

11. FINANCIAL INFORMATION

11.1 Consolidated Profit and Dividend Record

The summarised proforma consolidated profit and loss accounts of BLDP Group for five (5) financial years ended 31 December 2002 are set out below for illustrative purposes only and have been prepared on the assumption that BLDP Group has been in existence throughout the periods under review :-

	← For the financial years ended 31 December →				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Revenue	109,577	85,626	54,329	54,007	106,491
Profit before finance cost, depreciation, amortisation and taxation charges	37,407	32,578	16,016	18,723	35,457
Finance cost	-	-	(29)	-	(24)
Depreciation	(5,751)	(5,520)	(3,660)	(4,475)	(4,119)
Amortisation	(194)	(194)	(339)	(539)	(632)
PBT	31,462	26,864	11,988	13,709	30,682
Taxation	(10,266)	603	(1,335)	(4,100)	(8,091)
PAT	21,196	27,467	10,653	9,609	22,591
MI	-	-	-	11	7
PAT after MI	21,196	27,467	10,653	9,620	22,598
Number of Shares assumed in issue (RM'000)	64,290	64,290	64,290	64,290	64,290
Gross EPS (sen)	48.94	41.79	18.65	21.32	47.72
Net EPS (sen)	32.97	42.72	16.57	14.96	35.15
Gross dividend rate (%)	15.55	15.55	122.49	-	19.22

Notes:-

- (i) *The proforma consolidated profit and loss are based on the audited financial statements of the subsidiaries, BLD Group and Kirana, as BLDP was only incorporated on 19 October 2001.*
- (ii) *BLD commenced plantation development activity for the cultivation of oil palm in 1987 and has maintained consistent production and revenue for this business segment during the financial years under review. BLD's initial principal activities of timber operations have gradually changed to palm oil operations*
- (iii) *The higher revenue and PAT recorded in 1998 were mainly due to the increase in CPO and PK prices. In 1999, despite the drop in prices of CPO and PK, BLD registered a higher PAT of RM27.47 million compared to PAT of RM21.20 million in 1998, due to better yield from its plantations and lower volumes of FFB purchased from external suppliers and the fact that it was a tax-waiver year. However, revenue and PAT dropped in 2000 and 2001 due to the sluggish CPO and PK prices.*

Revenue and PAT increased substantially in 2002 due to higher CPO and PK prices in 2002 as well as increase in the volume of CPO and PK sold. In 2002, average selling prices of CPO and PK increased by 60% and 63% respectively, whilst the sales volumes of CPO and PK increased by 41% and 27% respectively.
- (iv) *The effective tax rates for the years ended 1997, 1998 and 2000 were lower than the statutory rate due to the availability of tax incentives for set-off in the forms of agriculture and reinvestment allowances. The income tax in 1999 was waived in accordance with the Income Tax (Amendment) Act, 1999 and the provision was in respect of transfer from deferred taxation. The higher tax rate for 2001 was due to tax incentives having been fully utilised earlier and also the disallowance of certain expenses for taxation purposes.*
- (v) *There were no exceptional or extraordinary items for the financial years under review.*
- (vi) *The Gross EPS and Net EPS have been calculated based on the PAT after MI and the number of Shares assumed in issue after the Acquisitions but before the Public Issue.*

11. FINANCIAL INFORMATION (cont'd)**11.2 Segmental Analysis of Revenue and Profits****11.2.1 Analysis of Revenue**

	← Financial years ended 31 December →				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Analysis by company					
BLD	109,577	85,626	54,329	54,007	106,491
GM	-	-	-	-	-
Niamas	-	-	-	-	-
Kirana	-	-	-	-	-
Total Group	109,577	85,626	54,329	54,007	106,491
Analysis by products					
CPO and PK	75,588	53,211	35,073	42,603	95,795
Timber products and others	33,989	32,415	19,256	11,404	10,696
Total	109,577	85,626	54,329	54,007	106,491

11.2.2 Analysis of PBT

	← Financial years ended 31 December →				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Analysis by company					
BLDP	-	-	-	-	(4)
BLD	31,462	26,864	12,162	13,860	31,153
GM	-	-	(305)	99	(70)
Niamas	-	-	-	(29)	(19)
Kirana	-	-	(69)	(15)	(163)
	31,462	26,864	11,788	13,915	30,897
Adjustments :-					
Consolidation adjustments	-	-	200	(206)	(215)
Total Group	31,462	26,864	11,988	13,709	30,682

