



INTERIM REPORT
30 JUNE 2006

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Interim statement

Group operating profit at \$8.5 million, before biological asset adjustment (BA adjustment), for the first half of 2006 was 15% higher than the same period in 2005. This improvement was due to a combination of factors: crude palm oil (CPO) prices were 4% better in US dollar terms; CPO production was 4% higher than the same period in 2005; and our small rubber operation made a significant contribution, thanks to exceptionally high rubber prices. Bina Pitri, the rundown estate acquired in 2004, is now showing the expected turnaround in its fortunes. Against these positives, bought-in crop was 12% lower than the same period in 2005 and operating costs in Indonesia have increased significantly, mainly related to mineral oil prices, but we are positive about the outcome for the year.

Profit before tax was \$8.9 million, an increase of 16% over the first half of 2005. This includes the effect of the BA adjustment required by current international accounting standards but which has no bearing on underlying trading performance or cash generation. A substantial portion of long term borrowings was repaid at the end of 2005, so a net interest charge of \$123,000 in the first half of 2005 converted to net interest income of \$53,000 in the first half of 2006.

Earnings per share before BA adjustment for the first half of 2006 were 10.7cts, compared to 9.9cts in the same period in 2005, an increase of 8%.

Gross cash declined from \$10.8 million at the end of 2005 to \$6.4 million at the end of June 2006; net cash after borrowings reduced from \$5.1 million to \$1.6 million. This reflected the group's heavy capital expenditure of \$6.8 million in the six months which covered final planting at Bengkulu (in southern Sumatra), the start of development at Labuhan Bilik (in northern Sumatra), and the construction of an oil mill at Bina Pitri (in the province of Riau). In August 2006, we agreed a new long term bank loan of \$3.2 million to meet half the cost of this mill. The 7% strengthening of the Indonesian rupiah over the first half of 2006 also reduced the positive effect of higher dollar CPO prices on local rupiah cash generation.

Production and Sales

	2006 6 months to 30 June (unaudited) mt	2005 6 months to 30 June (unaudited) mt	2005 Year to 31 Dec (audited) mt
Oil palm production			
FFB			
- all estates	231,593	195,917	459,080
- bought-in or processed for third parties	126,291	143,807	284,705
Saleable CPO	69,803	67,327	145,820
Saleable palm kernels	16,403	16,014	35,049
Oil palm sales			
CPO	69,918	66,908	145,943
Palm kernels	16,400	16,070	35,220
FFB sold outside	36,877	24,567	65,864
Other crops production			
Rubber	453	396	946
Cocoa	38	73	157

Fresh fruit bunch (FFB) production from all the group's estates increased from last year, with the exception of our small Anak Tasik estate (down 4%). Estate crops from North Sumatra, Bengkulu and Malaysia were up 10%, 19% and 11%, respectively. Particularly encouraging was Bina Pitri, where production was 12% ahead of expectations and 120% up on the same period in 2005. As a result, Bina Pitri turned profitable in March 2006 and can be expected to make an increasingly significant contribution from now on.

Interim statement

As indicated in the last annual report, increasing competition from stand-alone mills has caused our bought-in crop at Tasik and Bengkulu to fall - in the event by 11% and 31% respectively on the first half of 2005. The effect on profits was less dramatic because this is lower margin business. Fortunately so far, our Blankahan mill has not experienced the same pressure.

Produce Prices

CPO prices per tonne continued to be remarkably stable, fluctuating in a relatively narrow band between \$410 and \$450 and averaging \$433 over the six months. This compares with average CPO prices for the first and second halves of 2005 of \$417 and \$426, respectively. Very wet weather in Bengkulu in the first two months of 2006 caused processing delays and oil quality deterioration, with consequent adverse effects on selling prices for several months.

Since the end of June there has been a sharp improvement in the CPO price to around \$500/mt. This improvement has been driven by expectations of strong demand for all vegetable oils, both for traditional uses and for their increasing use as bio-fuel.

