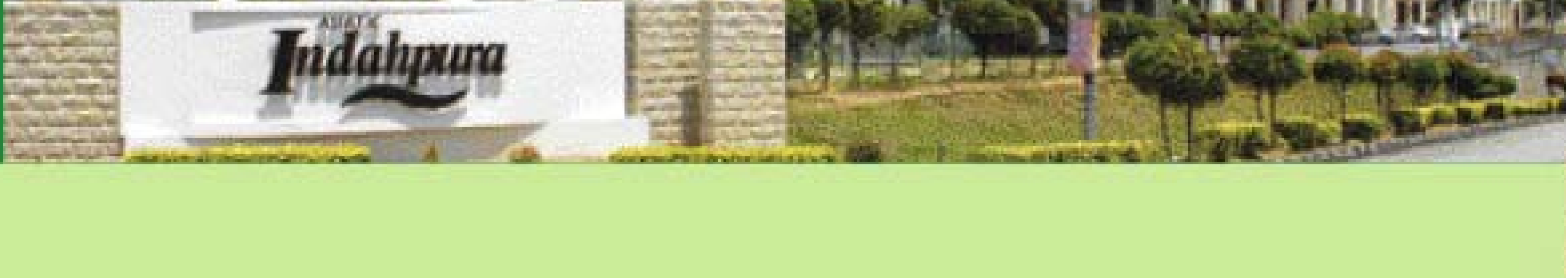
ASIATIC DEVELOPMENT BERHAD
(34993-X)

annual report 2004



ASIATIC DEVELOPMENT BERHAD

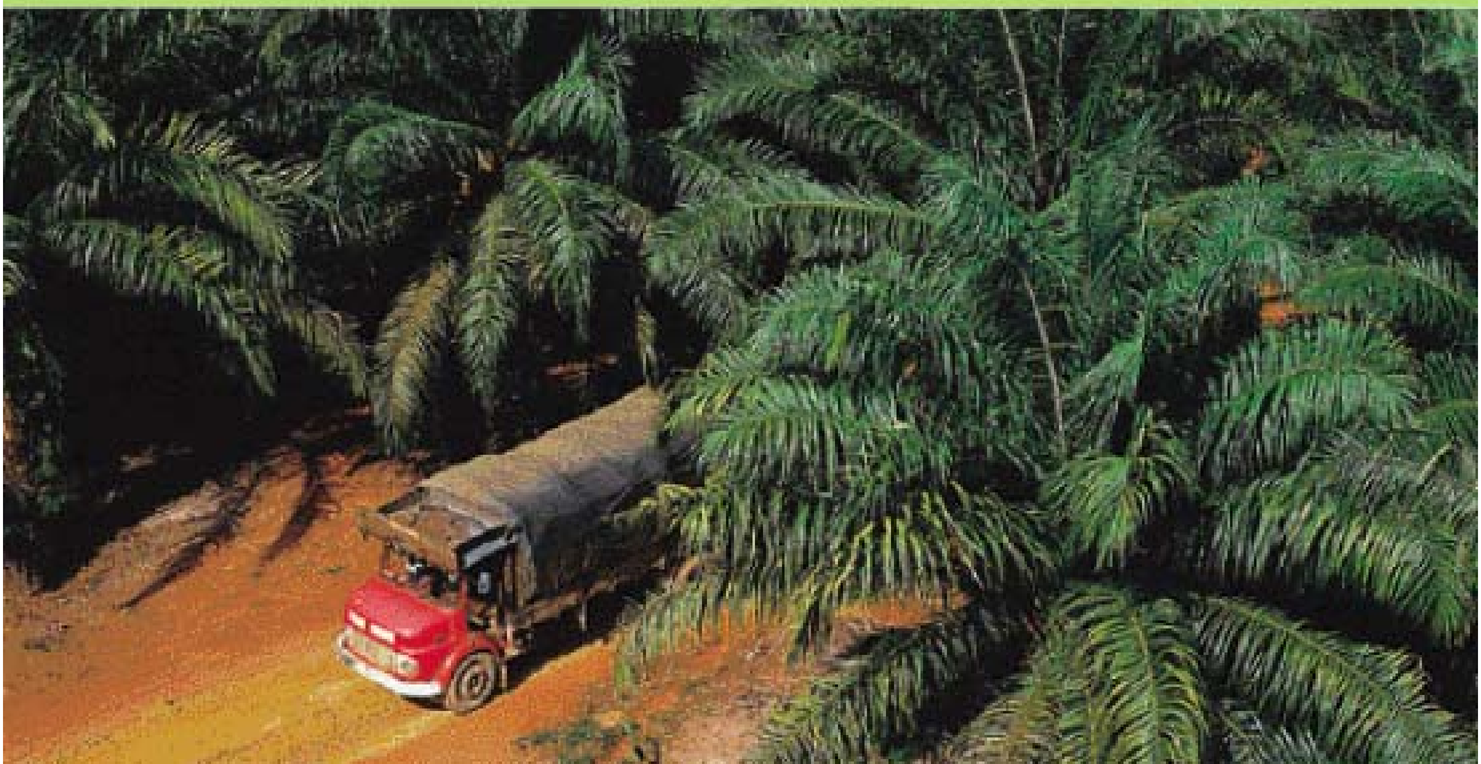
www.asiatic.com.my

Our Vision

We Strive:

> To become a leader in the plantation industry.
>
> To embark aggressively onto value-added downstream manufacturing activities which are synergistic to our core business.
>
> To enhance return on the company land bank through property development activities.
>
> To adopt a market-driven and customer-oriented approach, with emphasis on product quality and diversity.
>
> To strengthen our competitive position by adopting new technologies and innovations.

As people are the key to achieving the company's vision, we are committed to develop our employees and create a highly motivating and rewarding environment for them.

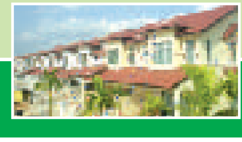


LOCATION OF GROUP PROPERTIES

● Plantation

■ Oil Mill

▲ Property



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of the Company will be held at 26th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 27 June 2005 at 3.00 p.m.

BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2004 and the Directors' and Auditors' Reports thereon. **(Resolution 1)**

2. To sanction the declaration of a final dividend. **(Resolution 2)**

3. To approve Directors' fees of RM180,000 for the financial year ended 31 December 2004 (2003 : RM180,000). **(Resolution 3)**

4. To re-elect Directors pursuant to Article 99 of the Articles of Association of the Company:
   i. Dato' Baharuddin bin Musa **(Resolution 4)**
   ii. Lt. Gen. (B) Dato'Abdul Ghani bin Abdullah **(Resolution 5)**

5. To consider and, if thought fit, pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:

   "That _______________, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting."

   in respect of:
   i. Tan Sri Mohd Amin bin Osman **(Resolution 6)**
   ii. Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad **(Resolution 7)**

6. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:

Ordinary Resolutions

7. **Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965** **(Resolution 9)**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) per centum of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. **Proposed renewal of the authority for the purchase of own shares** **(Resolution 10)**

   "THAT, subject to compliance with the Companies Act, 1965, the Articles of Association of the Company, regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("Bursa Malaysia") or any other regulatory authorities, approval be and is hereby given to the Company to utilise an amount not exceeding the total retained profits and share premium of the Company to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time on Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed 74,268,300 ordinary shares of RM0.50 each representing ten (10) per centum of the issued and paid-up share capital of the Company as at 29 April 2005. Based on the audited financial statements for the financial year ended 31 December 2004, the Company's retained profits and share premium accounts were RM781.3 million and RM26.2 million respectively;

AND THAT such authority shall commence upon the passing of this resolution and shall remain in force until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or cancel them and/or resell the treasury shares or to distribute them as share dividend and/or subsequently cancel them;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary (including the appointment of up to two (2) Participating Organisations as defined in the Bursa Malaysia Listing Requirements and the opening and maintaining of Central Depository Accounts designated as Share Buy-Back Accounts) and to enter into any agreements and arrangements with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

9. To transact any other business of which due notice shall have been given.

By Order of the Board
TAN WOOI MENG
Secretary

Kuala Lumpur
31 May 2005

NOTES

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. A proxy need not be a member of the Company but in accordance with Section 149 of the Companies Act, 1965, a member shall not be entitled to appoint a person who is not a member of the Company as his proxy unless that person is an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(1) Ordinary Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares in the Company up to and not exceeding in total ten (10) per centum of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(2) Ordinary Resolution 10, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten (10) per centum of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained profits and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy-Back are set out in the Share Buy-Back Statement of the Company dated 31 May 2005 which is despatched together with the Company's 2004 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

pursuant to paragraph 8.28(2) of the listing requirements of Bursa Malaysia Securities Berhad

1. The following are the Directors standing for re-election at the Twenty-Seventh Annual General Meeting of the Company to be held at 26th Floor Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 27 June 2005 at 3.00 p.m.:

   (a) Pursuant to Article 99 of the Articles of Association of the Company

      (i) Dato' Baharuddin bin Musa
      (ii) Lt. Gen. (B) Dato'Abdul Ghani bin Abdullah

   (b) Pursuant to Section 129 of the Companies Act, 1965

      (i) Tan Sri Mohd Amin bin Osman
      (ii) Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad

2. Number of Board Meetings held during the financial year ended 31 December 2004: **4**

3. Attendance of Directors at Board Meetings held during the financial year ended 31 December 2004 are set out on page 25 of this Annual Report.

4. Further details on the Directors standing for re-election at the Twenty-Seventh Annual General Meeting are set out in pages 7 and 8 of this Annual Report.

CORPORATE DIARY

2004

17 February
Announcement of the following proposed acquisitions:
(i) The entire issued and fully paid-up share capital of:
- Trushidup Plantations Sdn Bhd;
- Wawasan Land Progress Sdn Bhd; and
- Dianti Plantations Sdn Bhd

by Sabah Development Company Sdn Bhd ("SDC") (now known as Asiatic SDC Sdn Bhd), a wholly-owned subsidiary of the Company, from several individuals.

(ii) The entire issued and fully paid-up share capital of:
- Cengkeh Emas Sdn Bhd; and
- Kituva Plantations Sdn Bhd

by SDC from Syarikat Trushidup Sdn Bhd ("STSB") and several individuals.

(iii) Approximately 1,749 acres of plantation land together with a palm oil mill and other plantation assets located in the District of Kinabatangan, Sabah by SDC from STSB.

(iv) Other plantation assets by SDC from Trushidup Resources Sdn Bhd.

(v) Approximately 5,110 acres of plantation land located in the District of Kinabatangan, Sabah by Asiaticom Sdn Bhd, a 70% owned subsidiary of the Company, from STSB.

(collectively known as the "Trushidup Acquisitions")

26 February
Announcement of the Consolidated Results of the Group for the fourth quarter and the Audited Results for the financial year ended 31 December 2003.

20 April
Announcement of the Entitlement Date for the Proposed Final Dividend in respect of the financial year ended 31 December 2003 and the Twenty-Sixth Annual General Meeting.

Announcement of the proposed renewal of authority for the purchase of own shares ("Proposed Share Buy-Back").

25 May
Announcement of the Consolidated Unaudited Results of the Group for the first quarter ended 31 March 2004.

28 May
Announcement of the completion of the Trushidup Acquisitions.

31 May
Notice to shareholders of the Twenty-Sixth Annual General Meeting.

22 June
Twenty-Sixth Annual General Meeting.

25 August
Announcement of the Consolidated Unaudited Results of the Group for the second quarter ended 30 June 2004.

Announcement of the Entitlement Date for the Interim Dividend in respect of the half year ended 30 June 2004.

