

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

Principal activities

The Company is principally engaged in investment holding and provision of management services while the principal activities of the Group are the cultivation of oil palm, processing of fresh fruit bunches and sales of related products.

The principal activities of the subsidiaries are more particularly set out in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

Results

	Group RM	Company RM
Profit after taxation	12,616,200	6,216,331
Minority interests	86,291	-
Reserve on consolidation net of goodwill amortised	5,175,803	-
Net profit for the year	17,878,294	6,216,331

There were no material transfers to or from reserves or provisions during the current financial year other than as disclosed in the Statements of Changes in Equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

During the year, the Company paid a final dividend of 10% (10 sen gross per share) less 28% taxation, amounting to a dividend of RM6,120,000 (7.20 sen net per share) in respect of the previous financial year.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2005 of 10% (10 sen gross per share) less 28% taxation (7.20 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profit in the financial year ending 31 December 2006.

DIRECTORS' REPORT (CONTD.)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato Sri (Dr.) Lau Hui Kang	Demised 19 January 2006
Dato Henry Lau Lee Kong	
Tuan Haji Wan Abdillah Bin Wan Hamid	
Robert Lau Hui Yew	
Chong Chon Chee	
Tuan Haji Hamden Bin Haji Ahmad	

In accordance with Article 84 of the Company's Articles of Association, all the directors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

DIRECTORS' REPORT (CONTD.)

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			At 31 December 2005
	At 1 January 2005	Acquired	Sold	
Direct interest				
Dato Henry Lau Lee Kong	200,000	-	-	200,000
Tuan Haji Wan Abdillah Bin Wan Hamid	200,021	-	-	200,021
Robert Lau Hui Yew	100,000	-	-	100,000
Chong Chon Chee	40,000	-	-	40,000
Indirect interest				
Dato Henry Lau Lee Kong	36,023,529	-	(90,000)	35,933,529
Tuan Haji Wan Abdillah Bin Wan Hamid	17,187,107	-	-	17,187,107
Robert Lau Hui Yew	34,108,634	-	-	34,108,634

There were no other movements in shares of the Company during the financial year other than as disclosed.

By virtue of their interests in shares of BLD Plantation Bhd. and Section 6A of the Companies Act, 1965, Dato Henry Lau Lee Kong, Tuan Haji Wan Abdillah Bin Wan Hamid and Robert Lau Hui Yew are also deemed interested in the shares of the subsidiaries of BLD Plantation Bhd. to the extent that BLD Plantation Bhd. has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT (CONTD.)

Other statutory information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written-down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (CONTD.)

Other statutory information (contd.)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

Dato Henry Lau Lee Kong

Tuan Haji Wan Abdillah Bin Wan Hamid

Kuching, Malaysia
Date: 27 April 2006

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Dato Henry Lau Lee Kong** and **Tuan Haji Wan Abdillah Bin Wan Hamid**, being two of the directors of **BLD Plantation Bhd.**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 33 to 69 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

Dato Henry Lau Lee Kong

Tuan Haji Wan Abdillah Bin Wan Hamid

Kuching, Malaysia

Date: 27 April 2006

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Dato Henry Lau Lee Kong**, being the Director primarily responsible for the financial management of **BLD Plantation Bhd.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 69 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Dato Henry Lau Lee Kong**
at Kuching in the State of Sarawak
on 27 April 2006

Dato Henry Lau Lee Kong

Before me,

LAM KAM WING

Commissioner for Oaths (No. Q079)

REPORT OF THE AUDITORS

TO THE MEMBERS OF BLD PLANTATION BHD. (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 33 to 69. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the Auditors' Reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements which are included in the consolidated financial statements.

REPORT OF THE AUDITORS

TO THE MEMBERS OF BLD PLANTATION BHD. (INCORPORATED IN MALAYSIA) (CONTD.)

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' Reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG

AF:0039

Chartered Accountants

YONG VOON KAR

1769/04/08 (J/PH)

Partner

Kuching, Malaysia

Date: 27 April 2006

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	3	127,945,505	144,213,608	10,004,740	5,850,984
Cost of sales		(97,198,015)	(97,644,760)	-	-
Gross profit		30,747,490	46,568,848	10,004,740	5,850,984
Other operating income		338,918	921,324	-	-
Selling and distribution costs		(4,760,222)	(6,869,993)	-	-
Administrative expenses		(6,026,521)	(5,824,143)	(1,379,246)	(925,135)
Profit from operations		20,299,665	34,796,036	8,625,494	4,925,849
Finance costs	4	(174,362)	(15,324)	-	-
Profit before taxation	5	20,125,303	34,780,712	8,625,494	4,925,849
Taxation	8	(7,509,103)	(9,101,978)	(2,409,163)	(1,433,910)
Profit after taxation		12,616,200	25,678,734	6,216,331	3,491,939
Minority interests		86,291	10,858	-	-
Reserve on consolidation net of goodwill amortised		5,175,803	5,175,803	-	-
Net profit for the year		17,878,294	30,865,395	6,216,331	3,491,939
Earnings per share (sen)	9	21.03	36.31		
Net dividends per ordinary share in respect of the year (sen):	10	7.20	7.20	7.20	7.20

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Non-current assets					
Property, plant and equipment	11	433,872,825	399,162,654	524,599	657,940
Investment in subsidiaries	12	-	-	82,769,401	82,769,401
Current assets					
Inventories	13	6,116,617	8,667,160	-	-
Trade receivables	14	3,694,689	4,363,646	-	-
Other receivables	15	9,917,256	8,068,433	282,908	32,970
Amount due from subsidiaries	16	-	-	34,917,383	34,537,615
Fixed deposits with licensed banks	17	1,169,361	1,421,196	-	280,675
Cash and bank balances		6,409,986	7,900,881	113,547	57,771
		27,307,909	30,421,316	35,313,838	34,909,031
Current liabilities					
Borrowings	18	9,589,067	4,000	-	-
Trade payables	19	10,819,015	13,202,465	-	-
Other payables	20	29,041,085	28,568,822	409,855	59,636
Amount due to subsidiaries	16	-	-	10,495,416	10,663,000
Tax payable		-	7,500	-	7,500
		49,449,167	41,782,787	10,905,271	10,730,136
Net current (liabilities)/assets		(22,141,258)	(11,361,471)	24,408,567	24,178,895
		411,731,567	387,801,183	107,702,567	107,606,236

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2005 (CONTD.)