Rubber prices reached an all-time high of \$2,750/mt in June 2006 and averaged \$2,210/mt through the period, compared to \$1,310/mt in 2005. As a result, our small area of 460 hectares (ha) made a contribution to pre-tax profit of \$900,000 in the first half of 2006, compared to \$300,000 in 2005.

Development

The group's planted areas at 30 June 2006 were:-

	Mature ha	Immature ha	Total ha
North Sumatra	9,917	322	10,239
Bengkulu	10,515	3,714	14,229
Riau	3,977	961	4,938
Indonesia	24,409	4,997	29,406
Malaysia	3,430	285	3,715
Total: 30 June 2006	27,839	5,282	33,121
Total: 31 December 2005	27,085	5,481	32,566
Total: 30 June 2005	27,123	3,854	30,977

New planting at Bengkulu has been proceeding at a more satisfactory rate than in 2005, with 660ha completed so far in 2006, leaving about 1,400ha to complete through to the end of 2007.

Substantial progress has been made at Labuhan Bilik, where a nursery sufficient for planting 3,000ha has been established and up to 1,000ha are in the course of preparation. Following detailed surveys of the licensed area we now estimate that, after allowing for existing villages, only 3,000ha of the area will be plantable; this is less than the 4,200ha we were expecting. However, we are currently negotiating to acquire more adjacent land.

Interim statement

We have commenced replanting 258ha of cocoa with rubber, which should be completed in the next 12 months. However, this will not have any impact on our results before the end of this decade.

Construction of the 40mt/hr mill at Bina Pitri is on schedule and planned for completion about May 2007.

We are investigating actively the acquisition of further developed estates and vacant land.

Outlook

With an increasing acreage coming to maturity, the growth in FFB production experienced in the first half of 2006 is expected to continue in the current half. The level of bought-in crops continues to be affected by competition from other mill operators. If CPO prices remain at around present levels and in the absence of any further material increase in fuel and fertiliser costs and of further significant strengthening of the Indonesian rupiah, the result for the second half should, as usual, be above that of the first half. Similarly, the full year result is expected to be higher than that of the previous year.

Chan Teik Huat
Chairman and Chief Executive

1 September 2006

Consolidated income statement

2006				2005			2005		
6 months to 30 June (unaudited)				6 months to 30 June (unaudited)			year to 31 December (audited)		
		Result before adjustment \$'000	BA adjustment \$'000	BA adjustment \$'000	Total \$'000	Result before adjustment \$'000	BA adjustment \$'000	BA adjustment \$'000	Total \$'000
Continuing operations	Notes								
Revenue		32,185			32,185	29,443			64,321
Cost of sales		(22,227)			(22,227)	(20,437)			(39,514)
Gross profit		9,958			9,958	9,006			24,807
Biological asset revaluation movement (BA adjustment)	2		345		345		473		(35)
Other income		14			14			115	115
Administration expenses		(1,474)			(1,474)	(1,595)		(2,721)	(2,721)
Operating profit		8,498	345		8,843	7,411	473	22,201	22,166
Exchange losses	3	(31)			(31)	(121)		(550)	(550)
Finance income		244			244	149		302	302
Finance costs	4	(191)			(191)	(272)		(498)	(498)
Profit before tax		8,520	345		8,865	7,167	473	21,455	21,420
Tax	5	(3,528)	(103)		(3,631)	(2,742)	(142)	(7,107)	(7,097)
Profit for the period		4,992	242		5,234	4,425	331	14,348	14,323
Attributable to:									
- equity holders of the parent		4,217	185		4,402	3,903	315	12,235	12,183
- minority interests		775	57		832	522	16	2,113	2,140
Earnings per share		4,992	242		5,234	4,425	331	14,348	14,323
- basic					11.2cts				30.9cts
- diluted					11.2cts				30.9cts