30 November
Announcement of the Consolidated Unaudited Results of the Group for the third quarter ended 30 September 2004.

2005

25 February
Announcement of the Consolidated Results of the Group for the fourth quarter and the Audited Results for the financial year ended 31 December 2004.

12 April
Announcement of the Entitlement Date for Proposed Final Dividend in respect of the financial year ended 31 December 2004 and the Twenty-Seventh Annual General Meeting.

Announcement of the proposed renewal of authority for the Proposed Share Buy-Back.

27 May
Announcement of the Consolidated Unaudited Results of the Group for the first quarter ended 31 March 2005.

DIVIDENDS

	Announcement	Entitlement Date	Payment
2003 Final - 2.75 sen less tax	26 February 2004	29 June 2004	19 July 2004
2004 Interim - 2.0 sen less tax	25 August 2004	28 September 2004	19 October 2004
2004 Proposed Final - 3.5 sen less tax	25 February 2005	1 July 2005	21 July 2005*

** Upon approval of shareholders at the Twenty-Seventh Annual General Meeting*

CORPORATE INFORMATION

Tan Sri Lim Goh Tong
Founder

BOARD OF DIRECTORS

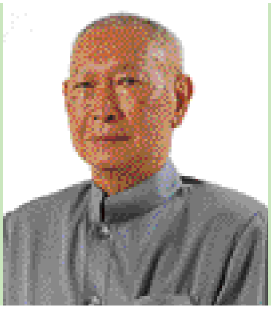
Tan Sri Mohd Amin bin Osman
Chairman

Dato'Baharuddin bin Musa
Joint Chief Executive

Tan Sri Lim Kok Thay
Joint Chief Executive

Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad
Independent Non-Executive Director

Encik Mohd Din Jusoh
Independent Non-Executive Director



Dato'Siew Nim Chee
Independent Non-Executive Director

Lt. Gen. (B) Dato'Abdul Ghani bin Abdullah
Non-Independent Non-Executive Director

Mr Quah Chek Tin
Non-Independent Non-Executive Director

PRINCIPAL EXECUTIVE OFFICERS

DIRECTORATE

Tan Sri Mohd Amin bin Osman
Chairman

Dato' Baharuddin bin Musa
Joint Chief Executive

Tan Sri Lim Kok Thay
Joint Chief Executive

PLANTATION

Mr Sze Kok Sing
Chief Operating Officer

Mr Khoo Lian Hong
Regional Operating Manager - West Malaysia

Encik Abdul Halim bin Abdul Majid
Regional Operating Manager - Sabah

Mr Choo Huan Boon
Senior Manager - Processing

Mr Clifford Che Keng Soon
Senior Manager - Marketing (Palm Products)

PROPERTY

Mr Phang Kong Wong
Chief Operating Officer

Encik Habibullah Khong
Senior Manager - Project

Encik Khaidzir bin Zainuddin
General Manager - ASIATIC Indahpura

Encik Mohd Sukairi bin Sohot
Operations Manager - ASIATIC Permaipura

Ms Tan Siew Foong
Marketing Manager - ASIATIC Indahpura

Mr Wong Pei Yan
Project Manager - ASIATIC Cheng Perdana

FINANCE

Mr Yong Chee Kong
Chief Financial Officer

AUDIT COMMITTEE

Dato' Siew Nim Chee
Chairman/Independent Non-Executive Director

Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad
Member/Independent Non-Executive Director

Encik Mohd Din Jusoh
Member/Independent Non-Executive Director

Dato' Baharuddin bin Musa
Member/Joint Chief Executive

Mr Quah Chek Tin
Member/Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad
Member/Independent Non-Executive Director

Dato' Siew Nim Chee
Member/Independent Non-Executive Director

Encik Mohd Din Jusoh
Member/Independent Non-Executive Director

REMUNERATION COMMITTEE

Dato' Siew Nim Chee
Chairman/Independent Non-Executive Director

Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad
Member/Independent Non-Executive Director

Encik Mohd Din Jusoh
Member/Independent Non-Executive Director

Dato' Baharuddin bin Musa
Member/Joint Chief Executive

SECRETARY

Mr Tan Wooi Meng

ASIATIC DEVELOPMENT BERHAD

A public limited liability company
Incorporated and domiciled in Malaysia
Company no. 34993-X

REGISTERED OFFICE

24th Floor, Wisma Genting,
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel : (03) 2178-2288/2333-2288
Fax : (03) 2161-5304
Email : info@asiatic.com.my

REGISTRARS

Genting Management and Consultancy Services Sdn Bhd
23rd Floor, Wisma Genting,
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel : (03) 2178-2266/2333-2266
Fax : (03) 2161-5304

CORPORATE HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

10th Floor, Wisma Genting,
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel : (03) 2178-2255/2333-2255
Fax : (03) 2161-6149

ASIATIC REGIONAL OFFICE, SABAH

Wisma Asiatic,
KM 12, Labuk Road,
90000 Sandakan, Sabah
Tel : (089) 673-811/672-787
Fax : (089) 673-976

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
(30 August 1982)

AUDITORS

PricewaterhouseCoopers
(Chartered Accountants)

INTERNET HOMEPAGE

http://www.asiatic.com.my

DIRECTORS' PROFILE

Tan Sri Mohd Amin bin Osman (Malaysian, aged 77), appointed on 27 June 1992, is the Chairman. He has had a distinguished career spanning a period of over 36 years with the Royal Malaysian Police Force. He joined the police force as an Inspector and retired as the Acting Inspector General of Police, Malaysia. In between, he had served as Deputy Commissioner of Police, Sabah; Brigade Commander, Police Field Force, East Malaysia; Chief of City Police, Kuala Lumpur; and Director of Special Branch, Malaysia. He has won various awards including the Panglima Setia Mahkota and Sri Indera Mahkota Pahang. He is the Executive Director of Genting Berhad and also sits on the Board of Shangri-La Hotels (Malaysia) Berhad.

Tan Sri Mohd Amin holds 164,000 ordinary shares and has a share option to subscribe for 825,000 ordinary shares in the Company whose shares are listed under the Plantation Sector on Bursa Malaysia Securities Berhad.

Dato'Baharuddin bin Musa (Malaysian, aged 68), appointed on 8 November 1985, is the Joint Chief Executive and Director. He holds a Bachelor of Arts (Honours) Degree from the University of Malaya and a Masters Degree in Public Administration from Pittsburgh University. He is also a Parvin Fellow of Princeton University. He served the Malaysian Government in the Malaysian Administrative and Diplomatic Service for 20 years in various positions, including inter alia, Assistant State Secretary in the States of Pahang and Malacca and the first Director of Culture and then the Deputy Secretary General of the Ministry of Culture, Youth and Sports and the first Deputy Chairman and Director General of Tourist Development Corporation Malaysia. He was also seconded to the University of Malaya as Chairman of the Division of Public Administration in the Faculty of Economics and Administration where apart from lecturing on Government and Administration also started the course for Diploma in Public Administration. His last posting whilst in the Government Service was as Deputy Secretary General, Ministry of Defence. He also sits on the Board of some of the companies within the Genting Group, Tradewinds Corporation Berhad (formerly known as Pernas International Holdings Berhad) and a number of other private limited companies.

Dato' Baharuddin holds 613,000 ordinary shares and has a share option to subscribe for 825,000 ordinary shares in the Company.

Tan Sri Lim Kok Thay (Malaysian, aged 53), appointed on 29 September 1977, is the Joint Chief Executive and Director. He holds a Bachelor of Science Degree in Civil Engineering from the University of London. He is also the Chairman, President and Chief Executive of Genting Berhad and Resorts World Bhd; and the Chairman of Genting International PLC. He is the Chairman, President and Chief Executive Officer of Star Cruises Limited, a company listed on The Stock Exchange of Hong Kong Limited. In addition, he sits on the boards of other Malaysian and foreign companies. He joined the Genting Group in 1976 and has since served in various positions within the Group. He also sits on the Board of trustees of several charitable organisations in Malaysia.

Tan Sri Lim holds 144,000 ordinary shares and has a share option to subscribe for 825,000 ordinary shares in the Company.

Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad (Malaysian, aged 76), appointed on 12 June 1980, is an Independent Non-Executive Director. Dato' Jamil received his early training at the Royal Military Academy, Sandhurst, and did further training courses at Staff College Queenscliffe, Joint Services Staff College Latimer and the Royal College of Defence Studies, London. He served in the Malaysian Armed Forces for 33 years and retired from military service in January 1984 as Army Corps Commander.

Dato' Jamil retired as the Deputy Chairman of Kontena Nasional Berhad ("KN") on 9 February 2004 but remains as a member of the Board. He was also formerly the Chief Executive of KN and served in the said position from 1984 to 1989. He is also a Board member of the Institute of Strategic and International Studies, Malaysia; Chemsain Konsultant Sdn Bhd and director of certain subsidiaries of KN.

Dato' Jamil holds 10,000 ordinary shares in the Company.

Dato'Siew Nim Chee (Malaysian, aged 79), appointed on 12 June 1980, is an Independent Non-Executive Director. Dato' Siew is also a director of Resorts World Bhd. He holds a Bachelor of Arts Degree and a Bachelor of Arts (Honours) Degree in Economics from the University of Malaya. Dato' Siew went on to obtain a Masters of Science Degree in Industrial Labour Relations from Cornell University in 1953. He was an adviser and consultant to Genting Berhad from 1977 to 1985 and continues to be active in the corporate sector. He also sits on the Boards of Ancom Berhad, Johan Holdings Berhad, UAC Berhad, Malaysia Smelting Corporation Berhad and Malaysian Oxygen Berhad.

Dato' Siew holds 10,000 ordinary shares in the Company.

Encik Mohd Din Jusoh (Malaysian, aged 61), appointed on 12 June 1980, is an Independent Non-Executive Director. He is a member of the Institute of Chartered Secretaries and Administrators (UK) and had attended a number of senior management courses abroad. He is also the Chairman and/or director of a number of private companies as well as a public company, Asiatic Golf Course (Sg. Petani) Bhd.

Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah (Malaysian, aged 64), appointed on 14 February 1996, is a Non-Independent Non-Executive Director. Dato' Abdul Ghani has had a distinguished career with the Malaysian Armed Forces for 36 years. He was Field Army Commander before his retirement as a three star general. Prior to that, Dato'Abdul Ghani served in Kuching, Sarawak as Commander of the First Division for East Malaysia and earlier between 1990 and 1993 commanded the Armed Forces' Strategic Division with the rank of Major General. His long army career also saw Dato' Abdul Ghani doing planning and logistics at the Ministry of Defence and attending training programs at the US Army Intelligence School, Defence Services Staff College in India, the Joint Services Staff College in Canberra and the National Defence College in Pakistan. Dato' Abdul Ghani holds a Masters of Science Degree in Defence and Strategic Studies. He is also a director of AFFIN-ACF Holdings Berhad.

Mr Quah Chek Tin (Malaysian, aged 53), appointed on 19 October 2001, is a Non-Independent Non-Executive Director. He is also the Executive Director of Genting Berhad and the Executive Director and Chief Operating Officer of Resorts World Bhd . He holds a Bachelor of Science (Honours) Degree in Economics from the London School of Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales. He also holds directorships in other companies within the Genting Group which include three public companies namely, Genting Golf Course Bhd, Genting Highlands Berhad and Awana Vacation Resorts Development Berhad.

Attendance at Board Meetings

The details of Directors' attendances at Board Meetings are set out on page 25 of the Corporate Governance statement in this Annual Report.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("Group") for the year ended 31 December 2004.