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Financed by:					
Share capital	21	85,000,000	85,000,000	85,000,000	85,000,000
Reserves	22	74,312,911	62,554,617	22,702,567	22,606,236
Shareholders' equity		159,312,911	147,554,617	107,702,567	107,606,236
Reserve on consolidation net of goodwill	23	165,300,642	170,476,445	-	-
Minority interests		177,616	263,907	-	-
		324,791,169	318,294,969	107,702,567	107,606,236
Non-current liabilities					
Borrowings	18	10,150,000	-	-	-
Deferred tax liabilities	24	76,790,398	69,506,214	-	-
		86,940,398	69,506,214	-	-
		411,731,567	387,801,183	107,702,567	107,606,236

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2005

Group	Note	Share capital RM	Non-Distributable Share premium RM	Distributable Retained profit RM	Total RM
At 1 January 2004		85,000,000	22,104,355	12,644,867	119,749,222
Net profit for the year		-	-	30,865,395	30,865,395
Final dividend for the year ended 2003	10	-	-	(3,060,000)	(3,060,000)
At 31 December 2004		85,000,000	22,104,355	40,450,262	147,554,617
Net profit for the year		-	-	17,878,294	17,878,294
Final dividend for the year ended 2004	10	-	-	(6,120,000)	(6,120,000)
At 31 December 2005		85,000,000	22,104,355	52,208,556	159,312,911

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTD.)

Group	Note	Non-Distributable		Distributable		Total RM
		Share capital RM	Share premium RM	Retained profit RM		
At 1 January 2004		85,000,000	22,104,355	69,942		107,174,297
Net profit for the year		-	-	3,491,939		3,491,939
Final dividend for the year ended 2003	10	-	-	(3,060,000)		(3,060,000)
At 31 December 2004		85,000,000	22,104,355	501,881		107,606,236
Net profit for the year		-	-	6,216,331		6,216,331
Final dividend for the year ended 2004	10	-	-	(6,120,000)		(6,120,000)
At 31 December 2005		85,000,000	22,104,355	598,212		107,702,567

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 RM	2004 RM
Cash flows from operating activities			
Profit before taxation		20,125,303	34,780,712
Adjustments for:			
Depreciation			
- plantation expenditure		1,296,737	1,086,202
- other property, plant and equipment		11,518,038	9,663,529
Interest expense		174,362	15,324
(Gain)/loss on disposal of property, plant and equipment		(193,839)	31,520
Interest income		(137,609)	(1,307,551)
Operating profit before working capital changes		32,782,992	44,269,736
Decrease/(increase) in receivables		3,946,927	(1,486,742)
Decrease/(increase) in inventories		2,550,543	(4,154,615)
(Decrease)/increase in payables		(1,911,187)	26,223,352
Cash generated from operations		37,369,275	64,851,731
Interest received		137,609	1,307,551
Taxation paid, net of refund		(5,359,212)	(6,477,862)
Net cash generated from operating activities		32,147,672	59,681,420
Cash flows from investing activities			
Additions of plantation expenditure (net of interest and depreciation capitalised)		(35,058,076)	(29,355,010)
Purchase of property, plant and equipment (net of interest capitalised)		(11,337,724)	(73,307,792)
Proceeds from disposal of property, plant and equipment		272,490	28,139
Net cash used in investing activities		(46,123,310)	(102,634,663)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTD.)

	Note	2005 RM	2004 RM
Cash flows from financing activities			
Dividends paid		(6,120,000)	(6,120,000)
Proceeds from term loans		10,900,000	-
Proceeds from revolving credit		5,000,000	-
Interest paid		(1,382,159)	(1,349,757)
<hr/>			
Net cash generated from/(used in) financing activities		8,397,841	(7,469,757)
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Net decrease in cash and cash equivalents		(5,577,797)	(50,423,000)
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Cash and cash equivalents at the beginning of the year		9,318,077	59,741,077
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Cash and cash equivalents at the end of the year	25	3,740,280	9,318,077

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 RM	2004 RM
Cash flows from operating activities			
Profit before taxation		8,625,494	4,925,849
Adjustments for:			
Depreciation		137,991	137,525
Gross dividend income		(8,513,750)	(4,287,500)
Interest income		(1,340,990)	(1,295,484)
Operating loss before working capital changes		(1,091,255)	(519,610)
Decrease/(increase) in receivables		1,463	(879)
Increase/(decrease) in payables		350,219	(359,715)
Increase in amount due from subsidiaries		(547,352)	(21,643,687)
Cash used in operations		(1,286,925)	(22,523,891)
Taxation paid		(284,214)	(244,441)
Interest received		1,340,990	1,295,484
Net cash used in operating activities		(230,149)	(21,472,848)
Cash flows from investing activities			
Dividend received		6,129,900	3,087,000
Purchase of property, plant and equipment		(4,650)	(209,133)
Net cash generated from investing activities		6,125,250	2,877,867
Cash flows from financing activities			
Dividends paid		(6,120,000)	(6,120,000)
Net decrease in cash and cash equivalents		(224,899)	(24,714,981)
Cash and cash equivalents at the beginning of the year		338,446	25,053,427
Cash and cash equivalents at the end of the year	25	113,547	338,446

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

1. Corporate information

The Company is principally engaged in investment holding and provision of management services. The principal activities of the Group are set out in Note 12 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office is located at Level 6, Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak.

The financial statements of the Group and of the Company are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2006.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and unless otherwise indicated in the significant accounting policies, comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

2. Significant accounting policies (contd.)

2.2 Basis of consolidation (contd.)

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then. Minority interests are separately disclosed in the financial statements.

2.3 Goodwill and reserve on consolidation

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries at the date of acquisition. Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.9. Goodwill arising on consolidation is amortised in the Group income statement over its estimated useful life of 20 years.

Reserve on consolidation represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities acquired over the cost of acquisition. Reserve on consolidation is recognised in the income statement over the useful life of the assets which gave rise to it which is estimated at a period not exceeding 50 years. Reserve on consolidation is presented separately in the balance sheet and is shown net of goodwill.

2.4 Investment in subsidiaries

The Company's investment in subsidiaries is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.9.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

2. Significant accounting policies (contd.)

2.5 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.9.