	← Financial years ended 31 December →				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Analysis by products					
CPO and PK	24,803	18,362	9,727	11,676	29,486
Timber products and others	6,659	8,502	2,261	2,033	1,196
Total	31,462	26,864	11,988	13,709	30,682

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11. FINANCIAL INFORMATION (cont'd)

11.3 Directors' Declaration on Financial Performance

As at 12 June 2003, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that BLDP Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the BLDP Group;
- (ii) Material commitment for capital expenditure;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the BLDP Group;
- (iv) Any substantial increase in revenue; and
- (v) any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

As far as the Directors are aware and except as disclosed in this Prospectus, BLDP Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced in the course of business and that there were no interruptions to the business of BLDP Group which may have had a significant effect on the operations of BLDP Group during the past twelve (12) months.

11.4 Working Capital, Borrowings and Contingent Liabilities

11.4.1 Working Capital

The Directors of BLDP are of the opinion that after taking into account BLDP Group's cashflow position, banking facilities available and gross proceeds from the Public Issue, BLDP Group will have adequate working capital for its present and foreseeable requirements.

11.4.2 Borrowings

As at 12 June 2003, the total bank facilities (including bank guarantees) of BLDP Group amounted to RM39.25 million, out of which RM14.30 million has been utilised as set out in the following table :-

Company	Financial Institution	Note	Credit Facility	Facility limit (RM'000)	Facility utilised (RM'000)	Balance outstanding @ 12 June 2003		Purpose
						Short Term (RM'000)	Long Term (RM'000)	
Non-Interest bearing								
BLD	Standard Chartered Bank Malaysia Bhd	(i)	Bank guarantee	2,000	727	-	-	As security deposit to various government authorities
BLD	Malayan Banking Bhd	(ii)	Bank guarantee	2,000	427	-	-	As security deposit to various government authorities
GM	HSBC Bank Malaysia Bhd	(iii)	Bank guarantee	250	78	-	-	To accommodate bonding requirements
			Total	4,250	1,232			

11. FINANCIAL INFORMATION (cont'd)

Company	Financial Institution	Note	Credit Facility	Facility limit (RM'000)	Facility utilised (RM'000)	Balance outstanding @ 12 June 2003		Purpose
						Short Term (RM'000)	Long Term (RM'000)	
Interest bearing GM	HSBC Bank Malaysia Bhd	(iii)	Term Loan	19,700	9,700	-	9,700	To part finance the project cost of GM's oil palm plantation
Niamas	RHB Bank Bhd	(iv)	Term Loan	15,000	4,600	-	4,600	To part finance the cultivation and development of oil palm
			Total	34,700	14,300	-	14,300	

Notes:-

- (i) The bank guarantee facilities granted to BLD from Standard Chartered Bank Malaysia Bhd are secured by a letter of set-off over fixed deposit in the name of BLD and a lien of RM1.00 million.
- (ii) The bank guarantee granted by Malayan Banking Bhd is secured against fixed deposits of RM1.00 million from BLD.
- (iii) The credit facilities granted to GM from HSBC Bank Malaysia Berhad are jointly secured by the following :-
 - (a) corporate guarantee of RM25 million from BLD;
 - (b) debenture of RM25 million over GM's fixed and floating assets incorporating a first registered charge over GM's properties at Lot 72 Sawai Land District, Miri and Blok 1, Block 3, Jelalong Land District, Bintulu;
 - (c) letter of undertaking from GM not to declare or pay any dividend exceeding 50% of its current year's PAT without the written consent from HSBC Bank Malaysia Berhad; and
 - (d) a deed of subordination of shareholders' advances to the credit facilities extended by HSBC Bank Malaysia Berhad
- (iv) The credit facilities granted to Niamas from RHB Bank Bhd are jointly secured by the following :-
 - (a) corporate guarantee of RM16 million from BLD; and
 - (b) the land at Ulu Sg. Niah, Sawai Land District, Miri which may be charged within three (3) years from the date of the Joint Venture Agreement (i.e. expiring on 7 February 2004) or upon issuance of title to the project land, whichever is the earlier.