PERFORMANCE REVIEW

The Malaysian economy grew over 7.0% in 2004, the highest since 2000, underpinned by the exceptionally strong export performance and sustained domestic demand. Although the growth momentum moderated in the second half, the overall business environment for the year under review was generally characterised by favourable commodity prices and positive market outlook.

Under these propitious operating conditions together with the unwavering commitment from our people, the Group forged ahead to achieve a new record level of operating revenue breaching the "half a billion" mark at RM514.7 million. Riding on the back of higher operating revenue, the Group, maintaining its incremental trend over the last 4 consecutive years, registered a consolidated pre-tax profit of RM226.6 million.

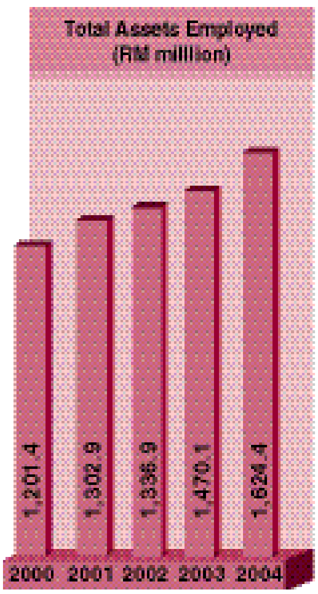
The Plantation business was again a success story with an all-time high profit contribution of RM210.2 million driven largely by the higher average palm products prices resulting from supply side constraints and increased crop harvest contributed mainly by recent acquisitions. More importantly, the impressive profit growth of 25% was attained despite escalating fertiliser costs and freight charges - a testimony to our untiring effort in enhancing operating efficiency and productivity.

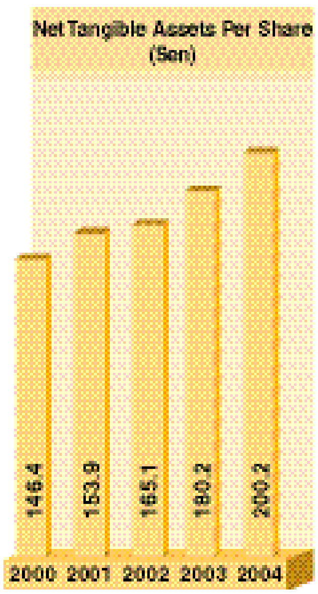
Likewise, benefiting from an improving economy which boosted market sentiment and consumer confidence, the Property Division enjoyed better take up rate and contributed total progressive revenue of RM47.5 million, a substantial increase of 69% over that of the preceding year. Property sales were particularly robust prior to the expiry of the "Home Ownership for the People" stimulus plan in May 2004 when house buyers took advantage of the incentives.

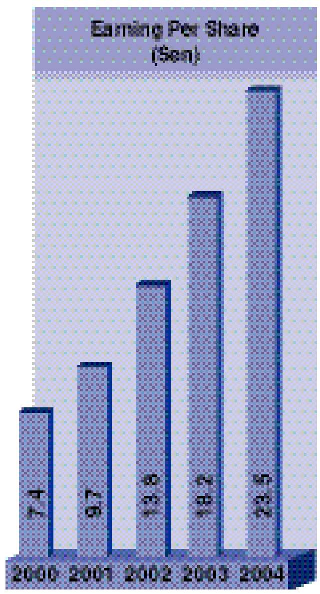
CORPORATE DEVELOPMENT

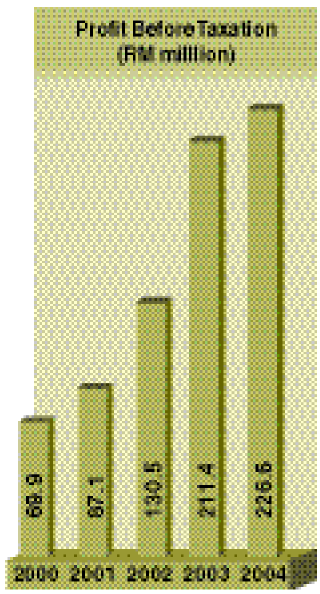
Besides chalking up commendable corporate earnings, the Group had also been busy expanding its plantation interest as well as exploring new frontiers to provide continual impetus for sustainable growth in the years ahead.

During the course of the year, the Group completed acquisitions of some 6,755 hectares of oil palm estates and a 60 tonnes per hour palm oil mill in Sabah for a total consideration of RM211.5 million. With its 86% prime yielding areas, the newly acquired estates had played a role in the good showing of plantation earnings for the year under review. The acquisitions will also bring the Group's total land bank to 66,016 hectares, an increase of 4% as compared to last financial year.









FINANCIAL HIGHLIGHTS

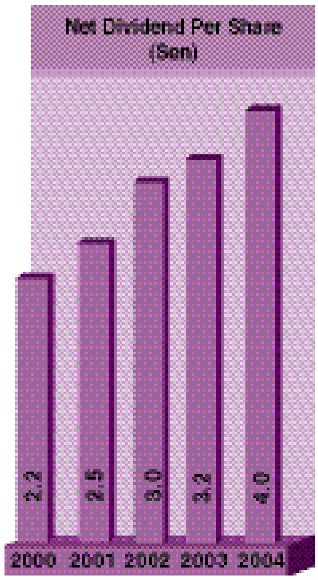
Year Ended 31 December	2004 RM'000	2003 RM'000	Change %
Operating revenue	**514,667**	490,818	+5
Profit before taxation	**226,624**	211,441	+7
Profit after taxation	**177,171**	149,453	+19
Profit attributable to shareholders	**174,571**	135,250	+29
Shareholders' equity	**1,486,546**	1,336,649	+11
Total assets employed	**1,624,408**	1,470,127	+10
Earnings per share (sen)	**23.5**	18.2	+29
Net dividend per share (sen)	**4.0**	3.2	+25
Dividend cover (times)	**5.9**	5.6	+5
Net tangible assets per share (sen)	**200.2**	180.2	+11
Return (after tax and minority interests) on average shareholders' equity (%)	**12.4**	10.6	+17

DIVIDENDS

Our expansion programme in recent years had been very successful with an increase of 61% in the Group's land bank over the last 5 years from 41,001 hectares in 2000 to 66,016 hectares in 2004. For this purpose, the Group ploughed back a total of RM 500.5 million. These new acquisitions had since contributed considerably towards the Group's bottom line. It is most gratifying to note that the exponential growth was achieved largely with internally generated fund. Even more so, the Group continued with its increasing trend of dividend payment over the last few years despite the hefty funding requirements.

The Group will endeavour to reward the shareholders with commensurable level of dividend payouts but it will be mindful of the need to retain sufficient reserves in the pursuit of our aggressive growth strategies.

After taking into consideration the above objectives, the Board of Directors, having noted the creditable results achieved by the Group this year, has recommended a final dividend of 3.50 sen less 28% income tax per ordinary share of 50 sen each for the year ended 31 December 2004. If approved by shareholders at the forthcoming Twenty-Seventh Annual General Meeting, the total dividend for the year inclusive of the interim dividend of 2.00 sen less 28% income tax per ordinary share of 50 sen each paid on 19 October 2004 will amount to a total distribution of RM29.4 million, the highest since the inception of the Group and some 25% higher than 2003's RM24.0 million.



FUTURE PROSPECTS

Whilst the crude palm oil prices were at comfortable level for most part of the year, its erratic fluctuation from a high of exceeding RM2,000 per tonne to a low of RM1,400 per tonne has once again demonstrated the near impossible task of predicting the performance of palm oil business, particularly in the medium term of 6 to 12 months. Nevertheless, with its superior nutritional value and production cost efficiency and the viability of crude palm oil ("CPO") conversion to biodiesel underpinned by environmental benefits and high price of fossil oil, the Group remains upbeat of the long term potential of palm oil and that it would continue to generate creditable returns to the shareholders.

Palm oil prices had softened during the first few months of current financial year given the high carry-over inventory plus the anticipated surge in global supply of edible oils. Nonetheless, its downward trend has since tapered off with good support at current level in view of strong demand from China; the substitution effect in favour of palm oil arising from trans-fatty acid issue; and higher import to Europe with the growing use of biodiesel drawn from rapeseed and CPO supply. However, a price reversal at this juncture is quite uncertain and would take place if the supply of edible oils is severely affected by inclement weather or the rust fungus in the United States and South America. On balance, our plantation business would be hard pressed to repeat the profit growth experienced last financial year. However, we would continue to be profitable due to continual high production and the synergistic benefits from economy of scale.

The property demand, a mirror image of the domestic economy, has picked up notably. However, the benign economic conditions have generated much interest amongst developers leading to considerable supply of residential properties. Competition is set to intensify and margin is likely to be further eroded. It is more so for the Group's projects which are located at secondary sites at Johor, Melaka and Kedah where stock overhang still persisted. Despite such adversity, the Group prides itself of developing quality "value for money" homes in a timely manner and is confident that the sales launches planned for the current financial year will enjoy good response.

Overall, barring any unforeseen circumstances, we are cautiously optimistic that the operating performance of the Group for the current financial year will be satisfactory.

DIRECTORATE

Dato' Siew Nim Chee has, on 18 May 2005, indicated his desire in not seeking to be re-appointed as a Director at the forthcoming AGM. On behalf of the Board, I wish to convey my heartfelt thanks to Dato' Siew for his dedicated service on the Board and its Committees during his tenure of almost 25 years. We wish him the best in his future endeavours.

APPRECIATION

On behalf of the Board, I wish to thank our shareholders for their continued faith in us. To our valued customers and associates, our utmost appreciation for their support and trust. I would also like to extend our gratitude to the relevant government authorities for their assistance and not least, to our employees for their hard work and personal sacrifices. Lastly, my personal thanks to my fellow colleagues on the Board for their invaluable advice and wise counsel.

TAN SRI MOHD AMIN BIN OSMAN
Chairman
20 May 2005

PENYATA PENGERUSI

Saya bagi pihak Lembaga Pengarah dengan sukacitanya membentangkan Laporan Tahunan serta Penyata Kewangan Syarikat dan anak-anak syarikat ("Kumpulan") untuk tahun berakhir 31 Disember 2004.

TINJAUAN PRESTASI

Pertumbuhan ekonomi Malaysia yang melebihi 7.0% dalam tahun 2004, adalah merupakan yang tertinggi semenjak tahun 2000, berlandaskan pencapaian ekspot yang besar serta permintaan dalam negeri yang terus kukuh. Walaupun kadar pertumbuhannya berada di tahap sederhana dalam pertengahan tahun kedua, namun secara keseluruhannya suasana perniagaan bagi tahun dalam kajian adalah dipengaruhi oleh harga komoditi yang menggalakkan serta tinjauan ekonomi yang positif.

Dengan suasana operasi yang baik serta sumbangan yang tidak berbelah bagi dari semua kakitangan, maka Kumpulan telah terus mara mencapai tahap rekod baru dalam perolehan operasinya yang melebihi "setengah billiun" iaitu sebanyak RM514.7 juta. Dengan bertambahnya perolehan operasi, maka keuntungan Kumpulan yang disatukan sebelum cukai terus meningkat selama 4 tahun berturut-turut ke satu angka baru sebanyak RM226.6 juta.