Leasehold land and buildings are stated at cost less accumulated depreciation. Leasehold land is depreciated over the remaining term of the respective leases which range from 44 years to 60 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Furniture, fittings and equipment	10% - 40%
Plant and machinery	10% - 50%
Motor vehicles	20%
Cattle ranch	10%
Renovation	10%

Plantation expenditure incurred on land clearing, upkeep of immature oil palms, administrative expenses and interest incurred during the pre-cropping period are capitalised under plantation expenditure. Upon maturity, all subsequent maintenance expenditure is charged to the income statement. Pre-cropping costs are amortised on a straight line basis over 25 years, the expected useful life of oil palm. Oil palm is considered mature 36 months after the month of planting.

Capital work-in-progress is not depreciated until the property, plant and equipment are fully completed and brought into use.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.6 Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statements represent cash and bank balances and short-term, highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value less short-term borrowings repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

2. Significant accounting policies (contd.)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value and are valued on a weighted average, first-in-first-out or specific identification basis, as appropriate. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

Cost of finished goods and work-in-progress include cost of raw materials, direct labour and attributable production overheads. Cost of raw materials and supplies include expenses incurred in bringing them to their present location and condition.

Cost of livestock comprises the original purchase price and estimated natural increase plus incidentals in bringing the livestock to their present location and condition.

2.8 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

2. Significant accounting policies (contd.)

2.9 Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

2.10 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and Company and the amount of the revenue can be measured reliably.

(a) Sale of goods

Sales are recognised upon delivery of products and customer acceptance or performance of services, net of discounts.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

2.11 Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

(a) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written-off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

2. Significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(b) Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

(c) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received.

Borrowing costs directly attributable to plantation expenditure are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. For borrowings made specifically for the purpose of acquiring land and buildings, the amount eligible for capitalisation is the actual borrowing cost incurred during the period.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(d) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.12 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company, except where they relate to immature plantation areas, these expenses are capitalised under plantation expenditure.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (EPF). Such contributions are recognised as an expense in the income statement as incurred or capitalised as plantation expenditure, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

3. Revenue

Revenue of the Group comprises sales of goods net of discounts, interest and rental income after eliminating sales within the Group.

Revenue of the Company comprises management fee, dividend and interest income.

The significant categories of revenue recognised during the year are as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sales of goods	127,942,505	143,852,572	-	-
Management fee income	-	-	150,000	268,000
Dividend income	-	-	8,513,750	4,287,500
Interest income	3,000	361,036	1,340,990	1,295,484
	127,945,505	144,213,608	10,004,740	5,850,984

4. Finance costs

	Group	
	2005 RM	2004 RM
Bank overdraft interest	128,870	15,324
Revolving credit interest	99,948	-
Term loan interest	409,341	-
Interest arising from land acquisition	744,000	1,334,433
	1,382,159	1,349,757
Amount capitalised in qualifying assets (Note 11):		
Plantation expenditure	(463,797)	-
Land and buildings	(744,000)	(1,334,433)
	174,362	15,324

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

5. Profit before taxation

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Profit before taxation is stated after charging/(crediting):				
Auditors' remuneration				
- statutory audit - current year	104,000	93,000	40,000	30,000
- underprovision in prior year	11,000	3,000	10,000	-
- other services	13,000	13,000	13,000	13,000
Depreciation (Note 11)				
- plantation expenditure	1,296,737	1,086,202	-	-
- other property, plant and equipment	12,909,096	9,663,529	137,991	137,525
Interest expense (Note 4)	174,362	15,324	-	-
(Gain)/loss on disposal of property, plant and equipment	(193,839)	31,520	-	-
Non-executive Directors' remuneration (Note 7)	743,350	950,600	163,000	120,000
Rental of premises	272,846	237,826	145,110	145,090
Staff costs (Note 6)	18,150,246	15,013,242	575,410	245,092
Gross dividend income from subsidiaries	-	-	(8,513,750)	(4,287,500)
Interest income	(137,609)	(1,307,551)	(1,340,990)	(1,295,484)
Rental income	(7,300)	(5,400)	-	-

6. Staff costs

Salaries, wages and other emoluments	21,088,594	16,929,893	530,479	220,038
Provident fund contributions	967,938	929,635	44,931	25,054
	22,056,532	17,859,528	575,410	245,092
Amount capitalised in plantation expenditure (Note 11)	(3,906,286)	(2,846,286)	-	-
Total staff costs (including Executive Directors)	18,150,246	15,013,242	575,410	245,092

	Group		Company	
	2005	2004	2005	2004
Number of employees at the end of the year	3,119	2,230	6	5

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

6. Staff costs (contd.)

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM1,780,715 (2004: RM2,561,309) and RM152,200 (2004: RM132,018), respectively, with further disclosure in Note 7.

7. Directors' remuneration

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	430,192	551,316	67,200	67,018
Fees	108,200	87,400	85,000	65,000
	538,392	638,716	152,200	132,018
Non-executive:				
Fees	163,000	120,000	163,000	120,000
	701,392	758,716	315,200	252,018
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,216,523	1,896,793	-	-
Fees	25,800	25,800	-	-
	1,242,323	1,922,593	-	-
Non-executive:				
Allowances	505,950	756,200	-	-
Fees	74,400	74,400	-	-
	580,350	830,600	-	-
	1,822,673	2,753,193	-	-
Total	2,524,065	3,511,909	315,200	252,018

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

7. Directors' remuneration (contd.)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Analysed as:				
Total Executive Directors' remuneration (Note 6)	1,780,715	2,561,309	152,200	132,018
Total Non-executive Directors' remuneration (Note 5)	743,350	950,600	163,000	120,000
	2,524,065	3,511,909	315,200	252,018

The number of the directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

Range of remuneration	Number of Directors			
	Executive		Non-Executive	
	2005	2004	2005	2004
Below RM50,000	-	-	3	3
RM200,001 to RM300,000	2	1	-	-
RM300,001 to RM400,000	-	1	-	-
RM800,001 to RM900,000	-	-	1	-
RM1,100,001 to RM1,200,000	-	-	-	1

