

BLD PLANTATION BHD. (562199-A)

Interim Financial Report
30 June 2006

BLD PLANTATION BHD
(Company No: 562199-A)

Interim Financial Report for Six Months ended 30 June 2006

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BLD PLANTATION BHD

(Company No: 562199-A)

Condensed Consolidated Income Statements

For the Period Ended 30 June 2006

	Note	Second Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.06.2006 RM'000	30.06.2005 RM'000 (restated)	30.06.2006 RM'000	30.06.2005 RM'000 (restated)
Revenue		28,608	30,317	58,461	60,268
Cost of sales		(22,947)	(22,427)	(44,667)	(44,160)
Gross profit		5,661	7,890	13,794	16,108
Other operating income		27	242	52	282
Selling expenses		(1,261)	(1,049)	(2,323)	(2,171)
Administrative expenses		(1,281)	(1,012)	(2,015)	(1,707)
Finance costs		(3)	(1)	(173)	(1)
Profit before taxation		3,143	6,070	9,335	12,511
Taxation	18	(1,081)	(270)	(2,925)	(2,149)
Profit after taxation		2,062	5,800	6,410	10,362
Reserve on consolidation amortised net of goodwill amortised		-	1,294	-	2,588
Profit for the period		2,062	7,094	6,410	12,950
Attributable to:					
Shareholders of the Company		2,145	7,099	6,545	12,959
Minority interest		(83)	(5)	(135)	(9)
		2,062	7,094	6,436	12,950
Earnings per share (sen)	26				
- Basic		2.52	8.35	7.70	15.25
- Diluted		N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes.

BLD PLANTATION BHD

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Condensed Consolidated Balance Sheets

	As At 30.06.2006 RM'000	As At 31.12.2005 RM'000 (restated)
Non-current Assets		
Property, plant and equipment	464,074	445,235
Goodwill on consolidation	72	72
	<hr/> 464,146	<hr/> 445,307
Current Assets		
Inventories	9,970	6,117
Receivables	14,505	13,612
Deposits, cash and bank balances	24,029	7,579
	<hr/> 48,504	<hr/> 27,308
Current Liabilities		
Borrowings	32,043	9,589
Payables	23,826	39,860
	<hr/> 55,869	<hr/> 49,449
Net Current Liabilities	(7,365)	(22,141)
	<hr/> 456,781	<hr/> 423,166
	=====	=====
Financed by:		
Share capital	85,000	85,000
Reserves	248,286	82,488
Reserve on consolidation	-	165,373
	<hr/> 333,286	<hr/> 333,861
Minority interest	64	199
	<hr/> 333,350	<hr/> 333,060
Non-current liabilities		
Deferred tax liabilities	82,881	79,956
Borrowings	40,550	10,150
	<hr/> 123,431	<hr/> 90,106
	<hr/> 456,781	<hr/> 423,166
	=====	=====

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Condensed Consolidated Balance Sheets

Net assets per share to ordinary equity holders of the parent (RM)	3.92	3.92
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The unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes.

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Condensed Consolidated Statement of Changes in Equity

For the Period Ended 30 June 2006

	Share Capital RM'000	Retained Profit RM'000	Share Premium RM'000	Total RM'000
At 1 January 2006				
As previously stated	85,000	52,209	22,104	159,313
Prior year adjustments – effect of change in accounting policy	-	8,175	-	8,175
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2006 (restated)	85,000	60,384	22,104	167,488
Effect of adopting FRS 3	-	165,373	-	165,373
Net profit for the period	-	6,545	-	6,545
Final dividend	-	(6,120)	-	(6,120)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	85,000	234,357	22,104	333,286
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Share Capital RM'000	Retained Profit RM'000	Share Premium RM'000	Total RM'000
At 1 January 2005				
As previously stated	85,000	40,451	22,104	147,554
Prior year adjustments – effect of change in accounting policy	-	4,893	-	4,893
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2005 (restated)	85,000	45,344	22,104	152,448
Net profit for the period	-	12,959	-	12,959
Final dividend	-	(6,120)	-	(6,120)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005 (restated)	85,000	52,183	22,104	159,287
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2005 and the accompanying explanatory notes.

