Report
31 December 2018

BLD PLANTATION BHD

(Company No: 562199-A)

Interim Financial Report for the Period Ended 31 December 2018

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 31 December 2018

(The figures have not been audited)

		Individual Quarter		Cumulative Quarter	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
		(Unaudited)	(Restated)	(Unaudited)	(Restated)
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		526,430	584,850	1,754,151	2,134,642
Cost of sales		(538,457)	(537,787)	(1,732,536)	(2,026,877)
Gross (loss) / profit		(12,027)	47,063	21,615	107,765
Other operating (loss) / income		(487)	(2,784)	(2,131)	11,452
Selling expenses		(10,018)	(16,735)	(37,643)	(57,010)
Administrative expenses		(5,432)	(8,214)	(19,577)	(21,636)
Finance costs		(2,647)	(2,549)	(11,102)	(10,373)
(Loss) / Profit before taxation		(30,611)	16,781	(48,838)	30,198
Income tax expenses	18	501	(3,399)	2,772	(8,820)
(Loss) / Profit for the period, net of tax representing total Comprehensive Income for the period		(30,110)	13,382	(46,066)	21,378
		=====	=====	=====	=====
(Loss) / Profit for the period attributable to:					
Owners of the Company		(29,649)	13,471	(45,796)	20,676
Non-controlling interests		(461)	(89)	(270)	702
		(30,110)	13,382	(46,066)	21,378
		=====	=====	=====	=====
(Loss) / Earnings per share (sen) attributable to Owners of the Company:	25				
- Basic		(31.71)	14.41	(48.98)	22.11
- 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 2017 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 31.12.2018 (Unaudited) RM'000	As At 31.12.2017 (Restated) RM'000	As At 01.01.2017 (Restated) RM'000
Non-current Assets			
Property, plant and equipment	650,467	614,145	616,122
Deferred tax assets	-	28	4,390
	<u>650,467</u>	<u>614,173</u>	<u>620,512</u>
Current Assets			
Inventories	193,045	125,315	83,911
Biological assets	8,350	12,112	17,163
Receivables	86,084	169,159	168,005
Prepaid operating expenses	1,375	4,144	6,070
Tax refundable	9,032	7,195	1,278
Derivative financial instruments	1,345	5,838	-
Deposits, cash and bank balances	151,307	284,713	319,283
	<u>450,538</u>	<u>608,476</u>	<u>595,710</u>
Total assets	<u>1,101,005</u> =====	<u>1,222,649</u> =====	<u>1,216,222</u> =====
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	173,180	173,180	93,500
Reserves	392,791	441,392	504,136
	<u>565,971</u>	<u>614,572</u>	<u>597,636</u>
Non-controlling interests	<u>(1,255)</u>	<u>(985)</u>	<u>(335)</u>
Total equity	<u>564,716</u>	<u>613,587</u>	<u>597,301</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 2017 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 31.12.2018 (Unaudited) RM'000	As At 31.12.2017 (Restated) RM'000	As At 01.01.2017 (Restated) RM'000
Non-current liabilities			
Borrowings	101,924	73,220	92,313
Deferred tax liabilities	73,646	78,138	81,194
	<u>175,570</u>	<u>151,358</u>	<u>173,507</u>
Current liabilities			
Borrowings	247,752	329,316	269,660
Payables	112,850	128,374	168,756
Tax payable	117	14	2,474
Derivative financial instruments	-	-	4,524
	<u>360,719</u>	<u>457,704</u>	<u>445,414</u>
Total liabilities	<u>536,289</u>	<u>609,062</u>	<u>618,921</u>
Total equity and liabilities	<u>1,101,005</u> =====	<u>1,222,649</u> =====	<u>1,216,222</u> =====
Net assets per share attributable to Owners of the Company (RM)	<u>6.05</u> =====	<u>6.57</u> =====	<u>6.39</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 2017 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Changes in Equity