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11. FINANCIAL INFORMATION (cont'd)**11.4.3 Contingent Liabilities and Material Commitments**

Save as disclosed below, BLDP Group does not have any other contingent liabilities and material commitments as at 12 June 2003:-

Contingent liabilities	RM'000
Corporate Guarantees from BLD to banking institutions for banking facilities granted to subsidiaries of BLD :-	
<input type="checkbox"/> To HSBC Bank Malaysia Berhad for bank overdrafts and term loan granted to GM	25,000
<input type="checkbox"/> To RHB Bank Berhad for term loan granted to Niamas	16,000
	41,000

Further details on the corporate guarantee are set out in Section 11.4.2 of this Prospectus.

Material Commitments	RM'000
<input type="checkbox"/> Outstanding purchase consideration due to Bintulu Development Authority by Kirana in relation to the acquisition of Lot 849, Block 26, Kemena Land District located at Kidurong Industrial Area, Bintulu	1,076
<input type="checkbox"/> Contribution and development costs due to Bintulu Development Authority by Kirana in relating to the construction of the infrastructural and engineering services to abovementioned land	757
<input type="checkbox"/> Outstanding purchase consideration due to Syarikat Sebangun Sdn Bhd by Kirana in relation to the acquisition of part of Lot 847, Block 26, Kemena Land District located at Kidurong Industrial Area, Bintulu	2,000
	3,833

Further details on the above material commitments are set out in Section 9.2 of this Prospectus.

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11. FINANCIAL INFORMATION (cont'd)

11.5 Consolidated Profit Forecast of the BLDP Group for the Year Ending 31 December 2003 and Reporting Accountants' Letter thereon**Chartered Accountants**

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Sarawak, Malaysia.

REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST

(Prepared for inclusion in this Prospectus)

16 June 2003

The Board of Directors
BLD Plantation Bhd.
Level 6 Crown Towers
88 Jalan Pending
93450 Kuching
Sarawak

Dear Sirs

**BLD PLANTATION BHD.
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2003**


We have reviewed the accounting policies and calculations of the consolidated profit forecast after taxation and minority interest of BLD Plantation Bhd. ("BLDP") and its subsidiary companies ("the Group") for the year ending 31 December 2003, for which the Directors are solely responsible, as set out in the accompanying statements which we have stamped for the purpose of identification, for inclusion in the Prospectus to be dated 19 June 2003 in connection with the public issue of 20,710,000 new ordinary shares of RM1.00 each in BLDP at an issue price of RM2.00 per share and the proposed listing of and quotation for BLDP's enlarged issued and fully paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast, in so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors as set out in the accompanying statements, and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully



ERNST & YOUNG
AF: 0039
Chartered Accountants



YONG VOON KAR
1769/04/04 (J/PH)
Partner

11. FINANCIAL INFORMATION (cont'd)



**BLD PLANTATION BHD.
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2003**

The Directors of BLDP forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation and minority interest for the year ending 31 December 2003 will be as follows:

	2003 Forecast RM'000
Revenue	97,742
Consolidated profit before taxation and minority interest	27,032
Taxation	(7,823)
Consolidated profit after taxation but before minority interest	19,209
Minority interest	14
Consolidated profit after taxation and minority interest	19,223
Pre-acquisition profit	(7,972)
Consolidated profit after taxation and minority interest and pre-acquisition profit	11,251
Consolidated profit before taxation and after minority interest and pre-acquisition profit	19,074

11. FINANCIAL INFORMATION (cont'd)



**BLD PLANTATION BHD.
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2003**

	2003 Forecast
Weighted average number of ordinary shares in issue (RM'000) @	47,858
Enlarged number of ordinary shares in issue after the acquisitions and Public Issue (RM'000)	85,000
Gross EPS (sen)*	39.86
Net EPS (sen)**	23.51
Fully diluted gross EPS (sen)#	31.82
Fully diluted net EPS (sen)##	22.61
Gross PE Multiple based on the Public Issue price of RM2.00 per share (times)^	5.02
Net PE Multiple based on the Public Issue price of RM2.00 per share (times)^^	8.51
Gross PE Multiple based on the Public Issue price of RM2.00 per share (times)<	6.29
Net PE Multiple based on the Public Issue price of RM2.00 per share (times)<<	8.85

