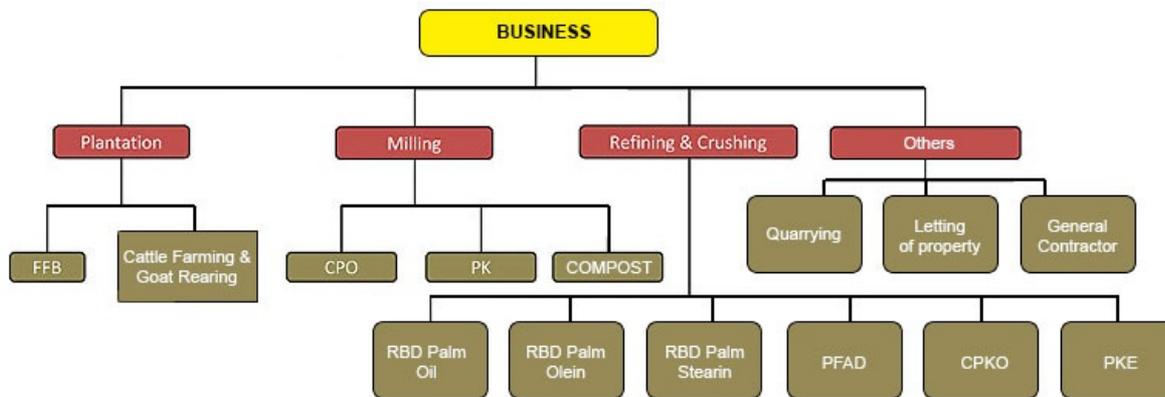




Business



The business structure of the Group is basically divided into 3 main divisions (plantation, milling, refinery and crushing) and other supporting activities.

1. Plantation Division

At present, the Group has a total landbank of approximately 51,000 hectares (Ha) in the State of Sarawak, of which about 60% are oil palm planted areas. A replanting programme involving approximately 30% of oil palms to be replanted at Sawai Land District may commence in the next two years.

Majority of the Fresh Fruit Bunches (FFB) harvested from the Group's plantation are sent to our mills for processing into Crude Palm Oil (CPO) and Palm Kernel (PK).

2. Milling Division

We have two mills namely Sawai Palm Oil Mill (located at Sawai Land District, Miri) and Igan Palm Oil Mill (located at Kabang Land District, Sibul). The processing capacity of each mill is 60 metric tonnes of FFB per hour.

Our mills procure FFB substantially from BLDP Group's plantation. Besides this, the mills also

purchase FFB from other nearby plantation estates and smallholders. All FFB sent to our mills will be processed into Crude Palm Oil (CPO) and Palm Kernel (PK) which are subsequently sent to our Refinery and Kernel Crushing Plant (KCP).

As the transportation distance from the Group's plantation to our mills is short, transportation costs are therefore relatively low. More importantly, it ensures the freshness of FFB delivered to the mills, resulting in the consistent achievement of high oil extraction rate. This scenario also applies to the purchase of FFB from other nearby estates.

3. Refining & Crushing Division

On 15 September 2000, our wholly-owned subsidiary company – Kirana Palm Oil Refinery Sdn. Bhd. (Kirana) was awarded a Manufacturing Licence by the Malaysian Industrial Development Authority to set up a palm oil refinery at Tanjung Kidurong Industrial Estate in Bintulu, Sarawak. The operation of Refinery and KCP were commissioned in year 2008.

The Refinery and KCP would enable the Group to further diversify its products to include refined, bleached and deodorised (RBD) palm oil, palm olein, palm stearin and palm fatty acid distillate (PFAD), Crude Palm Kernel Oil (CPKO), Palm Kernel Expeller (PKE) and other related products.

Currently, our Refinery is capable of processing about 2,400 metric tonnes of CPO per day and the KCP is capable of processing about 600 metric tonnes of PK per day.

The site for the Refinery and KCP are strategically located near the deep-sea Bintulu Port which will handle exports of all palm oil products for the Bintulu-Miri region in Sarawak transportation cost is relatively low.

4. Others

The other activities which BLDP Group involved are integrated cattle farming and goat rearing, compost, stone quarrying, letting of property, etc.