For the Period Ended 31 December 2018

(The figures have not been audited)

	Attributable to owners of the Company				Non-controlling Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Retained Profit RM'000	Total RM'000	RM'000	RM'000
At 1 January 2018 (as restated)	173,180	-	441,392	614,572	(985)	613,587
Total comprehensive loss	-	-	(45,796)	(45,796)	(270)	(46,066)
Transaction with owners						
Dividend paid to owners of the Company	-	-	(2,805)	(2,805)	-	(2,805)
At 31 December 2018	173,180	-	392,791	565,971	(1,255)	564,716

	Attributable to owners of the Company				Non-controlling Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Retained Profit RM'000	Total RM'000	RM'000	RM'000
At 1 January 2017 (as previously stated)	93,500	79,680	637,675	810,855	2,078	812,933
Effect on adoption of MFRS	-	-	(213,219)	(213,219)	(2,413)	(215,632)
At 1 January 2017 (as restated)	93,500	79,680	424,456	597,636	(335)	597,301
Total comprehensive income	-	-	20,676	20,676	702	21,378
Transaction with owners						
Dividend paid to owners of the Company	-	-	(3,740)	(3,740)	-	(3,740)
Dividend paid to non-controlling interest	-	-	-	-	(1,352)	(1,352)
Reclassification pursuant to Companies Act 2016	79,680	(79,680)	-	-	-	-
At 31 December 2017 (as restated)	173,180	-	441,392	614,572	(985)	613,587

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 2017 and the accompanying explanatory notes.

BLD PLANTATION BHD

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 December 2018

(The figures have not been audited)

	Cumulative 12 months 31.12.2018 (Unaudited) RM'000	Cumulative 12 months 31.12.2017 (Restated) RM'000
Cash flows from operating activities		
(Loss) / Profit before taxation	(48,838)	30,198
Adjustments for:		
Depreciation of property, plant and equipment	55,221	50,750
Loss / (Gain) on disposal of property, plant and equipment	3	(209)
Change in fair value of biological assets	3,762	5,051
Interest income	(5,950)	(6,205)
Interest expense	11,102	10,373
Net fair value loss / (gain) on derivative	4,493	(10,361)
Net unrealized foreign exchange loss	597	2,601
Operating profit before changes in working capital	20,390	82,198
Increase in inventories	(67,730)	(41,405)
Decrease in receivables and other assets	85,413	565
Decrease in payables	(15,073)	(40,220)
Cash generated from operations	23,000	1,138
Income tax paid, net of refund	(3,426)	(15,891)
Interest received	5,950	6,205
Net cash generated from / (used in) operating activities	25,524	(8,548)
Cash flows from investing activities		
Acquisition of property, plant and equipment (net of interest and depreciation capitalized)	(88,504)	(46,418)
Proceeds from disposal of property, plant and equipment	1,528	537
Net cash used in investing activities	(86,976)	(45,881)

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Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 December 2018

(The figures have not been audited)

	Cumulative 12 months 31.12.2018 (Unaudited) RM'000	Cumulative 12 months 31.12.2017 (Restated) RM'000
Cash flows from financing activities		
Dividends paid to owners of the Company	(2,805)	(3,740)
Dividends paid by a subsidiary to non-controlling interests	-	(1,352)
Interest paid	(15,672)	(13,057)
Proceeds from bank borrowings	1,822,836	1,810,141
Repayment of bank borrowings	(1,875,580)	(1,769,786)
Net cash (used in) / generated from financing activities	<u>(71,221)</u>	<u>22,206</u>
Net decrease in cash and cash equivalents	(132,673)	(32,223)
Effect of foreign exchange rate changes	(617)	(2,555)
Cash and cash equivalents at the beginning of the year	<u>282,515</u>	<u>317,293</u>
Cash and cash equivalents at the end of the period	<u>149,225</u> =====	<u>282,515</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 2017 and the accompanying explanatory notes.