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Condensed Consolidated Cash Flow Statement

For the Period Ended 30 June 2006

	Cumulative 6 months ended 30.06.2006 RM'000	Cumulative 6 months ended 30.06.2005 RM'000 (restated)
Cash flows from operating activities		
Profit before taxation	9,335	12,511
Adjustments for:		
Depreciation of property, plant and equipment	3,725	3,938
Gain on disposal of property, plant and equipment	1	(190)
Interest income	(48)	(89)
Interest expense	173	1
	<hr/>	<hr/>
Operating profit before changes in working capital	13,186	16,171
Net change in current assets	(3,160)	4,204
Net change in liabilities	(22,402)	(3,739)
	<hr/>	<hr/>
Cash generated from operations	(12,376)	16,636
Income tax paid	(1,575)	(4,573)
Interest received	48	89
	<hr/>	<hr/>
Net cash generated from operating activities	(13,903)	12,152
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,904)	(6,169)
Addition of plantation expenditure	(14,149)	(16,020)
Proceeds from disposal of property, plant and equipment	237	263
	<hr/>	<hr/>
Net cash used in from investing activities	(21,816)	(21,926)
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid	(685)	(138)
Proceeds from term loan and revolving credit	50,400	6,000
Repayment of term loan	(250)	-
	<hr/>	<hr/>
Net cash generated from financing activities	49,465	5,862
	<hr/>	<hr/>
Net increase /(decrease) in cash and cash equivalents	13,746	(3,912)
Cash and cash equivalents at the beginning of the period	3,740	9,318
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	17,486	5,406
	<hr/> <hr/>	<hr/> <hr/>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes.

Notes to the Financial Information

1. Basis of preparation

The 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 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 2005.

The accounting policies and methods of computation applied in the preparation of the interim financial statements are consistent with those used in the preparation of the most recent annual financial statements except for the accounting policy changes that are expected to be reflected in the 2006 annual financial statements.

Details of these changes in accounting policies are set out in Note 2.

2. Change in accounting policy

(a) *Amortisation of positive and negative goodwill (FRS 3, Business Combinations and FRS 136, Impairment of Assets)*

In prior periods:

- positive goodwill was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairments; and
- negative goodwill was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognized in the income statement as those expected losses were incurred.

With effect from 1 January 2006, in accordance with FRS 3 and FRS 136, the Group no longer amortises goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognized when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount. The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under FRS3. This has no material effect for quarter ended 31 March 2006.

Also with effect from 1 January 2006 and in accordance with FRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid, the excess is recognised immediately in the income statement as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under FRS3. As a result, comparative amounts have not been restated.

In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM165.373 million was derecognised with a corresponding increase in retained earnings.

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Notes to the Financial Information

(b) *Change in presentation (FRS 101, Presentation of Financial Statements and FRS 127, Consolidated and Separate Financial Statements) – Minority interest*

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2006, in compliance with FRS 101 and FRS 127, minority interests at the balance sheet are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group for the period are presented in the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interest and the equity holders of the parent.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

(c) *Non Amotisation of Plantation Expenditure*

With effect 1 January 2006, planting expenditure for newly developed land is capitalised under plantation expenditure and is not amortised. Replanting expenditure of similar crop on former developed area is chargeable to the income statement in the financial year it is incurred.

Previously, amortisation was provided on plantation expenditure of matured area. This change in accounting policy has been accounted for retrospectively.

The following comparatives have been restated due to the change in accounting policy:-

	Previously stated RM'000	Adjustments RM'000	Restated RM'000
At 30 June 2005			
Property, plant and equipment	415,272	9,002	424,274
Retained earnings	45,704	6,479	52,183
Deferred tax liabilities	68,845	2,513	71,358
Minority interest	244	11	255

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Notes to the Financial Information*(c) Non Amotisation of Plantation Expenditure (con't)***6 months ended 30 June 2005**

	Previously stated RM'000	Adjustments RM'000	Restated RM'000
Cost of sales	46,367	2,207	44,160
Profit before taxation	10,304	2,207	12,511
Taxation	1,539	610	2,149
Profit after tax	8,765	1,597	10,362

	Previously stated	Adjustments	Restated
Earnings per share (sen)	13.38	1.87	15.25

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

4. Comments about seasonal or cyclical factors

Save as expected with the consistent and usually low FFB production period during the first half of the year, the performance of the Group's operation was not materially affected by any other seasonal and cyclical factors.