11. FINANCIAL INFORMATION (cont'd)



**BLD PLANTATION BHD.
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2003**

- @ The weighted average number of ordinary shares in issue is calculated on the assumption that the shares to be issued pursuant to the Public Issue is completed in July 2003.
- * Calculated based on the consolidated profit before taxation and after minority interest and pre-acquisition profit totalling RM19,074,536 and on the weighted average number of ordinary shares in issue of 47,857,501 shares.
- ** Calculated based on the consolidated profit after taxation and minority interest and after accounting for the pre-acquisition profit totalling RM11,251,083 and on the weighted average number of ordinary shares in issue of 47,857,501 shares.
- # Calculated based on the consolidated profit before taxation and after minority interest totalling RM27,046,100 and on the enlarged number of ordinary shares in issue of 85,000,000 shares.
- ## Calculated based on the consolidated profit after taxation and minority interest totalling RM19,222,647 and on the enlarged number of ordinary shares in issue of 85,000,000 shares.
- ^ Calculated based on the Gross EPS and the Public Issue price of RM2.00 per share.
- ^^ Calculated based on the Net EPS and the Public Issue price of RM2.00 per share.
- < Calculated based on the fully diluted gross EPS and the Public Issue price of RM2.00 per share.
- << Calculated based on the fully diluted net EPS and the Public Issue price of RM2.00 per share.

11. FINANCIAL INFORMATION (cont'd)

**BLD PLANTATION BHD.
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2003**

Principal bases and assumptions upon which the consolidated profit forecast have been prepared are as follows:

1. The restructuring of BLDP which involved the following:
 - a) The acquisition of the entire issued and fully paid-up capital of Bintulu Lumber Development Sdn. Bhd. satisfied by the issuance of 64,289,998 new ordinary shares of RM1.00 each in BLDP at RM1.06 per share ("the BLD Group Acquisition").
 - b) The acquisition of the entire issued and fully paid-up capital of Kirana Palm Oil Refinery Sdn. Bhd. for a total cash consideration of RM14,330,438.

The above acquisitions were completed in June 2003.

- c) A Public Issue by BLDP of 20,710,000 new ordinary shares of RM1.00 each at an issue price of RM2.00 per share, for cash ("Public Issue").
 - d) The listing and quotation for the entire enlarged issued and paid-up share capital of BLDP comprising 85,000,000 ordinary shares of RM1.00 each on the Main Board of the Kuala Lumpur Stock Exchange.
2. There will be no material changes in the structure and principal activities of the Group other than those planned and incorporated in the forecast.
3. There will be no significant variation in the projected average selling prices and sales volume of the Group from those used in the forecast which will adversely affect the performance of the Group.

	2003	
	Selling Price RM/MT	Volume MT
CPO	1,220	71,763
PK	612	16,436

4. There will be no significant adverse changes in the current demand and in the prevailing market conditions in Malaysia and overseas which will adversely affect the Group's performance.
5. The Group will be able to obtain the required quantum of supplies required for the Group's operations and the average cost of purchase of such supplies will not fluctuate materially from those used in the forecast.

11. FINANCIAL INFORMATION (cont'd)

**BLD PLANTATION BHD.
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2003**

6. There will be no significant variation to the forecasted average extraction rates of crude palm oil and palm kernel which will adversely affect the performance of the Group.
7. There will be no significant variation in the planned oil palm planting programme of the Group and the programme will be implemented as scheduled.
8. There will be no unfavourable weather conditions, natural disasters or major disruption in the planting, harvesting and estate works arising from industrial disputes, labour shortage, or any abnormal circumstances that will adversely affect the production, yield, oil and kernel extraction of the Group's fresh fruit bunches.
9. There will be no major breakdown in the manufacturing facilities and equipment, major industrial disputes, economic and political changes or any abnormal circumstances which will adversely affect the operations of the Group.
10. The cost of materials, labour, transportation costs, mill and general overheads for the Group's operations will not change materially from the present levels.
11. There will be no material changes in the management, operation, trading and accounting policies currently adopted by the Group which will adversely affect the performance of the Group.
12. There will be no material changes in the present legislation or government regulations, rates and basis of duties, levies, cess and taxes which will adversely affect the activities of the Group.
13. The inflation rate will not change significantly from the present level which will adversely affect the performance of the Group.
14. The existing financing facilities will remain available to the Group and at the prevailing interest rates which will not change materially from the present levels.
15. There will be no significant variation in the exchange rates of foreign currencies, which are based on the prevailing exchange rate of US1.00 to RM3.80, that will adversely affect the performance of the Group.
16. Capital expenditure programmes of the Group will be implemented as planned and there will be no material acquisitions or disposals of property, plant and equipment other than those planned.