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(Company No: 562199-A)

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 Malaysian Financial Reporting Standards (“MFRS”)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 2017.

2. Significant Accounting Policies

The financial statements of the Group for the financial period ended 31 March 2018 are the first set of financial statements prepared in accordance with MFRS and the adoption was carried out in accordance with MFRS 1 First-time adoption of Malaysian Financial Reporting Standards, using 1 January 2017 as the Transition Date.

The significant accounting policies and methods of computation applied are consistent with prevailing established guidelines described in MFRS and IC Interpretations wherever applicable and relevant.

The financial effect arising from the adoption of all MFRS including Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Bearer Plants are as follows:

a) Condensed Consolidated Statement of Financial Position

	As previously reported	Effect on adoption of MFRS	Restated
	RM'000	RM'000	RM'000
As at 01/01/2017			
NON-CURRENT ASSETS			
Property, plant and equipment	354,945	261,177	616,122
Biological assets	562,066	(562,066)	-
CURRENT ASSETS			
Biological assets	-	17,163	17,163
EQUITY AND LIABILITIES			
Reserves	717,355	(213,219)	504,136
Equity attributable to owners of the Company	810,855	(213,219)	597,636
Non-controlling interests	2,078	(2,413)	(335)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	149,288	(68,094)	81,194

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Notes to the Financial Information**2. Significant Accounting Policies (Contd.)****a) Condensed Consolidated Statement of Financial Position (Contd.)**

	As previously reported	Effect on adoption of MFRS	Restated
	RM'000	RM'000	RM'000
As at 31/12/2017			
NON-CURRENT ASSETS			
Property, plant and equipment	334,570	279,575	614,145
Biological assets	601,823	(601,823)	-
CURRENT ASSETS			
Biological assets	-	12,112	12,112
EQUITY AND LIABILITIES			
Reserves	674,358	(232,966)	441,392
Equity attributable to owners of the Company	847,538	(232,966)	614,572
Non-controlling interests	1,752	(2,737)	(985)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	152,571	(74,433)	78,138

b) Condensed Consolidated Statement of Comprehensive Income

	As previously reported	Effect on adoption of MFRS	Restated
	RM'000	RM'000	RM'000
Quarter ended 31/12/2017			
Cost of sales	(532,448)	(5,339)	(537,787)
Gross profit	52,402	(5,339)	47,063
Other operating income	2,267	(5,051)	(2,784)
Profit before taxation	27,171	(10,390)	16,781
Income tax expenses	(5,893)	2,494	(3,399)
Profit for the period, net of tax representing	21,278	(7,896)	13,382
Total Comprehensive Income for the period			
Profit for the period attributable to:			
Owner of the Company	21,236	(7,765)	13,471
Non-controlling interests	42	(131)	(89)
	<u>21,278</u>	<u>(7,896)</u>	<u>13,382</u>
	=====	=====	=====

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Notes to the Financial Information**2. Significant Accounting Policies (Contd.)****b) Condensed Consolidated Statement of Comprehensive Income (Contd.)**

	As previously reported	Effect on adoption of MFRS	Restated
	RM'000	RM'000	RM'000
Period ended 31/12/2017			
Cost of sales	(2,005,519)	(21,358)	(2,026,877)
Gross profit	129,123	(21,358)	107,765
Other operating income	16,503	(5,051)	11,452
Profit before taxation	56,607	(26,409)	30,198
Income tax expenses	(15,158)	6,338	(8,820)
Profit for the period, net of tax representing	41,449	(20,071)	21,378
Total Comprehensive Income for the period			
Profit for the period attributable to:			
Owner of the Company	40,423	(19,747)	20,676
Non-controlling interests	1,026	(324)	702
	<u>41,449</u>	<u>(20,071)</u>	<u>21,378</u>
	=====	=====	=====

c) Condensed Consolidated Statement of Cash Flows

	As previously reported	Effect on adoption of MFRS	Restated
	RM'000	RM'000	RM'000
Period ended 31/12/2017			
Profit before taxation	56,607	(26,409)	30,198
Depreciation of property, plant and equipment	29,392	21,358	50,750
Change in fair value of biological assets	-	5,051	5,051

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

- Amendments to MFRS 10 and MFRS 128 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
- MFRS 16 Leases
- MFRS 17 Insurance Contracts
- IC Interpretations 23 (Uncertainty over Income Tax Treatments)

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 2017 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 December 2018.