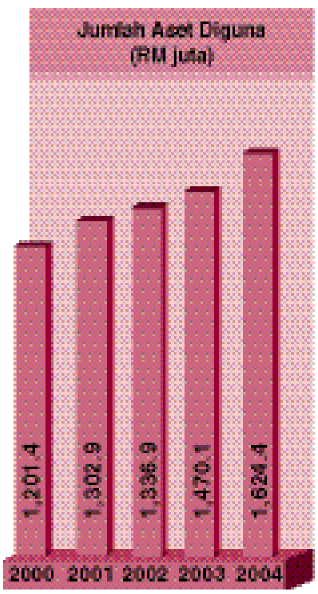
Perniagaan Perladangan telah mengulangi kejayaannya apabila memberi sumbangan keuntungan yang paling tinggi pernah dicapai iaitu sebanyak RM210.2 juta terutamanya disebabkan oleh harga dan purata keluaran minyak sawit yang lebih tinggi berikutan bekalan yang berkurangan serta peningkatan hasil tuaian yang disumbangkan oleh ladang-ladang yang baru diperolehi. Yang lebih bermakna adalah, pencapaian pertumbuhan keuntungan yang membanggakan sebanyak 25% tercapai mahu pun dalam keadaan kos baja serta caj pengangkutan meningkat - ini membuktikan kesungguhan dan kekesanan kita dalam usaha meningkatkan operasi dan produktiviti.

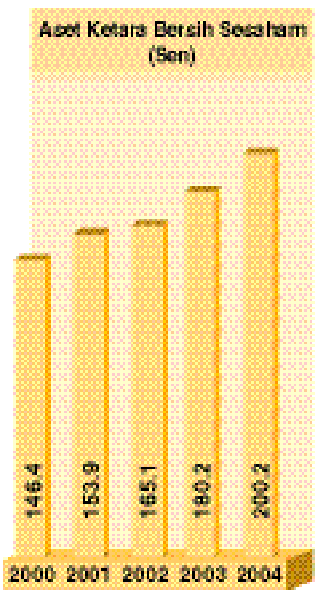
Begitu juga, manfaat dari keadaan ekonomi yang bertambah baik telah meningkatkan sentimen pasaran serta keyakinan konsumer dalam hartanah. Justeru, Bahagian Hartanah telah mencapai penjualan yang lebih baik dan telah menyumbangkan jumlah jualan sebanyak RM47.5 juta, satu penambahan yang besar iaitu sebanyak 69% dari tahun sebelumnya. Jualan hartanah adalah memuaskan terutamanya sebelum rancangan pelan penggalakan "Pemilikan Rumah Untuk Rakyat" tamat pada bulan Mei 2004 di waktu mana pembeli rumah mengambil peluang dari insentif ini.

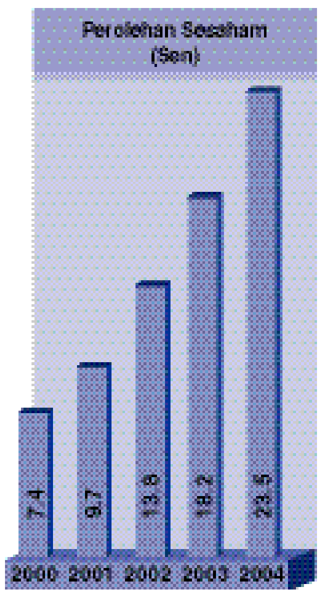
PEMBANGUNAN KORPORAT

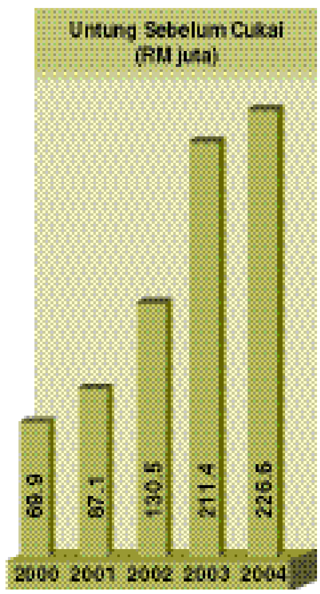
Di samping mencapai pendapatan korporat yang membanggakan, Kumpulan jua giat memperluaskan tanah ladangnya serta terus meneroka sempadan baru dalam usahanya untuk terus berkembang.

Juga dalam tahun ini, Kumpulan telah berjaya memperolehi ladang kelapa sawit seluas 6,755 hektar di Sabah sekali





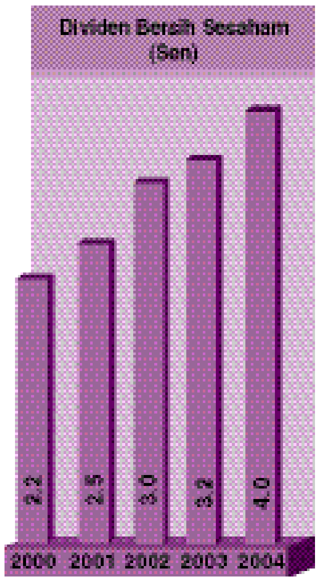




SOROTAN KEWANGAN

Tahun berakhir 31 December	2004 RM'000	2003 RM'000	Perbezaan %
Perolehan operasi	**514,667**	490,818	+5
Untung sebelum cukai	**226,624**	211,441	+7
Untung selepas cukai	**177,171**	149,453	+19
Untung bagi pemegang saham	**174,571**	135,250	+29
Ekuiti pemegang saham	**1,486,546**	1,336,649	+11
Jumlah aset diguna	**1,624,408**	1,470,127	+10
Perolehan sesaham (sen)	**23.5**	18.2	+29
Dividen bersih sesaham (sen)	**4.0**	3.2	+25
Liputan dividen (kali)	**5.9**	5.6	+5
Aset ketara bersih sesaham (sen)	**200.2**	180.2	+11
Pulangan (selepas cukai dan kepentingan minoriti) purata ekuiti pemegang saham (%)	**12.4**	10.6	+17

dengan sebuah kilang yang mempunyai kapasiti 60 tan sejam dengan harga berjumlah RM211.5 juta. Dengan keluasan 86% kawasan berpengeluaran tinggi yang terdapat di estet baru ini, maka ianya memainkan peranan penting dalam menyumbang keuntungan besar bagi Bahagian Perladangan tahun ini. Dengan estet baru ini, jumlah keluasan tanah bagi Kumpulan adalah 66,016 hektar, iaitu meningkat sebanyak 4% berbanding tahun kewangan yang lalu.



DIVIDEN

Rancangan pengembangan yang kami lakukan sepanjang lima tahun yang lalu telah menghasilkan penambahan sebanyak 61% keluasan tanah Kumpulan iaitu dari 41,001 hektar pada tahun 2000 kepada 66,016 hektar pada tahun 2004. Bagi tujuan ini, Kumpulan telah melabur sebanyak RM500.5 juta. Perolehan ladang-ladang baru telah memberi sumbangan yang bererti kepada pendapatan Kumpulan. Yang lebih memuaskan adalah pertumbuhan yang begitu pesat ini dicapai sepenuhnya melalui sumber dana dalaman Kumpulan. Lebih-lebih lagi Kumpulan terus dapat mengekalkan pembayaran dividen yang meningkat sejak beberapa tahun yang lalu meskipun keperluan ke atas dana kian bertambah.

Kumpulan akan berusaha untuk memberi ganjaran kepada pemegang saham dengan pemberian dividen tahunan yang sepadan sambil turut mengambil kira keperluan mengekalkan simpanan yang mencukupi di dalam mengejar strategi pertumbuhan yang agresif.

Setelah mengambilkira objektif di atas dan setelah mengkaji pencapaian Kumpulan yang baik dalam tahun ini, maka Ahli Lembaga Pengarah telah mengesyorkan dividen akhir sebanyak 3.50 sen ditolak cukai pendapatan 28% sesaham biasa 50 sen setiap satu bagi tahun berakhir 31 Disember 2004. Jika diluluskan oleh pemegang saham pada Mesyuarat Agung Kedua Puluh Tujuh yang akan datang, dividen bagi *tahun dalam kajian termasuk dividen interim 2.00 sen ditolak cukai pendapatan 28% sesaham biasa 50 sen setiap satu yang telah dibayar pada 19 Oktober 2004 akan berjumlah RM29.4 juta, merupakan dividen paling tinggi dibayar sejak penubuhan Kumpulan dan 25% lebih tinggi dari tahun 2003 yang berjumlah RM24.0 juta.*

PROSPEK MASA DEPAN

Meskipun harga minyak sawit mentah berada di tahap yang selesa pada tahun lalu, namun harga yang tidak menentu iaitu dari setinggi RM2,000 se tan kepada serendah RM1,400 se tan membuktikan bahawa adalah sukar untuk meramal pencapaian perniagaan minyak sawit, terutamanya dalam jangkamasa sederhana iaitu dari 6 hingga 12 bulan. Walau bagaimanapun, dengan nilai khasiatnya yang tinggi dan kos pengeluarannya yang efisen dan kebolehan minyak sawit mentah ditukar kepada biodisel di sebalik memberi manfaat kepada alam sekitar dan harga minyak fosil yang tinggi, maka Kumpulan merasakan bahawa untuk jangkamasa panjang, potensi minyak sawit masih menggalakkan dan akan terus memberi pulangan yang memuaskan kepada para pemegang saham.

Harga minyak sawit menurun sedikit untuk beberapa bulan pertama di tahun kewangan semasa kerana inventori yang tinggi dan juga jangkaan bertambahnya bekalan minyak masak. Sungguhpun demikian, penurunan harga secara menjunam telah lega sedikit kerana permintaan yang kukuh dari China; akibat dari penggantian kepada minyak sawit yang timbul dari isu 'trans-fatty acid' dan impot yang tinggi ke Eropah berikutan bertambahnya penggunaan biodisel yang diperolehi dari sumber 'rapeseed' dan minyak sawit mentah. Walau bagaimanapun, kenaikan harga pada ketika ini adalah tidak menentu dan akan berlaku jika sekiranya bekalan minyak masak terjejas disebabkan oleh keadaan cuaca ataupun serangan 'rust fungus' di Amerika Syarikat dan Amerika Selatan. Pokoknya, adalah agak mencabar bagi perniagaan perladangan mengulangi pertumbuhan keuntungan yang dicapai pada tahun kewangan yang lalu. Dalam pada itu, kami merasakan kita akan terus mendapat keuntungan yang memuaskan hasil dari berterusnya pengeluaran yang tinggi dan manfaat sinergi dari ekonomi berskala.

Permintaan bagi hartanah, yang mencerminkan asas ekonomi dalam negeri yang kukuh, telah meningkat. Walau bagaimanapun, keadaan ekonomi yang memuaskan ini telah menarik minat di kalangan pemaju untuk menyediakan lebih banyak hartanah kediaman. Persaingan adalah dijangka hebat dan kadar keuntungan dikira akan berkurangan. Apatah lagi memandangkan bahawa projek-projek Kumpulan terletak di Johor, Melaka dan Kedah di mana stok yang berlebihan masih berlanjutan. Namun, di sebalik kesukaran yang dihadapi ini, Kumpulan merasa bangga kerana dapat memajukan rumah yang mempunyai mutu serta nilai yang tinggi dan tepat pula pada masanya dan kerana itu, Kumpulan merasa yakin bahawa pelancaran jualan yang dirancangkan untuk tahun kewangan semasa akan mendapat sambutan yang baik.

Secara keseluruhannya, dengan dikecualikan keadaan yang tidak tersangka, kami menduga pencapaian operasi Kumpulan bagi tahun kewangan semasa akan memuaskan.