11. FINANCIAL INFORMATION (cont'd)


**BLD PLANTATION BHD.
 CONSOLIDATED PROFIT FORECAST
 FOR THE YEAR ENDING 31 DECEMBER 2003**

17. The proposed dividend at the rate of 9% (gross) in respect of the forecast year will be declared by the Group and shall be paid in the year declared.
18. The gross proceeds from the Public Issue amounting to approximately RM41.42 million which are assumed to be received by July 2003 are expected to be utilised as follows:

	RM'000
Purchase of property, plant and equipment	3,703
Plantation expenditure	13,908
Repayment of bank borrowings	19,542
Working capital	767
Estimated listing expenses	3,500

	41,420
	=====

11. FINANCIAL INFORMATION (cont'd)

11.6 Directors' Comments On Profit Forecast

In 2003, additional FFB supply is expected from external suppliers who are strategically located near BLD's palm oil mill is expected to contribute to an increase in the CPO sales volume of about 7,000 MT or by 11%. PBT is expected to decline by 11% from year 2002 to 2003. This is because the average selling price for CPO for year 2002 was RM1,384 per MT. The profit forecast analysis for the year 2003 is based on BLDP Board of Directors' conservative forecast average CPO selling price of RM1,260 per MT.

The Board of Directors of BLDP confirms that the proforma consolidated profit forecast of the BLDP Group for the financial year ended 31 December 2003 and the underlying bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans of the BLDP Group and its level of gearing liquidity and working capital requirements, are of the opinion that the profit forecast of the BLDP Group are achievable and the assumptions made are reasonable.

Notwithstanding the above, due to the inherent uncertainties of the forecast and because events and circumstances frequently do not occur as predicted, there can be no assurance that the forecast contained herein will be realised, and actual result may be materially different from those forecast.

11.7 Break-even Analysis

11.7.1 Break-even quantity

CPO	Forecast quantity (MT)	Break-even quantity (MT)	Margin of safety	
			Quantity (MT)	%
2003	71,763	16,990	54,773	76.32

The break-even analysis for quantity is prepared based on the bases and assumptions used in the preparation of the profit forecast for the financial year ending 31 December 2003 as set out in Section 11.5 of this Prospectus and assuming all other factors remain unchanged except for the quantity of CPO produced by BLDP Group.

11.7.2 Break-even price

CPO	Forecast price (RM/MT)	Break-even price (RM/MT)	Margin of safety	
			Price (RM/MT)	%
2003	# 1,220	983.36	236.64	19.40

Note :-

the forecast price is obtained from the forecasted selling price of RM1,260 minus transportation cost of RM40 per MT.

The break-even analysis for price is prepared based on the bases and assumptions used in the preparation of the profit forecast for the financial year ending 31 December 2003 as set out in Section 11.5 of this Prospectus and assuming all other factors remain unchanged except for the selling price of CPO.

11. FINANCIAL INFORMATION (cont'd)

11.8 Sensitivity Analysis

11.8.1 Variation in prices of CPO and PK

Assuming all the forecast assumptions as set out in Section 11.5 of this Prospectus remain unchanged, a 5%, 10% and 15% variation in prices of CPO and PK will have the following effects on the forecast PBT of BLDP Group for the financial year ending 31 December 2003:-

	Financial Years Ending 31 December 2003	
	Revenue RM'000	PBT RM'000
Actual Forecast	97,742	27,032
Increase		
5%	102,815	32,106
10%	107,881	37,171
15%	112,946	42,236
Decrease		
5%	92,685	21,975
10%	87,620	16,910
15%	82,555	11,845

11.8.2 Variation in volume

Assuming all the forecast assumptions as set out in Section 11.5 of this Prospectus remain unchanged, a 5%, 10% and 15% variation in production of CPO and PK will have the following effects on the forecast PBT of BLDP Group for the financial year ending 31 December 2003:-