Notes to the Financial Information

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 30 June 2006.

8. Dividends Paid

There was no dividend payment during the reporting quarter.

9. Segmental information

No segmental analysis is presented as the Group is principally 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.

Notes to the Financial Information

12. Changes in the composition of the Group

There was no change in composition of the Group for this reporting quarter.

13. Changes in contingent liabilities and contingent assets

	RM'000
Guarantee relating to bonding requirement	1,615
	=====

14. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2006 is as follows:

	RM'000
Approved and contracted for	18,290
Approved but not contracted for	26,063

	44,353
	=====

15. Review of Performance

The Group recorded a lower profit before tax of RM9.335 million to compared to profit before tax of RM12.511 million for the preceding year corresponding year due to decrease in CPO sold, decrease in PK average selling price and increase in cost.

16. Comparison with Preceding Quarter's Results

The revenue and profit before tax for the reporting quarter are RM28.608 million and RM3.143 million respectively as compared to RM29.853 million and RM6.193 million respectively for the immediate preceding quarter.

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

The Group's financial performance is mainly dependent on the demand for CPO and PK in world edible oil market and their corresponding prices. Barring any unforeseen circumstances, the Directors are of the opinion that the Group's performance is expected to be satisfactory for the current year

18. Taxation

	Second Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2006 RM'000	30.06.2005 RM'000 (restated)	30.06.2006 RM'000	30.06.2005 RM'000 (restated)
Tax expense for the period:				
Current period provision	-	220	-	2,200
Deferred taxation	1,081	50	2,925	(51)
	<u>1,081</u>	<u>270</u>	<u>2,925</u>	<u>2,149</u>
	=====	=====	=====	=====

19. Sale of unquoted investments and properties

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

20. Quoted securities

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

21. Corporate proposals

- i) The Company ("BLDP") had on 11 May 2006 entered into a Memorandum of Understanding ("MOU") with Wawasan Sedar Sdn Bhd ("WS") which is acting as the authorised agent for all existing shareholders of WS for the exclusive negotiations between BLDP and WS for BLDP to purchase all or part of the equity interest in WS from existing shareholders of WS. The negotiation had completed.
- ii) BLDP had on 12 July 2006 entered into the following:-
 - (a) a conditional Share Sale Agreement for the proposed acquisition by BLDP of a total of 27,300,000 ordinary shares of RM1.00 each in WS (representing 39.00% of the existing issued and paid-up share capital of WS) for a total indicative purchase consideration of approximately RM167.90 million and

Notes to the Financial Information

(b) a conditional Share Subscription Agreement with WS for the proposed subscription by BLDP of 15,229,500 new ordinary shares of RM1.00 each in WS (representing 17.87% of the enlarged paid-up share capital of WS) at an issue price of RM6.15 per share or a total subscription value of approximately RM93.66 million.

The details were as disclosed in the said announcements .

22. Borrowings and debt securities

	RM'000
Short term borrowings	
Secured	32,043
Long term borrowings	
Secured	40,550

	72,593
	=====

The above borrowings are denominated in Ringgit Malaysia.

23. Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at the end of the current quarter to the date of this announcement.

24. Changes in material litigation

There are no material litigations pending since the last annual balance sheet date to the date of this announcement.

25. Profit Forecast or Profit Guarantee

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

Notes to the Financial Information

26. Dividend

A final dividend of 10 sen per share less tax at 28% for the financial year ended 31 December 2005 totalling RM6.12 million was approved by shareholders at the Annual General Meeting on 24 June 2006. The dividend will be paid on 30 August 2006 to shareholders registered on 15 August 2006.

27. Earnings per share

	Second Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2006 RM'000	30.06.2005 RM'000 (restated)	30.06.2006 RM'000	30.06.2005 RM'000 (restated)
Profit for the period	2,062	7,094	6,410	12,950
Add : Amount attributable by minority interest	83	5	135	9
	-----	-----	-----	-----
Profit for the period attributable to shareholders of the Company	2,145	7,099	6,545	12,959
	=====	=====	=====	=====
Weighted average number of ordinary shares in issue ('000)	85,000	85,000	85,000	85,000
	=====	=====	=====	=====
Basic earnings per share (sen)	2.52	8.35	7.70	15.25
	=====	=====	=====	=====