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

8. Taxation

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Income tax:				
Based on profit for the year/period	152,863	6,181,682	2,450,850	1,440,500
Under/(over) provided in prior year	72,056	635,818	(41,687)	(6,590)
	224,919	6,817,500	2,409,163	1,433,910
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	7,098,209	3,076,913	-	-
(Over)/under provided in prior year	185,975	(792,435)	-	-
	7,284,184	2,284,478	-	-
	7,509,103	9,101,978	2,409,163	1,433,910

Income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2005 RM	2004 RM
Group		
Profit before taxation	20,125,303	34,780,712
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	5,635,085	9,738,600
Effect of income not subject to tax	(11,200)	(1,400)
Effect of expenses not deductible for tax purposes	1,636,284	422,087
Utilisation of reinvestment allowance	-	(695,592)
Utilisation of previously unrecognised tax losses	-	(194,801)
Deferred tax assets not recognised on unabsorbed capital allowances	-	18,688
Underprovision of income tax expense in prior years	72,056	635,818
Under/(over)provision deferred tax in prior years	185,975	(792,435)
Others	(9,097)	(28,987)
Tax expense for the year	7,509,103	9,101,978

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

8. Taxation (contd.)

	2005	2004
	RM	RM
Company		
Profit before taxation	8,625,494	4,925,849
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	2,415,138	1,379,238
Effect of expenses not deductible for tax purposes	41,447	39,021
Deferred tax assets not recognised on unabsorbed capital allowances	-	11,102
Overprovision of income tax expense in prior years	(41,687)	(6,590)
Others	(5,735)	11,139
Tax expense for the year	2,409,163	1,433,910

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Tax losses are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of current year tax losses	-	133,000	-	133,000
Unutilised tax losses carried forward	6,579,745	5,055,390	-	-
Unabsorbed capital allowances carried forward	896,079	561,474	-	130,000
Unabsorbed agriculture allowances carried forward	31,461,858	27,676,562	-	-
Unabsorbed reinvestment allowance carried forward	1,611,661	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

9. Earnings per share

The earnings per share has been calculated based on the Group's net profit for the year of RM17,878,000 (2004: RM30,865,000) and on the weighted average number of ordinary shares in issue during the year of 85,000,000 (2004: 85,000,000).

10. Dividends

	Group and Company			
	Amount		Net dividends per ordinary shares	
	2005	2004	2005	2004
	RM	RM	RM	RM
Final				
10% less 28% taxation on 85,000,000 ordinary shares, declared on 24 June 2005 and paid on 29 July 2005	-	6,120,000	-	7.2

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2005 of 10% (10 sen gross per share) less 28% taxation (7.20 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profit in the financial year ending 31 December 2006.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

11. Property, plant and equipment

Group	Leasehold land	Plantation	Capital	Furniture,	Plant	Motor	Cattle	Total
	and buildings	expenditure	work-in-progress	and fittings and equipment	and machinery	vehicles	ranch	
Cost	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2005	318,570,521	88,485,050	1,467,053	3,253,456	37,025,469	4,670,342	14,509	453,486,400
Additions	7,681,207	36,413,215	252,257	294,695	2,897,533	954,782	1,250	48,494,939
Disposals	-	-	-	(14,258)	(400,890)	(208,000)	-	(623,148)
At 31 December 2005	326,251,728	124,898,265	1,719,310	3,533,893	39,522,112	5,417,124	15,759	501,358,191
Accumulated depreciation								
Recognised in income statement (Note 5)	5,416,565	1,086,202	-	305,887	3,259,847	679,779	1,451	10,749,731
Capitalised in plantation expenditure	1,815,434	-	-	5,010	73,774	30,614	-	1,924,832
Depreciation charge for 2004	7,231,999	1,086,202	-	310,897	3,333,621	710,393	1,451	12,674,563

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

11. Property, plant and equipment (contd.)

	Leasehold land and buildings	Plantation expenditure	Capital work-in- progress	Furniture, fittings and equipment	Plant and machinery	Motor vehicles	Cattle ranch	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2005	17,226,058	9,015,386	-	1,801,529	23,383,372	2,892,701	4,700	54,323,746
Depreciation charge for the year	7,649,886	1,296,737	-	278,902	3,670,026	808,990	1,576	13,706,117
Recognised in income statement (Note 5)	7,214,439	1,296,737	-	254,326	3,400,288	647,409	1,576	12,814,775
Capitalised in plantation expenditure	435,447	-	-	24,576	269,738	161,581	-	891,342
Disposals	-	-	-	(12,829)	(365,268)	(166,400)	-	(544,497)
At 31 December 2005	24,875,944	10,312,123	-	2,067,602	26,688,130	3,535,291	6,276	67,485,366
Net book value								
At 31 December 2005	301,375,784	114,586,142	1,719,310	1,466,291	12,833,982	1,881,833	9,483	433,872,825
At 31 December 2004	301,344,463	79,469,664	1,467,053	1,451,927	13,642,097	1,777,641	9,809	399,162,654
Details at 1 January 2004								
Cost	250,985,203	57,205,208	346,653	2,855,878	32,768,854	3,491,000	14,509	347,667,305
Accumulated depreciation	9,994,059	7,929,184	-	1,497,945	20,085,751	2,182,308	3,249	41,692,496

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

11. Property, plant and equipment (contd.)

- (i) Included in plantation expenditure are the following expenses capitalised during the year:

	Group	
	2005	2004
	RM	RM
Depreciation	891,342	1,924,832
Interest expense (Note 4)	463,797	-
Staff costs (Note 6)	3,906,286	2,846,286
	5,261,425	4,771,118

Included in staff costs are provident fund contributions paid amounting to RM215,522 (2004: RM135,468).

- (ii) Interest expense capitalised during the financial year under land and buildings of the Group amounted to RM744,000 (2004: RM1,334,433), as disclosed in Note 4.
- (iii) Included in the Group's property, plant and equipment are leasehold land with a net book value of RM30,909,219 (2004: RM3,482,977) pledged for banking facilities granted to subsidiaries.