Consolidated statement of total recognised income and expenses

		2006	2005	2005
		6 months	6 months	Year
		to 30 June	to 30 June	to 31 Dec
		(unaudited)	(unaudited)	(audited)
	Notes	\$'000	\$'000	\$'000
Profit for the period		5,234	4,756	14,323
Unrealised (deficit)/surplus on revaluation of the estates	8	(5,075)	4,443	3,112
Deferred tax on revaluation	8	427	(1,205)	(176)
Profit/(loss) on exchange translation	8	7,087	(4,023)	(5,703)
<hr/>				
Total recognised income and expense for the period		7,673	3,971	11,556
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Attributable to:				
- equity holders of the parent		6,450	3,845	9,736
- minority interest		1,223	126	1,820
		7,673	3,971	11,556
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Consolidated balance sheet

		2006 30 June (unaudited) \$'000	2005 30 June (unaudited) \$'000	2005 31 Dec (audited) \$'000
	Notes			
Non-current assets				
Biological assets	2	28,542	24,485	26,975
Property, plant and equipment		108,001	106,885	102,543
Receivables		1,071	-	1,071
		137,614	131,370	130,589
Current assets				
Inventories		2,504	2,334	2,499
Investments		-	397	259
Trade and other receivables		3,802	2,639	3,109
Cash and cash equivalents		7,010	9,333	11,194
		13,316	14,703	17,061
Current liabilities				
Bank loans and other financial liabilities		(2,361)	(3,847)	(2,103)
Trade and other payables		(4,966)	(4,594)	(3,487)
Tax liabilities		(2,118)	-	(2,594)
		(9,445)	(8,441)	(8,184)
Net current assets		3,871	6,262	8,877
Non-current liabilities				
Bank loans and other financial liabilities		(3,077)	(4,713)	(3,940)
Deferred tax liabilities		(16,730)	(18,456)	(16,941)
Retirement benefit net liabilities		(610)	(936)	(602)
Net assets		121,068	113,527	117,983
Equity				
Share capital		15,484	15,481	15,481
Treasury shares		(1,387)	(1,387)	(1,387)
Share premium reserve	8	23,869	23,868	23,868
Share capital redemption reserve	8	1,087	1,087	1,087
Revaluation and exchange reserves	8	(7,073)	(7,255)	(9,121)
Retained earnings	8	68,378	62,937	67,536
Equity attributable to equity holders of the parent				
		100,358	94,731	97,464
Minority interests		20,710	18,796	20,519
Total equity		121,068	113,527	117,983

Consolidated cash flow statement

	2006	2005	2005
	6 months	6 months	Year
	to 30 June	to 30 June	to 31 Dec
	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000
Operating profit	8,843	7,728	22,166
Adjustments for:			
Biological asset adjustment	(345)	(473)	35
Profit on disposal of fixed and current asset investments	(25)	7	(77)
Depreciation	1,711	1,926	3,243
Share based remuneration expense	14	-	14
Retirement benefit provisions	4	-	(491)
Foreign exchange	179	(254)	(994)
Operating cash flow before changes in working capital	10,381	8,934	23,896
(Increase) in inventories	(5)	(798)	(964)
(Increase)/decrease in trade and other receivables	(29)	177	(258)
Increase in trade and other payables	1,469	218	542
Cash flow from operations	11,816	8,531	23,216
Interest paid	(229)	(332)	(600)
Overseas tax paid	(4,432)	(6,587)	(9,809)
Net cash flow from operations	7,155	1,612	12,807
Investing activities			
Property, plant and equipment			
- purchase	(6,766)	(4,073)	(7,596)
- sale	105	68	116
Interest received	244	149	302
Net cash used in investing activities	(6,417)	(3,856)	(7,178)

Consolidated cash flow statement (continued)