LEMBAGA PENGARAH

Pada 18 Mei 2005, Dato' Siew Nim Chee telah menyuarakan hasratnya untuk tidak dilantik semula sebagai Pengarah pada AGM yang akan datang. Bagi pihak Lembaga, kami ingin mengucapkan terima kasih yang tulus ikhlas kepada Dato' Siew ke atas khidmat beliau yang berdedikasi sebagai Pengarah dan semasa memegang jawatan dalam Jawatankuasa-jawatankuasanya hampir 25 tahun. Kami mengucapkan selamat bersara kepada beliau.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan ucapan terima kasih kepada pemegang-pemegang saham di atas sokongan berterusan kepada kami. Kepada pelanggan-pelanggan kami yang dihargai serta rakan-rakan kongsi, penghargaan tulus ikhlas diucapkan terhadap sokongan dan kepercayaan kepada kami selama ini. Saya juga ingin memanjangkan penghargaan ini kepada pihak Kerajaan di atas bantuan yang diberikan dan tidak lupa juga kerja keras dan pengorbanan dari semua kakitangan. Akhir kata, terima kasih saya ucapkan kepada rakan sejawat di dalam Lembaga Pengarah di atas nasihat bijaksana yang tidak ternilai.

TAN SRI MOHD AMIN BIN OSMAN
Pengerusi
20 Mei 2005

主席文告

我謹代表董事部欣然提呈本公司及其子公司(本集團)截至2004年12月31日的常年報告及已審核的財政報告。

業績檢討

在特別強勁的出口表現和持續不斷的國內需求的扶持下，馬來西亞經濟在2004年取得2000年以來最高的增長，即超過7.0%。雖然其增長勢頭在下半年緩慢，本檢討年度的整體商業環境，一般上都顯現良好的商品價格和積極的市場前景。

在此項有利的營運情況下，加上本集團員工堅定不移的支持，本集團的營運收入創下了一項新紀錄，以五億一千四百七十萬令吉打破"五億令吉"的大關。由于較高的營運收入，本集團取得了二億二千六百六十萬令吉的統一稅前盈利，繼續保持其過去連續四年的增長走勢。

種植組生意再度以有史以來最高的二億一千零二十萬令吉的盈利貢獻取得輝煌的成就，其主要原因是供應的短缺導致較高的平均棕櫚產品價格，以及最近的一系列收購導致棕櫚果收成的增加。更重要的是，此項25%的盈利增長，是在肥料成本和貨運費大幅飆升下取得的——這証明了我們在提升營運效率及生產力所作的不懈努力。

同樣的，在經濟增長中，市場情緒和消費信心獲得提升，本產業組取得更好的售屋率。它一共作出四千七百五十萬令吉的營業貢獻，比上一年激增了69%。尤其在2004年5月屆期的'國民擁屋'刺激計劃截止之前，購屋者把握優惠期，產業銷售顯得特別強勁。

企業發展

除了取得令人稱許的公司盈利之外，本集團也致力於擴展其種植權益，以及開拓新領域，為未來年頭提供持續不斷的增長動力。

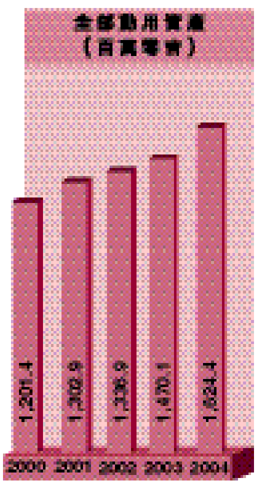
在本年度，本集團總共以二億一千一百五十萬令吉的數額完成在沙巴收購6,755公頃的油棕園和每小時能生產六十噸棕油的初榨油廠。由于收購的園坵有86%處於盛產期，此項新收購在本檢討年度取得的良好種植收穫上，扮演了重要的角色。上述收購也使本集團的地庫總面積增至66,016公頃，比前財政年增加了4%。

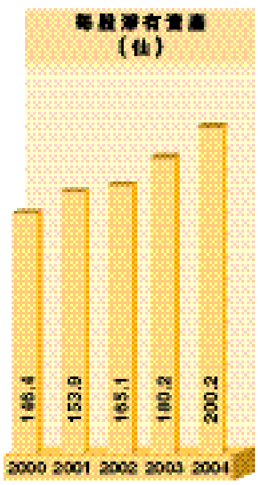
股息

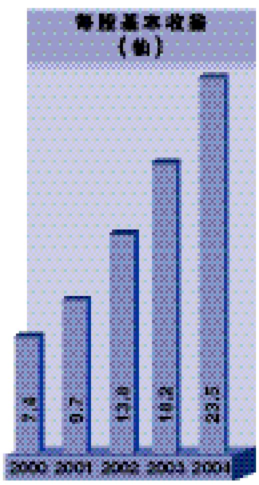
我們最近幾年的擴展計劃已成功使本集團過去5年的地庫從2000年的41,001公頃增至2004年的66,016公頃，即增加了61%。本集團一共投資了5億零五十萬零吉在此擴展計劃。上述新收購已為本集團的盈利作出重大貢獻。令人快慰的是，此項加速的增長，大部份是內部融資的。尤有進者，雖然涉及高昂的融資需求，過去幾年來，本集團仍繼續增發股息。

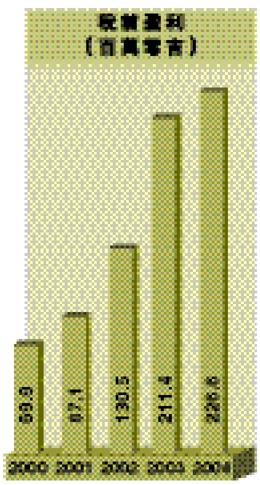
本集團將致力以可觀的股息回報股東，但它也有需要保留足夠的儲備金，以推行我們的強勁增長策略。

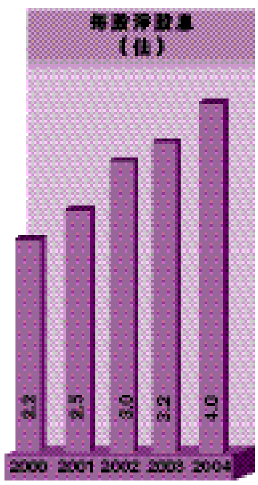
在深處上述宗旨下，本董事部在集團取得良好業績下建議，截至2004年12月31日止的財政年，派發每一50仙普通股享有3.5仙，但須扣28%所得稅的終期股息。若獲得行將來臨的第27屆股東大會的批准，本年度的股息











財政重點

截至12月31日年度	2004 令吉'000	2003 令吉'000	相差 %
營運收入	514,667	490,819	+5
稅前盈利	226,624	211,441	+7
稅後盈利	177,171	149,453	+19
歸股東盈利	174,571	135,250	+29
股東股權	1,486,546	1,336,649	+11
全部動用資產	1,624,408	1,470,127	+10
每股基本收益（仙）	23.5	18.2	+29
每股淨股息（仙）	4.0	3.2	+25
股息補足率（倍數）	5.9	5.6	+5
每股淨有形資產（仙）	200.2	180.2	+11
平均股東股權（在扣稅及少數股東利益後）的回酬(%)	12.4	10.6	+17

總額，包括2004年10月19日付出的每一50仙普通股享有2.00仙，但須扣28%所得稅的中期股息，將達二千九百四十萬令吉，這是本集團創立以來最高的股息，比2003年的二千四百萬令吉多了25%。

未來展望

雖然原棕油的價格在本年的大部份時間都處于舒適的水平，它的飄浮不定，即從每噸價格攀至二千令吉以上的高點，又跌至一千四百令吉的低點，再次顯示要預測棕油生業的業績幾乎是不可能的，特別是預測中期的6個月至12個月。雖然如此，由于它具有優越的營養價值、有效率生產成本，加上環保以及原油價格高企，致使把原棕油提煉成生物柴油成爲有利可圖的商機。本集團仍對棕油的長期潛能保持樂觀，它將繼續爲股東帶來可觀的回酬。

本財政年度的首幾個月，由于高數額的累積存貨，加上預料中的全球食油供應大增，棕油價格曾一度疲軟。雖然如此，其下跌走勢在目前的良好支持下已減輕，這是由于中國的強勁需求；反式脂肪酸標籤帶來的棕油取代的效應；以及油菜籽及原棕油供應的生物柴油使用的增加導致出口至歐洲增多。但是目前是無法肯定價格是否會逆轉，這只有在美國及南美的食油供應受寒冷氣候或害蟲病菌的嚴重影響才會發生。總的來說，我們的種植生意要重複取得上財政年的盈利是難以達致的，但在棕櫚果生產的增加，配合規模經濟效應下，它將繼續有利可圖。

反映國內經濟的房產業需求，已獲得顯著改善。不過，有利的經濟情況已引發發展商的莫大興趣，因而導致大量的住宅產業供應。這勢將造成激烈的競爭而使盈利進一步受到侵蝕。由于本集團位于柔佛、馬六甲及吉打次要地區的計劃仍存有過剩房屋，其影響將更顯著。雖然面對此項逆境，本集團仍以適時推出有素質的'物有所值'的房屋引以爲榮。本集團有信心它在現有財政年推展的銷售計劃將取得良好的反應。

整體來說，除了無可預見的情況，我們對本集團現有財政年度取得滿意的營運業績保持樂觀。

董事部

拿督蕭彥慈于2005年5月18日表示在將來臨的常年股東大會，他無意尋求被重委任爲公司董事。我謹代表董事部向拿督蕭彥慈在這接近二十五年來任職期間爲董事部和委員會所作的獻身服務，深表由衷的感激。我們祝他未來的事業萬事如意。

致謝

我謹代表董事部感謝股東們不斷地對我們抱持信心，對我們寶貴的客戶和商業同仁，我要衷心感激他們的支持和信賴。我也要向有關政府當局給予的協助以及公司員工的辛勤苦幹和個人獻身工作表示謝意。最後，我本人也要感謝董事同仁所給予的寶貴意見和精明指點。

丹斯里莫哈末阿敏
主席
2005年5月20日

REVIEW OF OPERATIONS

PLANTATION

Once again the Plantation Division delivered yet another creditable performance for the year under review. Propelled by the strong price rally of crude palm oil ("CPO") in the early months of 2004 and palm kernel ("PK") throughout the year, coupled with the enlarged harvesting area and good fresh fruit bunches ("FFB") harvest, the Division's result accounted for a hefty 93% of the Group's total pre-tax profit for 2004. With earnings of RM210.2 million, a notable improvement of 25% from the preceding year, the year's performance is by far the best since the commencement of the Group's plantation business in 1980. Continuing to remain as the core business activity of the Group, this sector manages a total of 65,668 hectares of plantation land backed by a workforce of 7,500 employees and contract workers.

The palm oil market witnessed a strong rally where CPO price soared to a high of RM2,020 per tonne in early April 2004. Shortage in supply of other oils and fats experienced in 2003 spilled over the first half of 2004. This was compounded by the outbreak of the rust fungus in South America which resulted in severe soyabean crop damage, and the unfavourable weather conditions in the United States which hampered soyabean production, thus triggering the impressive upward CPO price momentum. Unfortunately, concerns over rising palm oil stocks and the slowdown in imports by India and China gradually softened CPO prices towards year end. Nevertheless, the Group still managed to achieve an average selling price for CPO of RM1,600 per tonne, a 2% increase from previous year.

In contrast, PK price remained at levels above RM1,000 per tonne for a major part of the year under review as it benefited from a market sentiment fuelled by a shortage of lauric oils, particularly copra supplies from the Philippines, and the steep increase in crude oil prices. Amidst this backdrop, the Group's achieved average PK price rose substantially by 43% against the last corresponding period to register an exceptionally high selling price of RM1,068 per tonne.