Company	Motor vehicles	Furniture and fittings	Renovation	Total
Cost	RM	RM	RM	RM
At 1 January 2005	489,930	149,099	258,426	897,455
Additions	-	4,650	-	4,650
Reclassification	-	20,170	(20,170)	-
At 31 December 2005	489,930	173,919	238,256	902,105
Accumulated depreciation				
Depreciation charge for 2004	97,986	13,694	25,845	137,525
At 1 January 2005	166,733	23,872	48,910	239,515
Depreciation charge for the year (Note 5)	97,987	16,177	23,827	137,991
Reclassification	-	4,034	(4,034)	-
At 31 December 2005	264,720	44,083	68,703	377,506
Net book value				
At 31 December 2005	225,210	129,836	169,553	524,599
At 31 December 2004	323,197	125,227	209,516	657,940
Details at 1 January 2004				
Cost	343,728	113,963	230,631	688,322
Accumulated depreciation	68,747	10,178	23,065	101,990

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

12. Investment in subsidiaries

	Company	
	2005	2004
	RM	RM
Unquoted shares at cost	82,769,401	82,769,401

Details of subsidiaries, all of which are incorporated in Malaysia, as at 31 December 2005 and their principal activities are shown below:

Name of subsidiaries	Principal activities	Equity interest held	
		2005	2004
		%	%
Direct subsidiaries of the Company			
Bintulu Lumber Development Sdn. Bhd.*	Oil palm plantation, palm oil milling and sales of related products	100	100
Kirana Palm Oil Refinery Sdn. Bhd.*	Dormant (intended for palm oil refinery)	100	100
Subsidiaries of Bintulu Lumber Development Sdn. Bhd.			
Grand Mutual Sdn. Bhd.*	Oil palm plantation	100	100
Niamas Istimewa Sdn. Bhd.*	Oil palm plantation	60	60
BLD Resources Sdn. Bhd.*	Dormant (intended for oil palm plantation)	70	70

* not audited by Ernst & Young or their associates.

13. Inventories

	Group	
	2005	2004
	RM	RM
At cost:		
Finished goods - crude palm oil	765,380	3,776,699
Canteen goods	245,039	220,771
Livestock	230,627	184,957
Consumables	4,788,326	4,381,013
Quarry stones	87,245	103,720
	6,116,617	8,667,160

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

14. Trade receivables

The Group's normal trade credit term is 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has exposure to certain receivables. Given the nature of the Group's business, the Board does not consider this to pose significant credit risk to the Group.

15. Other receivables

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sundry receivables	475,974	401,947	5,416	6,879
Deposits	1,490,272	4,842,322	26,091	26,091
Prepayments	1,200,785	1,200,732	-	-
Current tax assets	6,750,225	1,623,432	251,401	-
	9,917,256	8,068,433	282,908	32,970

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

16. Amount due from/(to) subsidiaries

	Company	
	2005 RM	2004 RM
Amount due from subsidiaries (i)	34,917,383	34,537,615
Amount due to subsidiaries (ii)	(10,495,416)	(10,663,000)
	24,421,967	23,874,615

(i) The amount due from subsidiaries are unsecured and have no fixed term of repayment. These amounts earn interest ranging from 3% to 6% (2004: 3% to 6%) per annum.

(ii) The amounts due to subsidiaries are unsecured, interest-free and have no fixed term of repayment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

17. Fixed deposits with licensed banks

Deposits with licensed banks of the Group amounting to RM1,169,361 (2004:RM1,140,521) have been pledged for banking facilities granted to a subsidiary.

The weighted average effective interest rates at the balance sheet date were as follows:

	Group		Company	
	2005	2004	2005	2004
	%	%	%	%
Licensed banks	2.50	2.70 - 3.00	-	2.70

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2005	2004	2005	2004
	Days	Days	Days	Days
Licensed banks	90	30	-	30

18. Borrowings

	Group	
	2005	2004
	RM	RM
Short term borrowings		
Secured:		
Bank overdrafts	3,839,067	-
Revolving credit	5,000,000	-
Term loans	750,000	-
	9,589,067	-
Unsecured:		
Bank overdrafts	-	4,000
	9,589,067	4,000
Long term borrowings		
Term loans	10,150,000	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

18. Borrowings (contd.)

	Group	
	2005	2004
	RM	RM
Total borrowings		
Bank overdrafts (Note 25)	3,839,067	4,000
Revolving credit	5,000,000	-
Term loans	10,900,000	-
	19,739,067	4,000
Maturity of borrowings:		
Within one year	9,589,067	-
More than 1 year and less than 2 years	1,500,000	-
More than 2 years and less than 5 years	8,650,000	-
	19,739,067	-

The effective interest rates at the balance sheet date for borrowings were as follows:

	Group	
	2005	2004
	%	%
Bank overdrafts	7.00 - 7.50	7.00
Revolving credit	6.31	-
Term loans	6.31 - 7.50	-

The term loans and bank overdrafts are secured by certain landed properties of subsidiaries, debentures over the fixed and floating assets of a subsidiary, corporate guarantees from the Company and a subsidiary and an irrecoverable letter of undertaking to charge the project land of a subsidiary.

The revolving credit facility is secured by two pieces of land of a subsidiary and corporate guarantee from the Company.

19. Trade payables

The normal trade credit term granted to the Group is 90 days.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

20. Other payables

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sundry payables	25,715,159	24,897,501	33,727	26,432
Accruals	3,303,526	3,648,921	376,128	33,204
Refundable deposits	22,400	22,400	-	-
	29,041,085	28,568,822	409,855	59,636

Included in sundry payables is an amount of RM25.5 million (2004: RM24.8 million) in respect of acquisition of land by a subsidiary payable to companies in which certain directors of the Company have substantial financial interest. The amount is secured by corporate guarantee from the Company, bears interest at the rate of 3% (2004: 3%) per annum and is payable on 13 January 2006.