8. Dividend paid

The Company had paid final dividend amounting to RM2.805 million in respect of the financial year ended 31 December 2017 during the reporting 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.

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 RM1,082 million.

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Notes to the Financial Information

14. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2018 is as follows:

	RM'000
Approved and contracted for	700
Approved and not contracted for	70,905

	71,605
	=====

15. Review of Performance

Owing to lower average selling price of products, the Group's revenue for the current quarter was lower by about RM58.4 million than the corresponding period of the preceding year. The Group recorded a loss before tax of about RM30.6 million as compared to the corresponding period of the preceding year's profit before tax of about RM16.8 million mainly due to lower average selling price of products.

The Group recorded revenue and loss before tax of about RM1,754 million and RM48.8 million as compared to preceding year revenue and profit before tax of about RM2,135 million and RM30.2 million mainly due to lower average selling price of products.

16. Comparison with Preceding Quarter's Results

The Group recorded loss before tax of about RM30.6 million in the current quarter as compared to loss before tax of about RM20.9 million of the immediate preceding quarter mainly due to lower average selling price of products.

17. Commentary on prospects

In view of the global demand and volatility of exchange rate, palm oil prices are anticipated to be bearish in the near future, barring unforeseen circumstances. The Group remains focus in enhancing cost efficiencies through increasing its own supply of raw materials, and improving yield and productivity.

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Notes to the Financial Information**18. Income tax expenses**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year:				
Deferred taxation	(699)	(361)	(4,464)	1,307
Current year provision	198	3,760	1,831	7,552
Over provision in prior year	-	-	(139)	(39)
	-----	-----	-----	-----
	(501)	3,399	(2,772)	8,820
	=====	=====	=====	=====

The effective tax rate of the Group for the financial period ended 31 December 2018 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	247,752
Long term borrowings	
Secured	101,924

	349,676
	=====

The above borrowings are denominated in Ringgit Malaysia.

22. Changes in material litigation

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

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Notes to the Financial Information**23. Profit Forecast or Profit Guarantee**

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

24. Dividend

No dividend has been proposed for the current reporting quarter.

25. (Loss) / Earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Net (loss) / profit attributable to Owners of the Company	(29,649) =====	13,471 =====	(45,796) =====	20,676 =====
Weighted average number of ordinary shares in issue ('000)	93,500 =====	93,500 =====	93,500 =====	93,500 =====
Basic (loss) / earnings per share (sen)	(31.71) =====	14.41 =====	(48.98) =====	22.11 =====
Diluted earnings per share (sen)	N/A =====	N/A =====	N/A =====	N/A =====

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Notes to the Financial Information**26. Comprehensive Income Disclosures**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Result from operating activities is arrived at after charging:				
Finance costs	2,647	2,549	11,102	10,373
Depreciation of property, plant and equipment	16,278	13,115	55,221	50,750
Loss on disposal of property, plant and equipment	-	3	3	-
Change in fair value of biological assets	3,762	5,051	3,762	5,051
Unrealised foreign exchange loss	991	2,060	597	2,601
Loss on derivative	-	-	4,493	-
	<hr/>	<hr/>	<hr/>	<hr/>
Result from operating activities is arrived at after crediting:				
Finance income	1,308	1,933	5,950	6,205
Other operating income	20	18	68	63
Gain on disposal of property, plant and equipment	5	-	-	209
Gain on derivative	1,912	404	-	10,361
	<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.