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BLD Plantation considers downstream operation expansion

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Lau (second right) responding to questions from shareholders at the company's AGM yesterday. Also seen (from left) are BLD Plantation's independent non-executive director Datuk Hamden Ahmad, BLD Plantation's executive director Wan Abdillah Wan Hamid and BLD Plantation company secretary Alvin Lau.

KUCHING: BLD Plantation Bhd (BLD Plantation) is looking into expanding further downstream in the palm oil sector to sustain the growth of the company.

Chairman Dato Henry Lau believes that to chart the next growth of the company, BLD Plantation will need to continue investing downstream to enhance its operations.

"We are looking into investing further downstream, such as refining and crushing.

"Some of the palm oil products which we are already producing include palm oleins, palm stearins and crude palm kernel oil," he told reporters after the company's 12th Annual General Meeting (AGM) here yesterday.

Meanwhile, Lau in BLD Plantation's 2013 Annual Report said the expansion of the company's existing refinery through the installation of second plant through Kirana Palm Oil Refinery Sdn Bhd has started.

He noted that the second plant has since doubled its processing capacity to 2,400 metric tonnes per day. Lau observed the installation of two incinerators costing about RM1.4 million through its subsidiary Bintulu Lumber Development Sdn Bhd at its Igan palm oil mill is currently at the implementation and commissioning stage.

Meanwhile, two incinerators is expected to come into full operations by the second half of this year, he added.

"Upon commencement, the incinerators will optimise the utilisation of empty fruit bunches (EFB) by converting EFB into fertiliser."

He further pointed out that the fertiliser will be used substantially for the company's oil palms plantation estates and thereby reducing the EFB disposing costs.

When asked about the intention of the company to venture into transportation of logistics to further improve the delivery of its oil palm products, Lau said the proposal is still at a very preliminary stage and nothing concrete has yet been firmed up.

For financial year 2013 (FY13), the group has planted a total area of about 27,300 hectares of which 93 per cent has reached maturity stage.

BLD Plantation has produced about 377,000 metric tonnes of fresh fruit bunches (FFB), an increase of about 2.4 per cent as compared with the previous financial year.

Moreover, Lao noted the volume of palm oil products sold was about 741,000 metric tonnes mainly for the export market.

For financial year 2013, BLD Plantation posted a revenue of RM1.63 billion and a net profit of RM37 million.

As for financial year 2014, BLD Plantation observed that 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 market prices.

Hence, the group is cautious that some changes in policies concerning the plantation industry might cause supply constraints in the long term which in turn could have an effect on palm oil prices.

Going forward, BLD Plantation said it is mindful of various influencing factors and will continue to be vigilant and prudent in expenditure and productivity to improve the financial performance of the group.



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