21. Share capital

	Group and Company			
	Number of Ordinary Shares of RM1 Each		Amount	
	2005	2004	2005 RM	2004 RM
Authorised				
At 1 January and 31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At 1 January and 31 December	85,000,000	85,000,000	85,000,000	85,000,000

22. Reserves

Movements in reserves are disclosed in the Statements of Changes in Equity.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profit as at 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

23. Reserve on consolidation net of goodwill

	Group	
	2005	2004
	RM	RM
Reserve on consolidation		
At 1 January	178,523,490	178,523,490
Accumulated amortisation	(13,150,800)	(7,970,860)
At 31 December	165,372,690	170,552,630
Goodwill		
At 1 January	(82,735)	(82,735)
Accumulated amortisation	10,687	6,550
At 31 December	(72,048)	(76,185)
	165,300,642	170,476,445

24. Deferred tax liabilities

At 1 January	69,506,214	67,221,736
Recognised in the income statement (Note 8)	7,284,184	2,284,478
At 31 December	76,790,398	69,506,214

Presented after appropriate offsetting as follows:

Deferred tax assets	(8,029,146)	(7,383,087)
Deferred tax liabilities	84,819,544	76,889,301
	76,790,398	69,506,214

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

24. Deferred tax liabilities (contd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities:

	Fair value adjustment	Accelerated capital allowances	Total
	RM	RM	RM
At 1 January 2005	58,604,532	18,284,769	76,889,301
Recognised in the income statement	(1,322,348)	9,252,591	7,930,243
At 31 December 2005	57,282,184	27,537,360	84,819,544
At 1 January 2004	59,916,791	13,441,025	73,357,816
Recognised in the income statement	(1,312,259)	4,843,744	3,531,485
At 31 December 2004	58,604,532	18,284,769	76,889,301

Deferred tax assets:

	Other payables	Tax losses, unabsorbed capital and agriculture allowances	Total
	RM	RM	RM
At 1 January 2005	(981,674)	(6,401,413)	(7,383,087)
Recognised in the income statement	245,274	(891,333)	(646,059)
At 31 December 2005	(736,400)	(7,292,746)	(8,029,146)
At 1 January 2004	(296,095)	(5,839,985)	(6,136,080)
Recognised in the income statement	(685,579)	(561,428)	(1,247,007)
At 31 December 2004	(981,674)	(6,401,413)	(7,383,087)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

24. Deferred tax liabilities (contd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Unutilised tax losses	2,954,091	1,188,956	-	-
Unabsorbed capital allowances	689,723	691,474	-	130,000
Unabsorbed agriculture allowances	9,248,348	8,664,272	-	-
	12,892,162	10,544,702	-	130,000

The unutilised tax losses, unabsorbed capital and agriculture allowances are available indefinitely for offset against future taxable profits of the subsidiaries but are subject to the provisions of the Income Tax Act, 1967. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen mainly in subsidiaries that have recently commenced operations.

25. Cash and cash equivalents

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Fixed deposits with licensed banks	1,169,361	1,421,196	-	280,675
Cash and bank balances	6,409,986	7,900,881	113,547	57,771
Bank overdrafts (Note 18)	(3,839,067)	(4,000)	-	-
	3,740,280	9,318,077	113,547	338,446

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

26. Significant related party transactions

During the financial year, the Group and the Company had, in the normal course of business transacted on normal commercial terms the following transactions:

	Company	
	2005	2004
	RM	RM
(a) Transactions with subsidiaries:		
Income		
Dividend income	8,513,750	4,287,500
Interest income	1,337,990	934,448
Management fee	150,000	268,000

(b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors:

	Group	
	2005	2004
	RM	RM
Income		
(i) Sales of quarry stones to:		
Gayanis Sdn. Bhd.	225,092	358,085
Wawasan Sedar Sdn. Bhd.	128,012	525,172
Alamwasa Sdn. Bhd.	11,527	14,690
Rimba Istimewa Sdn. Bhd.	-	35,197
(ii) Sales of parts to:		
Rimba Istimewa Sdn. Bhd.	11,353	-
Wawasan Sedar Sdn. Bhd.	10,459	67,250
(iii) Sales of property, plant and equipment to		
GT Holdings Sdn. Bhd.	110,000	-
(iv) Marketing agent commission from		
Wawasan Sedar Sdn. Bhd.	584,744	90,096

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

26. Significant related party transactions (contd.)

- (b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors (contd.):

	Group	
	2005	2004
	RM	RM
Expenditure		
(i) Insurance brokerage paid to:		
KTS Insurance Agencies Sdn. Bhd.	481,870	466,654
Kinetic United Sdn. Bhd.	185,904	159,659
(ii) Printing charges paid to		
See Hua Daily News Sdn. Bhd.	15,479	-
(iii) Professional fees paid to KTS Resources Sdn. Bhd.	-	96,050
(iv) IT infrastructure and software expenses paid to		
KTS Infotech Sdn. Bhd.	-	216,400
(v) Purchase of fresh fruit bunches from:		
Gayanis Sdn. Bhd.	1,026,372	9,333,305
Wawasan Sedar Sdn. Bhd.	-	10,892,823
(vi) Purchase of property, plant and machinery and consumables from:		
KTS Trading Sdn. Bhd.	20,081,742	16,133,569
DKR Tractors and Equipment Sdn. Bhd.	28,580	1,466,426
KTS Igan Bridge Sdn. Bhd.	2,386,426	1,134,311
Rimba Istimewa Sdn. Bhd.	3,124,161	1,535,520
Hazelland Sdn. Bhd.	-	35,820,720
Merak Murni Sdn. Bhd.	-	26,761,051
GT Holdings Sdn. Bhd.	234,500	-
Glory Arts Sdn. Bhd.	40,636	-
(vii) Rental of premises paid to:		
Bellwood Sdn. Bhd.	147,430	147,070
Rela Aman Sdn. Bhd.	84,336	84,336
(viii) Interest paid to:		
Hazelland Sdn. Bhd.	424,800	811,194
Merak Murni Sdn. Bhd.	319,200	523,239

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

26. Significant related party transactions (contd.)

- (b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors (contd.):

	Company	
	2005	2004
	RM	RM
(i) Insurance brokerage paid to		
KTS Insurance Agencies Sdn. Bhd.	14,929	40,112
Kinetic United Sdn. Bhd.	17,818	-
(ii) Printing charges paid to		
See Hua Daily News Sdn. Bhd.	15,479	-
(iii) Rental of premises paid to Bellwood Sdn. Bhd.	145,990	144,450

- (c) Transactions with companies in which certain directors of subsidiaries companies have a substantial financial interest and/or are directors:

	Group	
	2005	2004
	RM	RM
Expenditure		
Purchase of fresh fruit bunches from:		
Lau Hieng Ing Enterprise Sdn. Bhd.	190,916	224,934
Alamwasa Sdn. Bhd.	3,519,526	1,935,080
Alto Sdn. Bhd.	11,310,929	10,062,339
Bumi Hijau Berkembang Sdn. Bhd.	2,613,898	2,655,540