During the year, the Division has further expanded with the noteworthy acquisition of the Trushidup Group of Estates (now renamed Asiatic Sekong Estate and Asiatic Suan Lamba Estate) which are located in the District of Kinabatangan, Sabah. Adding another 6,755 hectares to our land bank and together with a 60 tonne per hour oil mill, this acquisition was completed in May 2004 at a purchase consideration of RM211.5 million. Furthermore, the Group continued to acquire vacant agricultural land at Pulau Jambongan, an island off the coastal town of Kanibongan, northeast of Sabah, thus increasing the land area of Asiatic Jambongan Estate by 743 hectares to 3,711 hectares. However, on the other hand, some 5,059 hectares of jungle land in Limbang, Sarawak owned by Kenyalang Borneo Sdn Bhd was surrendered to the Sarawak State Government.

The newly acquired Asiatic Trushidup Oil Mill

We are continuously expanding the areas under mechanised or buffalo-assisted crop collection systems to reduce labour.

With the acquisition during the year and the coming into maturity of existing estates, the Group's harvesting area as at year end increased to 48,630 hectares against 38,816 hectares in 2003. Consequently, fresh fruit bunches ("FFB") harvested during the year increased by 114,090 tonnes from the previous year's production to a record high of 978,693 tonnes in 2004. The newly acquired Asiatic Sekong and Asiatic Suan Lamba Estates, with palms at 86% prime yielding age, contributed 11% of the Group's FFB production during the seven months since taking over.

As in previous years, the Group continued to be vigilant in its pursuit to improve yields with great emphasis placed on harvesting standards and loose fruits collection. In spite of these measures and the increase in FFB production, the prolonged monsoon in Sabah, which had seriously affected harvesting in several of our estates, as well as the dilution effect from sizeable new harvesting areas have inevitably brought down our yield per hectare slightly from 22.5 tonnes last year to 21.7 tonnes. Notwithstanding this decline, the Group's average yield was well above the industry average of 18.6 tonnes per hectare.

Similarly, the Group's efforts to better oil extraction rates ("OER") by enforcing stricter control on FFB ripeness standard and enhancing operational efficiency have contributed to the improved OER of 21.09% from 20.68% in the preceding year. Kernel extraction rate at 4.96%, however, had declined marginally compared with 5.15% achieved in 2003.

Corresponding to the increase in own FFB production, the Group's milling operations, with a combined milling capacity of 255 tonnes per hour, saw a marked rise in its FFB intake, which including outside purchase, from 946,882 tonnes to 1,116,283 tonnes. This translates into a 20% improvement in its CPO production of 235,012 tonnes during the year.

With full commitment from management, staff and workers, Asiatic Ayer Item Oil Mill successfully obtained renewal for its ISO 9001:2000 Quality Management System status which was previously accredited by SIRIM in October 2002.

To maximise land usage, the Group had reclaimed some 124 hectares of wasteland for oil palm cultivation in Sabah during the year. As planned, to ensure long term yield sustainability, we had also replanted a total of some 222 hectares of old palms, without any burning, using topsoil replenishment method for new planting. This new method of planting together with optimisation of planting density and higher fertiliser inputs are expected to enhance yields in the future.

Since the last annual report, a further 1,206 hectares have been planted with oil palm in our Asiatic Permai and Asiatic Indah Estates located near Sungai Tongod, District of Kinabatangan, Sabah. With some 850 hectares already in harvesting since the second half of 2004 and another 5,244 hectares maturing in the next three years, plans for the construction of an oil mill is in the pipeline. As at year end, some 2,634 hectares remained unplanted pending the outcome of the lawsuit instituted by certain individuals claiming native customary rights. We are actively pursuing the case and our solicitors maintained their opinion that the suit is unsustainable and misconceived and that it is unlikely for the individuals to succeed.

New development on Asiatic Jambongan Estate.

First phase development contract works for Asiatic Jambongan Estate which was awarded in November 2003 are progressing well as scheduled. To date, planting has commenced on some 123 hectares. It is expected that another 1,938 hectares will be planted by end 2005. Efforts are not spared on land preparation and we are providing terraces, soil and water conservation pits, drought-resistant cover crop and topsoil replenishment method for planting. At the same time, planting density is optimised and higher fertiliser dosage is applied to promote vigorous palm growth for higher yields when the palms mature.

Like all other plantation companies, the Division is dependent on foreign workers to work in our estates especially in Sabah where more than two-thirds of our land bank are located. As a long term measure to alleviate labour dependency, the Group is striving to further improve land-labour productivity by introducing mechanisation wherever the terrain and soil conditions permit, and in the case of Sabah, the use of more buffaloes, to assist in crop evacuation. Although we are still short on labour, the situation had been somewhat more stable as compared to 2003 even though the Government had again embarked on another amnesty and legalisation exercise towards the end of 2004.

Our estates are using low-volume, atomised sprayers for the application of herbicides to increase area-coverage per worker, hence higher productivity.

Serian Palm Oil Mill, the Group's joint venture with Sarawak Land Consolidation and Rehabilitation Authority, processed some 219,188 tonnes of FFB registering a growth of 12% over 2003. In anticipation of higher FFB production in the region from 2005 and beyond, the milling throughput of the mill has been extended from 40 tonnes per hour to 60 tonnes per hour towards the end of the year. This mill achieved commendable average OER and KER of 21.4% and 4.2% respectively in spite of the adverse weather conditions experienced in the Serian region in the first quarter of the year.

Every load of FFB is subject to grading at our mills.

Asiatic Cheng Perdana, Melaka - (from left) single- and double-storey houses launched in 2004.

PROPERTY

The property market for the first half of 2004 was generally on an uptrend, buoyed by the country's economic expansion at a higher than expected pace of 7.8%. The residential sub-sector continued to spearhead growth with strong demand for houses particularly for affordable properties in locations with good accessibility and amenities. The demand was also partly spurred by the Government's incentives offered under the "Home Ownership for the People" stimulus plan introduced in 2003 and which ended on 31 May 2004.

Echoing the positive market sentiment, the Property Division recorded sales of RM22.54 million during the first half of 2004, outperforming the sales in the first half of 2003. Although the Division had a good start during the first half of 2004, sales slowed down a little in the third quarter after the expiry of the Government's incentives. Nevertheless, the Division managed to gain some lost ground in December 2004 with sales of RM17.54 million, derived mainly from new launches at Asiatic Indahpura and Asiatic Cheng Perdana. Overall, the Division recorded sales of RM51.4 million. The Division also recorded a pre-tax profit of RM4.5 million, 45% higher than that achieved in 2003.

The Group's flagship project - Asiatic Indahpura was the key driver of the profit contribution with sales of RM39.6 million. The sales were mainly from properties under construction with a contribution of RM21.7 million, followed by new launches of double-storey terrace houses and shop offices, which contributed a total sales of RM15.3 million. The balance was from sale of inventories.

The year under review also saw the Division re-launching its Asiatic Cheng Perdana project in Cheng, Melaka, where some 132 units of attractively designed double-storey terrace houses and 92 units of single-storey terrace houses were officially launched in December 2004. Response towards these houses was positive with a sales contribution of RM11.38 million.

Over at Asiatic Permaipura in Kedah, development activities remained subdued, as the market condition there was still lacklustre. Instead, the Division focused its efforts on clearing the inventories. Elsewhere for the golf course operations, the Permaipura Golf & Country Club performed fairly well, where the emphasis during the year was on marketing of tournament

The completed Foon Yew Kulai Campus at Asiatic Indahpura, Johor.

Asiatic Indahpura, Johor - (from left) Pearl I, Ruby II and Ruby III

packages, cross marketing with other clubs and maintenance of the golf course. The Club also successfully hosted the Genting Masters Tournament, which was held in September 2004.

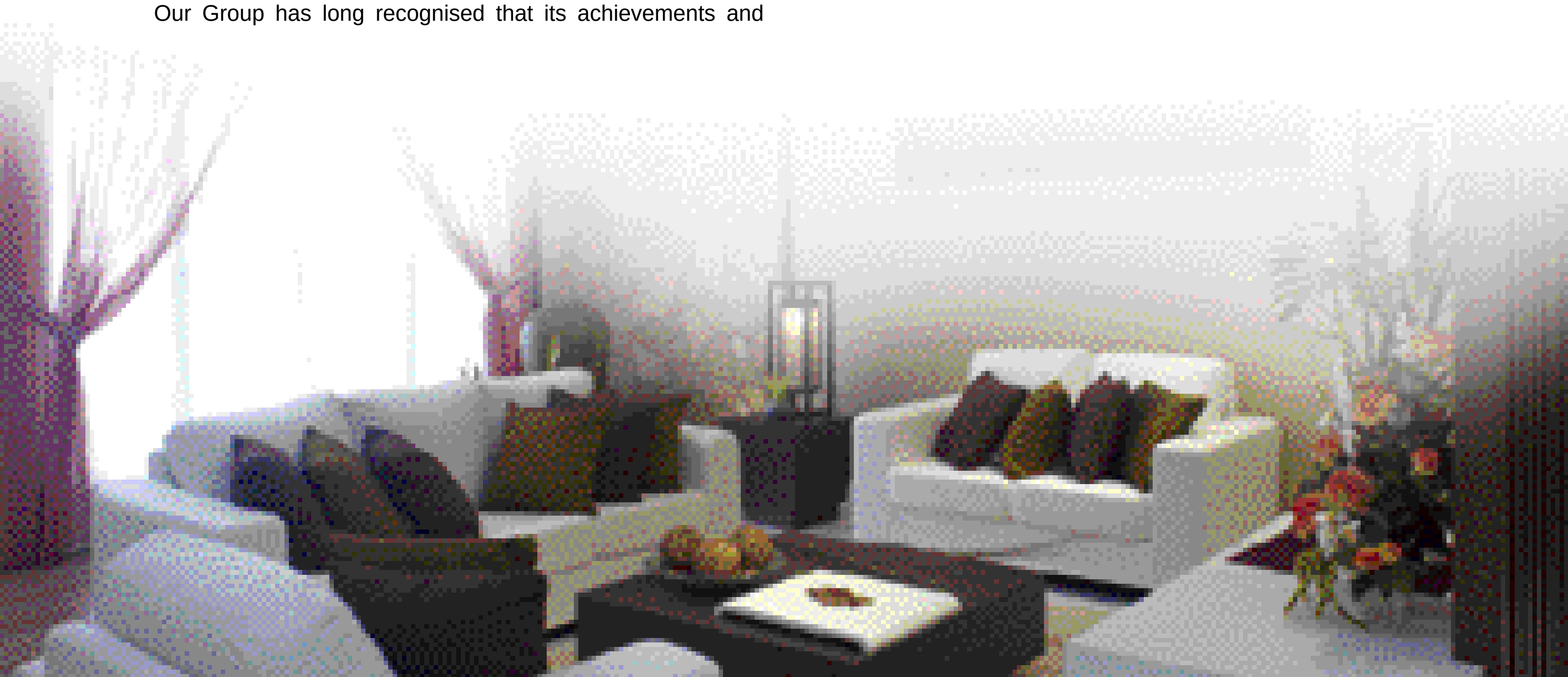
As a result of the continued glut in the country's industrial property sub-sector, the Group's joint venture project with Johor Corporation Berhad - the Sri Gading Industrial Estate recorded a small pre-tax profit of RM0.7 million for the year under review.

In 2004, the Government compulsorily acquired some 9.2 hectares of the Group's land for infrastructure and public projects.

HUMAN RESOURCE

With the business environment becoming increasingly competitive and challenging, organisations are focusing on their human resource to provide the competitive advantage. Our Group has long recognised that its achievements and continued success rest largely on the efforts, capability and hard work of its employees. It is therefore imperative to constantly upgrade the competencies of the employees to attain better productivity, quality and efficiency in order to enhance shareholders' value.