	Financial Years Ending 31 December 2003	
	Revenue RM'000	PBT RM'000
Actual Forecast	97,742	27,032
Increase		
5%	102,631	29,327
10%	107,511	31,067
15%	112,392	32,807
Decrease		
5%	92,870	25,849
10%	87,989	24,109
15%	83,109	22,369

Based on the above assumptions, the sensitivity analyses show that BLDP Group will continue to be profitable for the forecast year despite a 5%, 10% and 15% downward variation in CPO and PK prices or sales volumes for the financial year ending 31 December 2003 as shown in the tables above.

11. FINANCIAL INFORMATION (cont'd)**11.9 Dividend Forecast and Policy**

On the basis of the consolidated profit forecast and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of BLDP Group anticipate that they will be in a position to propose, a gross dividend of 9.00% (based on the enlarged issued share capital of RM85,000,000) for the financial year ending 31 December 2003.

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of BLDP Group as well as leaving adequate reserves for the future growth of the BLDP Group.

The intended appropriation of the forecast consolidated profit for the financial year ending 31 December 2003 will be as follows:-

Financial year ending 31 December 2003	RM'000
Consolidated PBT	27,032
Less : Taxation	(7,823)
Consolidated PAT	19,209
Add : MI	14
Consolidated PAT after MI	19,223
Less : Pre-acquisition profit	(7,972)
Profit available for appropriation	11,251
Less : Dividend	(5,508)
Consolidated retained profit for the year	5,743
Gross dividend per Share (sen)	9.00
Net dividend per Share (sen)	6.48
Gross dividend yield based on the Public Issue Price of RM2.00 per Share (%)	4.50
Net dividend yield based on the Public Issue Price of RM2.00 per Share (%)	3.24
Net dividend cover (times) (based on consolidated PAT after MI)	3.49

Investors should note that future dividends may be waived if:-

- (a) BLDP Group records a loss instead of the forecast profits; or
- (b) the payment of the dividends would adversely effect BLDP Group's cashflows and operations.

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11. FINANCIAL INFORMATION (cont'd)

11.10 Proforma Consolidated Balance Sheets and Auditors' Letter thereon

 **ERNST & YOUNG** (AF: 0039)

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93100 Kuching, Sarawak,
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■ Tel 082-243233
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REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

(Prepared for inclusion in this Prospectus)

16 June 2003

The Board of Directors
BLD Plantation Bhd.
Level 6 Crown Towers
88 Jalan Pending
93450 Kuching
Sarawak

Dear Sirs

BLD PLANTATION BHD.


PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2002

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of BLD Plantation Bhd. ("BLDP") and its subsidiary companies ("the Group") as at 31 December 2002, for which the Directors are solely responsible, as set out in the accompanying statements which we have stamped for the purpose of identification, for inclusion in the Prospectus to be dated 19 June 2003 in connection with the public issue of 20,710,000 new ordinary shares of RM1.00 each in BLDP at an issue price of RM2.00 per share and the proposed listing of and quotation for BLDP's enlarged issued and fully paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets, which are provided for illustrative purposes only, have been properly compiled on the basis set out in the notes to the Proforma Consolidated Balance Sheets. Such basis is consistent with the accounting policies of BLDP and the adjustments made are appropriate for the purposes for the Proforma Consolidated Balance Sheets.

Yours faithfully


ERNST & YOUNG
AF: 0039
Chartered Accountants


YONG VOON KAR
1769/04/04 (J/PH)
Partner

A Member of Ernst & Young Global

11. FINANCIAL INFORMATION (cont'd)

BLD PLANTATION BHD.
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2002

The Proforma Consolidated Balance Sheets of BLDP set out below are provided for illustrative purposes only to show the effects of the acquisitions of Bintulu Lumber Development Sdn. Bhd. and Kirana Palm Oil Refinery Sdn. Bhd. and the Public Issue on the assumption that these transactions were completed on 31 December 2002 and should be read in conjunction with the notes thereon.