	2006	2005	2005
	6 months	6 months	Year
	to 30 June	to 30 June	to 31 Dec
	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000
Financing activities			
Dividends paid by parent company	(3,560)	-	(3,158)
Share options exercised	4	100	100
Repayment of existing long term loans	(819)	(2,585)	(5,531)
Finance lease drawdown/(repayment)	(31)	(35)	74
Dividends paid to minority shareholders	(1,032)	(2,028)	(2,587)
Repayment by minority shareholders	-	693	693
Subscriptions to subsidiary share capital by minority shareholders	-	453	448
Receipt from sale of portfolio investments	271	-	227
Net cash used in financing activities	(5,167)	(3,402)	(9,734)
Decrease in cash and cash equivalents	(4,429)	(5,646)	(4,105)
Cash and cash equivalents less overdrafts			
At beginning of period	10,805	14,910	14,910
At end of period	6,376	9,264	10,805

Analysis of net cash/(debt)

	2006	2005	2005
	30 June	30 June	31 Dec
	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000
Cash at end of period	7,010	9,333	11,194
Overdraft at end of period	(634)	(69)	(389)
	6,376	9,264	10,805
Borrowings due within one year	(1,687)	(3,761)	(1,675)
Borrowings due after one year	(3,020)	(4,713)	(3,852)
Finance leases	(97)	(18)	(127)
	1,572	772	5,151

Notes to the interim statements

1. Basis of preparation of interim financial statements

The financial information in this statement does not constitute full statutory accounts within the meaning of Section 240 of the Companies Act 1985. Full statutory accounts for the year ended 31 December 2005 incorporating an unqualified auditors' report have been delivered to the Registrar of Companies.

The interim statements for the six months ended 30 June 2006 and 30 June 2005 are unaudited. Those for the six months ended 30 June 2006 were approved by the board on 1 September 2006. The statements are prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the EU, which the group expects to be applicable as at 31 December 2006, and with those parts of the Companies Act 1985 applicable to companies preparing accounts under IFRS. IFRS are subject to amendment and interpretation by the IASB and there is an ongoing process of review and endorsement by the European Commission. The comparative figures for the year ended 31 December 2005 are an extract from the audited financial statements for the year.

2. Biological assets

Group fixed assets are valued in total on the same "value in use" basis as in the annual financial statements. Within this total, the value of biological assets has been estimated separately and, as required by IAS41, the movement in valuation surplus of biological assets has been charged or credited (BA adjustment) to the income statement for the relevant period.

3. Foreign exchange

	2006 6 months to 30 June (unaudited)	2005 6 months to 30 June (unaudited)	2005 Year to 31 Dec (audited)
Average exchange rates			
Rp : \$	9,166	9,444	9,751
\$: £	1.80	1.87	1.81
RM : \$	3.68	3.80	3.79
Closing exchange rates			
Rp : \$	9,300	9,713	9,830
\$: £	1.85	1.79	1.72
RM : \$	3.67	3.80	3.78

4. Finance costs

	2006 6 months to 30 June (unaudited) \$'000	2005 6 months to 30 June (unaudited) \$'000	2005 Year to 31 Dec (audited) \$'000
Payable	229	332	600
Capitalised	(38)	(60)	(102)
	191	272	498

Notes to the interim statements (continued)

5. Tax

	2006	2005	2005
	6 months	6 months	Year
	to 30 June	to 30 June	to 31 Dec
	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000
Foreign corporation tax	2,783	2,559	6,509
Foreign withholding tax	509	519	539
Deferred tax adjustment	145	(194)	49
	3,437	2,884	7,097

6. Dividend

The final and only dividend in respect of 2005, amounting to 8.80cts per share, or \$3,560,000 was paid on 28 June 2006. (2004: 8.00cts per share, or \$3,158,000, paid on 6 July 2005).