Furtherance to that foregoing view, the Group has organised the 24th Management Conference aptly themed "Managing and Motivating People for Higher Productivity, Quality & Efficiency" in September 2004 in Bali, Indonesia. This was followed by the Assistant Managers' Conference, which was held in Kuala Lumpur in December 2004, with the objectives to strengthen fellowship among employees of all levels, and to keep abreast with new advances and technology in the plantation industry. With emphasis on the importance of leadership, communication and team building, the Group continued to send executives to attend Outward Bound Schools in Lumut and Kota Kinabalu during the year. Apart from that, in line with the Group's focus on self improvement and development, in-house training and development programmes are continuously conducted for employees.



Contribution to the construction of Monfort Youth Training Centre, Kinarut, Sabah.

In addition, ongoing efforts were undertaken to ensure good potential candidates are identified for future recruitment. Along this alignment, the Group has embarked on providing practical training for students from selected local universities and polytechnics. This exercise will provide a basis for assessment of their suitability for permanent employment at the various operating units in the Group in future.

Aimed at promoting greater interaction amongst employees at Head Office, a trip to Langkawi Island, Kedah was organised. Also included in the trip, was a tree planting itinerary at our Permaipura Golf & Country Club in Sungai Petani, Kedah. The Group hopes that this would create greater environmental awareness as well as the importance of social responsibilities to the community amongst the employees.

In addition to the above, a total of 55 deserving employees were awarded Long Service Awards for their years of invaluable services ranging from 5 to 25 years. This is to manifest the Group's appreciation to its employees for their loyalty, dedication and commitment.

On-the-job training session.

Recipients of 2004 Long Service Awards.

(Top) Photo showing part of our contribution of 55 hectares of riparian land to WWF Malaysia for planting of flood-tolerant tree species. (photo : courtesy of WWF Malaysia)

Tree planting ceremony by the company's executives and staff.

ENVIRONMENT CONSERVATION & SUSTAINABLE DEVELOPMENT

Despite having been in the plantation business for over twenty years, the Group still upholds its long-term commitment to environmental conservation and sustainable development unrelentlessly. Over the years, Asiatic has taken and adopted various measures and techniques aimed at environment conservation and sustainable development. Undeniably, the Group views that it is indeed a challenge to strike a balance between economic viability, social acceptability and environmental compatibility whilst at the same time enhancing shareholders'value. Nevertheless, the year under review is no exception in the Group's continuing commitment in environmental efforts.

With the rapid growth of the oil palm industry in order to satisfy increasing global demand, concerns are raised by non-governmental organisations over the potential linkage between the expansion of oil palm plantations to eco-sensitive areas. To ensure that this expansion is done sustainably with no loss of forests with high conservation value and the rich biodiversity therein, the Roundtable on Sustainable Palm Oil ("RSPO"), which was initiated by World Wide Fund ("WWF") in 2001, was established to address this issue. RSPO, of which the Group is a member, is a multi-stakeholder association whose primary objective is to promote the production and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders.

Asiatic has in fact participated in a tree planting programme of WWF since 1999, known as "Partners for Wetlands", in the latter's efforts to conserve the Kinabatangan floodplains aimed at, amongst others, rehabilitating and restoring riverine and wetland habitats as wildlife sanctuary. Todate, the Group, noted as the first plantation company to colloborate with WWF Malaysia in this programme, has dedicated 55 hectares of land for the planting of trees in the riverine reserve. We are continuously working closely with the local WWF chapter to continue planting up the riverine reserve with flood-tolerant tree species.

Continuous monitoring and reviews are undertaken to ensure that the Group's operations are consistent with the good and effective plantation management practices that have since been implemented and practised for both existing plantations as well as for new oil palm plantation developments. For land preparation, the zero burning technique is adopted for replanting, and terraces and planting platforms are constructed to prevent soil erosion and degradation. In addition, leguminous cover crops are routinely established in newly planted areas not only to enhance soil conservation but also serves to improve soil fertility with the recycling of organic matter.

To control pests and weeds in the estates, the Group's policy on integrated pest and weed management sees to it that suitable techniques and methods integrated with biological control are used such that dependence on hazardous chemicals is reduced. Examples are the planting of nectar producing plants as host for beneficial parasites and insects, which are natural predators of bagworms and nettle caterpillars, and the use of barn owls to control rat population in estates. Whilst pesticides banned by national legislation are not used, any others are used selectively and prudently so as not to endanger the environment.

In all of the Group's palm oil mills, where FFB are processed to extract crude palm oil and palm kernel, large quantities of bio-mass and organic waste products, particularly, empty fruit bunches and effluents, together with fibres and shells are produced. Bio-mass are rich in nutrients and are recycled and mulched as organic fertilisers in our estates while fibres and shells are used as boiler fuel for co-generation of steam and electrical power for oil mills and living quarters. The recycling of bio-mass back to the plantations would reduce the usage of inorganic fertilisers and help to replenish soil organic matter and enhance soil micro-organism diversity, and this is sustainable. The energy derived from co-generation would save the Group millions of Ringgit in the long term and this is also sustainable.

Empty fruit bunches are recycled to the fields for mulching to improve soil texture and reduce inorganic fertiliser usage.

CORPORATE GOVERNANCE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Set out below is a statement on how the Company has applied the principles and complied with the best practices as set out in the Malaysian Code on Corporate Governance ("the Code").

A. DIRECTORS

(i) The Board

The Board has overall responsibility for the proper conduct of the Company's business. The Board meets on a quarterly basis and additionally as required. The Board has a formal schedule of matters specifically reserved for its decision, including overall strategic direction, annual operating plan, capital expenditure plan, acquisitions and disposals, major capital projects and the monitoring of the Group's operating and financial performance.

Formal Board Committees established by the Board in accordance with the Code namely, the Audit Committee, Nomination Committee and Remuneration Committee have assisted the Board in the discharge of its duties.

During the year under review, four meetings of the Board were held and all Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles of Association.

The details of Directors' attendances are set out below:

Name of Directors	Number of Meetings Attended
Tan Sri Mohd Amin bin Osman	4
Dato' Baharuddin bin Musa	4
Tan Sri Lim Kok Thay	4
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	4
Encik Mohd Din Jusoh	4
Dato' Siew Nim Chee	3
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	4
Mr Quah Chek Tin	4

(ii) Board Balance

During the financial year, the Board had eight members, two executive Directors and six non-executive Directors. Three of the six non-executive Directors are independent non-executive Directors. The Directors have wide ranging experience and all have occupied or currently occupy senior positions in the public and/or private sectors. The independent non-executive Directors provide a strong independent element on the Board with Dato' Siew Nim Chee as the senior independent non-executive Director to whom concerns may be conveyed. The independent non-executive Directors also participate in the Audit, Remuneration and Nomination Committees as members of these Committees.

A brief profile of each of the Directors is presented on pages 7 and 8 of this Annual Report.

(iii) Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors in sufficient time to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated.

As a Group practice, any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Group's expense. Directors have access to all information and records of the Company and also the advice and services of the Group Company Secretary.

(iv) Appointments to The Board

The Nomination Committee comprising entirely of independent non-executive Directors is responsible for identifying and recommending to the Board suitable nominees for appointment to the Board and Board Committees.

On appointment, Directors are provided with information about the Group and are encouraged to visit the sites of the Group's operating units and meet with key senior executives.

All the Directors have attended the Mandatory Accreditation Programme conducted by the then Research Institute of Investment Analysis. The Directors are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

(v) Re-election

The Articles of Association of the Company provide that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. A retiring Director is eligible for re-election. The Articles of Association also provide that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

B. DIRECTORS' REMUNERATION

The Remuneration Committee comprising three independent non-executive Directors and one of the Joint Chief Executives is responsible for making recommendations to the Board on the remuneration packages of executive Directors and members of Board Committees. In making recommendations to the Board, information provided by independent consultants and appropriate survey data are taken into consideration. The Board as a whole, determines the level of fees of non-executive Directors and executive Directors. Directors' fees are approved at the Annual General Meeting by the shareholders. Directors do not participate in decisions regarding their own remuneration packages.

The Remuneration Committee met once during the financial year ended 31 December 2004.

Details of the Directors' remuneration are set out on pages 52 and 53 of the Audited Financial Statements in this Annual Report. In the interest of security, additional information have not been provided other than the details stipulated in the Listing Requirements of Bursa Malaysia Securities Berhad.

C. SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Company's Annual General Meeting remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and to ask questions about the resolutions being proposed and the operations of the Group.

The Group maintains a website at www.asiatic.com.my which provides information relating to annual reports, press releases, quarterly results, announcements and corporate developments.

The Group also participates in investor forums held locally and abroad and also organises briefings and meetings with analysts and fund managers to give them a better understanding of the businesses of the Group.

D. ACCOUNTABILITYAND AUDIT

(i) Financial Reporting

The Board aims to ensure that the quarterly reports, annual financial statements as well as the annual review of operations in the annual report are presented in a manner which provides a balanced and understandable assessment of the Company's performance and prospect.

The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 76 of this Annual Report.

(ii) Internal Control

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

(iii) Relationship with Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's operations, the external auditors have highlighted to the Audit Committee and the Board, matters that require the Board's attention. All Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

E. OTHER INFORMATION

Material Contracts

Material Contracts of the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 33 to the financial statements under "Significant Related Party Disclosures" on page 72 of this Annual Report.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The Audit Committee ("Committee") was established on 26 July 1994 to serve as a Committee of the Board.

MEMBERSHIP

The present members of the Committee comprise:

Dato' Siew Nim Chee	Chairman/Independent Non-Executive Director
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Member/Independent Non-Executive Director
Encik Mohd Din Jusoh	Member/Independent Non-Executive Director
Dato' Baharuddin bin Musa	Member/Non-Independent Executive Director
Mr Quah Chek Tin	Member/Non-Independent Non-Executive Director

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2004

The Committee held a total of *five (5) meetings. Details of attendance of the Committee members are as follows:

Name of Member	Number of Meetings Attended
Dato' Siew Nim Chee	3 *
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	5 *
Encik Mohd Din Jusoh	5 *
Dato' Baharuddin bin Musa	4
Mr Quah Chek Tin	3

* The total number of meetings is inclusive of the special meeting held between members of the Committee who are independent non-executive Directors of the Company and representatives of the external auditors, PricewaterhouseCoopers without the presence of any Executive Director.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2004

The Committee carried out its duties in accordance with its Terms of Reference.

The main activities carried out by the Committee were as follows:

i) considered and approved the internal audit plan for the Company and the Group and authorised resources to address risk areas that have been identified;

ii) reviewed the internal audit reports for the Company and the Group;

iii) reviewed the external audit plan for the Company and the Group with the external auditors;

iv) reviewed the external audit reports for the Company and the Group with the external auditors;

v) reviewed the quarterly and annual reports of the Company and the Group, focusing particularly on:
   (a) changes in or implementation of major accounting policy changes;
   (b) significant and unusual events; and
   (c) compliance with accounting standards and other legal requirements;

vi) reviewed related party transactions of the Company and the Group;

vii) reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and of the Company for the financial year ended 31 December 2004;

viii) considered the reappointment of the external auditors for recommendation to the shareholders for their approval;

ix) reviewed the Financial Statements of the Group and of the Company for the financial year ended 31 December 2003; and

x) reviewed the reports submitted by the Risk and Business Continuity Management Committee.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT PROCESS

The Group has an adequately resourced internal audit department to assist the Board in maintaining a sound system of internal control. The internal audit department reports to the Committee and is independent of the activities they audit. The primary role of the department is to undertake regular and systematic review of the systems of internal control so as to provide sufficient assurance that the Group has sound systems of internal control and that established policies and procedures are adhered to and continue to be effective and satisfactory.