	Company RM'000	Proforma Group after Acquisitions RM'000	Proforma Group after Acquisitions and Public Issue RM'000
Property, plant and equipment	-	79,456	79,456
Goodwill	-	28	28
Current assets	*	38,764	76,684
Current liabilities	(4)	(18,388)	(18,388)
Net current (liabilities)/assets	(4)	20,376	58,296
	-----	-----	-----
	(4)	99,860	137,780
	=====	=====	=====
Financed by:			
Share capital	*	64,290	85,000
Share premium	-	3,858	21,068
Reserve on consolidation	-	13,882	13,882
Accumulated losses	(4)	(4)	(4)
	-----	-----	-----
Shareholders' funds	(4)	82,026	119,946
Minority interest	-	276	276
Deferred and long term liabilities	-	17,558	17,558
	-----	-----	-----
	(4)	99,860	137,780
	=====	=====	=====
<i>Net Tangible Assets</i>	<i>N/A</i>	<i>81,998</i>	<i>119,918</i>
	=====	=====	=====
<i>Net Tangible Assets per share (RM)</i>	<i>N/A</i>	<i>1.28</i>	<i>1.41</i>
	=====	=====	=====

* The balance sheet of BLDP as at 31 December 2002, before the acquisitions and Public Issue, is represented by its current share capital of RM2.

N/A Not applicable

11. FINANCIAL INFORMATION (cont'd)

**BLD PLANTATION BHD.
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2002**

Notes to the Proforma Consolidated Balance Sheets

1. The Proforma Consolidated Balance Sheets of BLDP have been prepared based on the audited Consolidated Balance Sheet of Bintulu Lumber Development Sdn. Bhd. and Kirana Palm Oil Refinery Sdn. Bhd. as at 31 December 2002.

The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only to show the effects of the following transactions on the assumption that they were effected on 31 December 2002.

- a) The acquisition of the entire issued and fully paid-up share capital of Bintulu Lumber Development Sdn. Bhd. ("BLD Group") satisfied by the issuance of 64,289,998 new ordinary shares of RM1.00 each in BLDP at RM1.06 per share ("the BLD Group Acquisition").
- b) The acquisition of the entire issued and fully paid-up share capital of Kirana Palm Oil Refinery Sdn. Bhd. ("Kirana") for a total cash consideration of RM14,330,438.

The above acquisitions were completed in June 2003.

- c) A Public Issue by BLDP of 20,710,000 new ordinary shares of RM1.00 each at an issue price of RM2.00 per share, for cash ("Public Issue").
- d) The listing and quotation for the entire enlarged issued and paid-up share capital of BLDP comprising 85,000,000 ordinary shares of RM1.00 each on the Main Board of the Kuala Lumpur Stock Exchange.

The above will hereinafter be collectively referred to as "Restructuring and Listing Exercise".

2. The movements of the issued and paid-up share capital of BLDP after implementation of the Restructuring and Listing Exercise set out in Note 1 above is as follows:

	RM'000
Company	*
Issued pursuant to the BLD Group Acquisition	64,290

After the BLD Group Acquisition	64,290
Arising from the Public Issue	20,710

Enlarged issued and paid-up capital of BLDP	<u>85,000</u>

* RM2

11. FINANCIAL INFORMATION (cont'd)

**BLD PLANTATION BHD.
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2002**

Notes to the Proforma Consolidated Balance Sheets (Contd.)

3. The Proforma Consolidated Balance Sheets have been prepared on accounting principles and bases consistent with those previously adopted by BLDP, the BLD Group and Kirana in the preparation of the audited financial statements.
4. The Proforma Consolidated Balance Sheets of BLDP are arrived at using the acquisition method of accounting for Bintulu Lumber Development Sdn. Bhd. and Kirana Palm Oil Refinery Sdn. Bhd..
5. The estimated listing expenses for the Restructuring and Listing Exercise of approximately RM3.5 million has been charged to the Share Premium account.
6. Share Premium is arrived at as follows:

	RM'000
Arising from the BLD Group Acquisition	3,858
Arising from the Public Issue	20,710
	24,568
Less: Estimated listing expenses	(3,500)
	21,068

7. The gross proceeds arising from the Public Issue amounting to RM41.42 million will be utilised as follows:

	RM'000
Purchase of property, plant and equipment	3,703
Plantation expenditure	13,908
Repayment of bank borrowings	19,542
Working capital	767
Estimated listing expenses	3,500
	41,420