27. Financial information by segment

No segmental analysis is presented as the Group is principally engaged in the oil palm industry in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

28. Commitments

	Group	
	2005	2004
	RM	RM
(i) Capital commitments		
Authorised capital expenditure not provided for in the financial statements:		
Approved and contracted for	2,000,000	2,000,000

(ii) Lease commitments

The Group and the Company have lease commitments in respect of rented premises. A summary of the non-cancellable long term commitment is as follows:

	Group/Company	
	2005	2004
	RM	RM
Year ending 31 December		
2005	-	144,540
2006	120,450	120,450

29. Contingent liabilities

	Company	
	2005	2004
	RM	RM
Unsecured		
Corporate guarantees given to bankers for credit facilities granted to a subsidiary	31,000,000	4,000,000
Facilities yet to be utilised by subsidiary	(21,100,000)	(3,996,000)
	9,900,000	4,000
Corporate guarantee given to vendors for acquisition of land by a subsidiary (Note 20)	25,544,000	24,800,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005 (CONTD.)

30. Financial instruments

30.1 Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

30.2 Interest rate risk

The Group's interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2005. The investments in financial assets are short term in nature and they are not held for speculative purposes.

30.3 Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level.

30.4 Credit risk

Credit risk, or the risk of counter parties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an on-going basis through Group management reporting procedures.

The Group has exposure to certain individual customers or counter parties. However, this does not pose significant credit risk to the Group.

The Group does not have any other major concentration of credit risk related to any financial instruments.

30.5 Fair value

The carrying amounts of short-term financial assets and liabilities approximate their fair value due to the relatively short maturity term of these financial instruments.

ANALYSIS OF SHAREHOLDINGS

AS AT 13 APRIL 2006

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Share Capital	:	RM85,000,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares Held	% of Shares Issued
1 - 99	11	339	0.00
100 - 1,000	775	341,735	0.40
1,001 - 10,000	375	1,705,425	2.01
10,001 - 100,000	146	5,428,400	6.39
100,001 - 4,249,999 *	41	28,974,301	34.09
4,250,000 and above **	3	48,549,800	57.12

Note:

* less than 5% of issued holdings

** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
BLD Holdings Sdn Bhd	33,412,330	39.31	-	-
Syarikat Payang Sdn Bhd	15,137,470	17.81	-	-
K.T.S. Holdings Sdn Bhd	10,496	0.01	33,412,330	39.31
Syarikat Maslahat Sdn Bhd	-	-	15,137,470	17.81
The Estate of Dato Sri (Dr.) Lau Hui Kang	200,021	0.24	35,933,508	42.27
Dato Henry Lau Lee Kong	200,000	0.24	35,933,529	42.27
Lau Swee Nguong @ Lau Sui Guang	100,000	0.12	34,108,634	40.13
Haji Wan Abdillah bin Wan Hamid	200,021	0.24	17,307,107	20.36
Robert Lau Hui Yew	100,000	0.12	34,108,634	40.13
Wan Mohd. Shebli bin Wan Hamid	100,000	0.12	17,307,107	20.36

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
The Estate of Dato Sri (Dr.) Lau Hui Kang	200,021	0.24	35,933,508	42.27
Dato Henry Lau Lee Kong	200,000	0.24	35,933,529	42.27
Haji Wan Abdillah bin Wan Hamid	200,021	0.24	17,307,107	20.36
Robert Lau Hui Yew	100,000	0.12	34,108,634	40.13
Chong Chon Chee	40,000	0.05	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 13 APRIL 2006 (CONTD.)

TOP 30 SHAREHOLDERS

No.	Name	No. of Shares	%
1	Mayban Nominees (Tempatan) Sdn Bhd (pledged securities account for BLD Holdings Sdn Bhd)	22,000,000	25.88
2	Syarikat Payang Sdn Bhd	15,137,470	17.81
3	BLD Holdings Sdn Bhd	11,412,330	13.43
4	Yayasan Sarawak	4,000,000	4.71
5	Timber World Agencies Sendirian Berhad	3,598,387	4.23
6	Commercial Agencies Sdn Bhd	2,202,182	2.59
7	Hamimas Enterprise Sdn Bhd	2,169,637	2.55
8	Perbadanan Kemajuan Perusahaan Kayu Sarawak	2,000,000	2.35
9	Azim Daya Sdn Bhd	1,807,000	2.13
10	Kenanga Nominees (Tempatan) Sdn Bhd (pledged securities account for Azim Daya Sdn Bhd)	1,255,100	1.48
11	Kenanga Nominees (Tempatan) Sdn Bhd (pledged securities account for Manyew Resources Sdn Bhd)	996,300	1.17
12	Forward Concept Sdn Bhd	789,500	0.93
13	Dollarsplus Sendirian Berhad	725,008	0.85
14	Gannets Sdn Bhd	650,898	0.77
15	C.A. Trading Sdn Bhd	631,547	0.74
16	Vasty Development Sdn Bhd	585,808	0.69
17	Public Nominees (Tempatan) Sdn Bhd (pledged securities account for Law Cheng King Enterprise Sdn Bhd)	547,904	0.64
18	Employees Provident Fund Board	531,700	0.63
19	Sarawak Economic Development Corporation	500,000	0.59
20	Merchant Nominees (Tempatan) Sdn Bhd (pledged securities account for Dawla Capital Sdn Bhd)	450,000	0.53
21	Chio Kee Yung & Sons Sdn Bhd	439,355	0.52
22	Lau Hieng Ing Enterprise Sdn Bhd	412,235	0.48
23	L N C Holding Sdn Bhd	410,066	0.48
24	Kiu Chuan Gung	311,415	0.37
25	Faircom Enterprise Sdn Bhd	292,904	0.34
26	Makong Investment Limited	287,000	0.34
27	OSK Nominees (Tempatan) Sdn Berhad (pledged securities account for Lau Hieng Su @ Lau Hieng Sii)	285,000	0.34
28	Goh Chuan Seng	280,000	0.33
29	Law Hieng Ing @ Lau Hieng Ing	246,451	0.29
30	Michael Wee Kheng Kiong	245,269	0.29