7. Earnings per share

	2006	2005	2005
	6 months	6 months	Year
	to 30 June	to 30 June	to 31 Dec
	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000
Earnings before BA adjustment	4,217	3,903	12,235
Net BA adjustment	185	315	(52)
Earnings	4,402	4,218	12,183
	Number	Number	Number
	'000	'000	'000
Weighted average number of shares in issue in period			
- used in basic EPS	39,467	39,359	39,411
- dilutive effect of outstanding share options	60	45	50
- used in diluted EPS	39,527	39,404	39,461
Shares in issue at period end excluding 468,000 shares held in treasury	39,468	39,460	39,411
Basic earnings per share before BA adjustment	10.7 cts	9.9 cts	31.0 cts
Basic earnings per share	11.2 cts	10.7 cts	30.9 cts

There is no significant difference between basic and diluted earnings per share.

Notes to the interim statements (continued)

8. Reserves and minority interests

	Attributable to equity holders of the parent							
	Share capital	Treasury shares	Share premium	Share redemption reserve	Revaluation Reserve	Foreign exchange reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 December 2004	15,424	(1,387)	23,825	1,087	68,919	(75,593)	58,511	110,062
Direct changes in equity for 2005								
Unrealised surplus on revaluation of estates	-	-	-	-	2,329	-	-	3,112
Deferred tax on revaluation	-	-	-	-	(88)	-	-	(176)
(Loss) on exchange translation	-	-	-	-	-	(4,688)	-	(5,703)
Net income recognised directly in equity	-	-	-	-	2,241	(4,688)	-	(2,767)
Profit for year	-	-	-	-	-	-	12,183	14,323
Total recognised income and expense for the year	-	-	-	-	2,241	(4,688)	12,183	11,556
Dividends paid	-	-	-	-	-	-	(3,158)	(4,183)
Share capital subscription	57	-	43	-	-	-	-	548
Balance at 31 December 2005	15,481	(1,387)	23,868	1,087	71,160	(80,281)	67,536	117,983
Direct changes in equity for six months to 30 June 2006								
Unrealised (deficit) on revaluation of estates	-	-	-	-	(4,112)	-	-	(963)
Deferred tax on revaluation	-	-	-	-	315	-	-	427
Profit on exchange translation	-	-	-	-	-	5,845	-	7,087
Net income recognised directly in equity	-	-	-	-	(3,797)	5,845	-	2,439
Profit for period	-	-	-	-	-	-	4,402	5,234
Total recognised income and expense for the period	-	-	-	-	(3,797)	5,845	4,402	7,673
Dividends paid	-	-	-	-	-	-	(3,560)	(4,592)
Share capital subscription	3	-	1	-	-	-	-	4
Balance at 30 June 2006	15,484	(1,387)	23,869	1,087	67,363	(74,436)	68,378	121,068

Notes to the interim statements (continued)

8. Reserves and minority interests (continued)

	Attributable to equity holders of the parent							
	Share capital				Foreign exchange reserve			
	Share capital \$'000	Treasury shares \$'000	Share premium \$'000	Share redemption reserve \$'000	Revaluation Reserve \$'000	Retained earnings \$'000	Total \$'000	Minority interests \$'000
Balance at 31 December 2004	15,424	(1,387)	23,825	1,087	68,919	(75,593)	90,786	19,276
Direct changes in equity for six months to 30 June 2005								
Unrealised surplus on revaluation of estates	-	-	-	-	3,879	-	3,879	564
Deferred tax on revaluation	-	-	-	-	(1,039)	-	(1,039)	(166)
(Loss)/profit on exchange translation	-	-	-	-	-	(3,421)	208	(810)
Net income recognised directly in equity	-	-	-	-	2,840	(3,421)	208	(412)
Profit for period	-	-	-	-	-	-	4,218	538
Total recognised income and expense for the period	-	-	-	-	2,840	(3,421)	4,426	126
Dividends paid	-	-	-	-	-	-	-	(1,059)
Share capital subscription	57	-	43	-	-	-	100	453
Balance at 30 June 2005	15,481	(1,387)	23,868	1,087	71,759	(79,014)	94,731	18,796
								113,527