LIST OF LANDS

AS AT 31 DECEMBER 2005

Description and Location	Land Area (Hectare)	Current Use	Tenure	Approximate Age of Buildings (Year)	Net Book Value (RM'000)	Date of Last Revaluation
Lot 40 Sawai Land District	4,022	Oil Palm Estate and Palm Oil Mill	Leasehold Expiring on 15.04.2047	1 to 17	17	2002
Lot 54 Sawai Land District	4,040	Oil Palm Estate	Leasehold Expiring on 16.05.2055	1 to 17	573	2002
Lot 87 Sawai Land District	3,547	Oil Palm Estate	Leasehold Expiring on 17.09.2060	1 to 4	2,348	2002
Lot 552 Lassa Land District and Lot 554 Kabang Land District	21,805	Oil Palm Estate	Leasehold Expiring on 13.12.2060	1	11,998	2002
Lot 3930 Lambir Land District	2,233	Oil Palm Estate	Leasehold Expiring on 07.03.2060	1 to 4	16,241	2004
Lot 192 Teraja Land District	3,250	Oil Palm Estate	Leasehold Expiring on 07.03.2060	1 to 4	20,116	2004
Lot 3931 Lambir Land District	1,170	Oil Palm Estate	Leasehold Expiring on 02.01.2060	1 to 5	6,332	2004
Lot 193 Teraja Land District	3,560	Oil Palm Estate	Leasehold Expiring on 02.01.2060	1 to 5	21,161	2004
Lot 1 Block 3 Jelalong Land District	3,916	Oil Palm Estate	Leasehold Expiring on 29.07.2057	1 to 5	2,755	2002
Lot 72 Sawai Land District	940	Oil Palm Estate	Leasehold Expiring on 15.12.2057	1 to 5	661	2002
Ulu Sg. Niah Land District	2,744 *	Oil Palm Estate	-	1 to 3	-	2002
Lot 91 Sawai Land District	1,803	Oil Palm Estate	Leasehold Expiring on 04.01.2065	-	1,377	-
Lot 849 Block 26 Kemena Land District Bintulu	3,292	-	Leasehold Expiring on 01.08.2065	-	2,022	-

* Land areas are stated in approximation

PROXY FORM

I/We, _____ (name in block letters)
of _____

being a member/members of BLD Plantation Bhd. hereby appoint _____
_____ of _____
_____ or failing him/her _____
_____ of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Auditorium, Level 9, Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak on Wednesday, 14 June 2006 at 11.00 a.m. and at any adjournment thereof in the manner indicated below :-

NO.	RESOLUTIONS	FOR	AGAINST
1	To receive the Audited Financial Statements for the financial year ended 31 December 2005 together with the Reports of the Directors and Auditors thereon		
2	To approve the payment of Directors' fees for the financial year ending 31 December 2006		
3	To declare a final dividend of 10 sen per share less 28% income tax in respect of the financial year ended 31 December 2005		
4	To re-elect Dato Henry Lau Lee Kong as Director		
5	To re-elect Tuan Haji Wan Abdillah bin Wan Hamid as Director		
6	To re-elect Robert Lau Hui Yew as Director		
7	To re-elect Chong Chon Chee as Director		
8	To re-elect YB Tuan Haji Hamden bin Haji Ahmad as Director		
9	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
10	To approve the renewal of shareholders' mandate and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
11	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		

Please indicate "✓" in the appropriate box against each resolution how you wish your vote to be casted. If no specific direction as to voting is indicated, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____, 2006

Number of shares held

Signature / Common Seal of Shareholder

NOTE

- 1 Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company, a proxy may but need not be a member of the Company.
- 2 The proxy form must be deposited at the registered office of the Company at Level 6, Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak not less than forty-eight (48) hours before the time for holding the meeting.
- 3 The proxy form shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney.
- 4 A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting, where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specified the proportion of his shareholding to be represented by each proxy. Each proxy appointed shall represent a minimum of 100 shares.

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AFFIX
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The Company Secretary

BLD PLANTATION BHD. (562199-A)

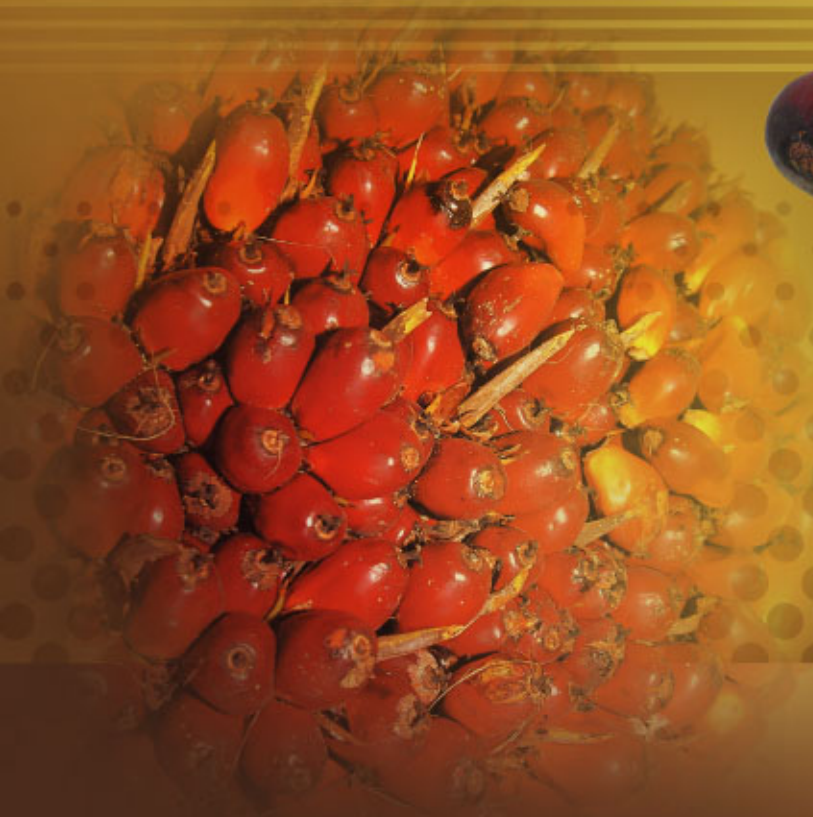
Level 6, Crown Towers

88, Jalan Pending

93450 Kuching, Sarawak

Malaysia

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BLD PLANTATION BHD. (562199-A)

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