As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

(i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, a majority of whom are independent non-executive Directors; and at least one member of the audit committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Chairman shall be an independent non-executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Listing Requirements, the Committee shall promptly report such matter to Bursa Malaysia.

4. Functions

The functions of the Committee are as follows:

i) review with the external auditors, their audit plan;

ii) review with the external auditors, their evaluation of the system of internal accounting controls;

iii) review with the external auditors, their audit report;

iv) review the assistance given by the Company's officers to the external auditors;

v) review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;

(b) significant and unusual events; and

(c) compliance with accounting standards and other legal requirements;

viii) review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation and dismissal.

5. Meetings

i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

ii) In order to form a quorum for any meeting of the Committee, the majority of members present must be independent.

iii) The meetings and proceedings of the Committee are governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.

iv) The Chief Financial Officer and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested, if required.

v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or Shareholders of the Company.

vi) At least once a year, the Committee shall meet with the external auditors without the presence of any executive Director.

6. Secretary and Minutes

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

STATEMENT ON INTERNAL CONTROL

The Board's Responsibilities

In relation to internal control, pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on the Bursa Malaysia Securities Berhad ["Bursa Malaysia"], the Board of Directors ("the Board") hereby acknowledges their responsibility under the Bursa Malaysia Listing Requirements to:

- Identify principal risks and ensure implementation of appropriate control measures to manage such risks.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that an internal control system is designed to manage risks rather than eliminate them and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that the risk management process is an ongoing process to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of the Group's business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risks and measures are taken to mitigate any weaknesses in the control environment.

The Risk Management Process

The Group employs the Control Self-Assessment ("CSA") to formalise the risk management process. With the CSA, departments/business areas of the Group are required to identify and evaluate controls within key functions/activities of their business processes. The risks to the Group's strategic objectives are assessed at the holding company level.

To enhance the effectiveness of risk management, the Risk Assessment Committee ("RAC") has been renamed as Risk and Business Continuity Management Committee ("RBCMC"). The RBCMC which comprises the Chief Financial Officer, Heads of Divisions and Departments (HODs) and the Group Risk Manager ("GRM") of the holding company is tasked with the responsibility for formulating the risk management policy, including business continuity, and review of the system of internal control. Further, HODs are now required to issue a letter of assurance on a semi annual basis to confirm that the risk reports and risk profiles are being reviewed and action plans being implemented and monitored.

The RBCMC will meet at least four (4) times a year to review the risk assessment documents of the Group and where applicable propose changes to the risk management and controls procedures/policies. The review also covers the status of action plans or measures taken or to be taken to address any weaknesses identified in the existing internal controls. The RBCMC presents to the Executive Committee on a quarterly basis, a report of the risk assessments on the Group's significant risks and the status of control measures being implemented or to be implemented to deal with the risks. The report will be reviewed by the Audit Committee and presented to the Board. The Board on its part meets to review and deliberate on the risks and control issues being reported before approving the report.

The Internal Control Processes

The other key aspects of the internal control process are:

- The Board and the Audit Committee meet at least every quarter to discuss matters raised by Management on business and operational matters including potential risks and control issues.
- The Board has delegated the responsibilities to relevant committees established by the Board to implement and monitor the Board's policies on controls.
- Delegation of authority including authorisation limits at various levels of Management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.
- Internal procedures and policies are clearly documented in manuals and reviewed and revised periodically to meet changing business, operational and statutory reporting needs.
- Performance and cash flow reports are provided to the Management and the Executive Committee to review and monitor the financial performance and cash flow position.
- Business/operating units present their annual budgets, which include the financial and operating targets, capital expenditure proposals and performance indicators for approval by the Budget Committee and the Board.
- A half yearly review of the annual budget is undertaken to identify and where appropriate, to address significant variances from the said budget.

For the year under review, some weaknesses in internal controls were identified but were deemed not significant to be mentioned in this statement as none had materially impacted the business or operations of the Group. Nevertheless, measures have been or are being taken to address these weaknesses.

The Group in issuing this statement had taken into consideration the state of internal control of Serian Palm Oil Mill Sdn Bhd, an associate it manages, while that of Sri Gading Land Sdn Bhd and Asiatic Ceramics Sdn Bhd, two other associates deemed to be insignificant to the Group have been excluded.

The Internal Audit Function

The Internal Audit Department ("Internal Audit") is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the systems of internal control are effective in addressing the risks identified.

On a quarterly basis, Internal Audit submits audit reports for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by the Management.

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

The Directors of **ASIATIC DEVELOPMENT BERHAD** have pleasure in submitting their report together with their statement pursuant to Section 169(15) of the Companies Act, 1965 therein and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

PRINCIPALACTIVITIES

The Company is principally involved in plantation and investment holding.

The principal activities of the Group include plantation and property development.

Details of the principal activities of the subsidiaries and associates are set out in Note 35 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit from ordinary activities before taxation	226,624	104,675
Taxation	(49,453)	(26,696)
Profit from ordinary activities after taxation	177,171	77,979
Minority interests	(2,600)	-
Net profit for the financial year	174,571	77,979

DIVIDENDS

Dividends paid by the Company since the end of the previous financial year were:

(i) a final dividend of 2.75 sen less 28% tax per ordinary share of 50 sen each amounting to RM14,699,579 in respect of the financial year ended 31 December 2003 was paid on 19 July 2004; and

(ii) an interim dividend of 2.0 sen less 28% tax per ordinary share of 50 sen each amounting to RM10,690,790 in respect of the financial year ended 31 December 2004 was paid on 19 October 2004.

The Directors recommend payment of a final dividend of 3.5 sen less 28% tax per ordinary share of 50 sen each in respect of the current financial year to be paid to shareholders registered in the Register of Members on a date to be determined by the Directors. Based on the issued and paid-up ordinary shares of the Company as at the date of this report, the final dividend would amount to RM18,715,133.

RESERVES AND PROVISIONS

There were no other material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued a total of 779,000 new ordinary shares of 50 sen each fully paid at the subscription price of 92 sen per share which new ordinary shares rank pari passu with the then existing issued ordinary shares of the Company by virtue of the exercise of Option to take up unissued shares of the Company by the executive employees of the Group pursuant to The Asiatic Executive Share Option Scheme. This Option was granted before the current financial year.

There were no issue of debentures during the financial year.

SHARE OPTIONS PURSUANT TO THE ASIATIC EXECUTIVE SHARE OPTION SCHEME

The Asiatic Executive Share Option Scheme ("the Scheme") was approved by members of the Company at an Extraordinary General Meeting held on 28 June 2000.

Details of the Scheme are set out in Note 26 to the financial statements.

DIRECTORATE

The Directors who served since the date of the last report are:

Tan Sri Mohd Amin bin Osman
Dato' Baharuddin bin Musa *
Tan Sri Lim Kok Thay
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad *
Encik Mohd Din Jusoh *
Dato' Siew Nim Chee *
Lt. Gen. (B) Dato'Abdul Ghani bin Abdullah
Mr Quah Chek Tin

* *Also members of the Remuneration Committee*

According to the Register of Directors' Shareholdings, the following persons who were Directors of the Company at the end of the financial year have interests in shares of the Company; Genting Berhad, the ultimate holding company; Resorts World Bhd and GB Credit & Leasing Sdn Bhd, all of which are related companies or corporation as set out below:

INTEREST IN THE COMPANY

Shareholdings in the names of Directors	**1.1.2004**	**Acquired/(Disposed)**	**31.12.2004**
	(Number of ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	164,000	-	164,000
Dato' Baharuddin bin Musa	613,000	-	613,000
Tan Sri Lim Kok Thay	144,000	-	144,000
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	10,000	-	10,000
Dato' Siew Nim Chee	10,000	-	10,000

Share Options in the names of Directors	**1.1.2004**	**Offered/(Exercised)**	**31.12.2004**
	(Number of unissued ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	825,000	-	825,000
Dato' Baharuddin bin Musa	825,000	-	825,000
Tan Sri Lim Kok Thay	825,000	-	825,000

INTEREST IN GENTING BERHAD, THE ULTIMATE HOLDING COMPANY

Shareholdings in the names of Directors	**1.1.2004**	**Acquired/(Disposed)**	**31.12.2004**
	(Number of ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	8,000	-	8,000
Tan Sri Lim Kok Thay	3,433,800	-	3,433,800
Mr Quah Chek Tin	1,000	-	1,000

Shareholdings in which the Directors are deemed to have an interest	**1.1.2004**	**Acquired/(Disposed)**	**31.12.2004**
	(Number of ordinary shares of 50 sen each)		
Dato' Baharuddin bin Musa	3,000	-	3,000
Tan Sri Lim Kok Thay	11,523,996	(11,523,996)	-

Share Option in the names of Directors	**1.1.2004**	**Offered/(Exercised)**	**31.12.2004**
	(Number of unissued ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	500,000	-	500,000
Tan Sri Lim Kok Thay	1,000,000	-	1,000,000
Mr Quah Chek Tin	500,000	-	500,000

INTEREST IN RESORTS WORLD BHD, A RELATED COMPANY

Shareholdings in the names of Directors	1.1.2004	Acquired/(Disposed)	31.12.2004
	(Number of ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	122,000	-	122,000
Tan Sri Lim Kok Thay	50,000	-	50,000
Mr Quah Chek Tin	1,000	-	1,000

Share Option in the name of a Director	1.1.2004	Offered/(Exercised)	31.12.2004
	(Number of unissued ordinary shares of 50 sen each)		
Tan Sri Lim Kok Thay	750,000	-	750,000

INTEREST IN GB CREDIT & LEASING SDN BHD, A RELATED COMPANY

Shareholdings in which the Director is deemed to have an interest	1.1.2004	Acquired/(Disposed)	31.12.2004
	(Number of ordinary shares of RM1.00 each)		
Dato' Baharuddin bin Musa	220,000	-	220,000

Apart from the above disclosures:

(a) the Directors of the Company do not have any other interests in shares in the Company and in shares in other related corporations of the Company either at the beginning or end of the financial year; and

(b) neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to 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 of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors and the provision for Directors' retirement gratuities or the fixed salary of a full-time employee of the Company and/or its related corporations shown in the respective financial statements of the Company and/or its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the following transactions:

(i) Tan Sri Mohd Amin bin Osman has been retained by Resorts World Bhd, a related company, to provide advisory services.

(ii) Asiatic Plantations (WM) Sdn Bhd ("APWM") [*formerly known as Sing Mah Plantation Sdn Bhd*], a wholly-owned subsidiary of the Company, has extended a housing loan to Dato' Baharuddin bin Musa to enable him to acquire a home.

(iii) A company in which Tan Sri Lim Kok Thay is a director and a substantial shareholder has appointed APWM to provide plantation advisory services.

(iv) A corporation in which Tan Sri Lim Kok Thay and his spouse are directors and which is wholly-owned indirectly by them has rented its property to Genting International PLC, a related company.

Dato'Baharuddin bin Musa and Lt. Gen. (B) Dato'Abdul Ghani bin Abdullah are due to retire by rotation at the forthcoming Annual General Meeting ("AGM") in accordance with Article 99 of the Articles of Association of the Company and they, being eligible, have offered themselves for re-election.

Tan Sri Mohd Amin bin Osman, Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad and Dato' Siew Nim Chee will retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM and separate resolutions will be proposed for their re-appointment as Directors at the AGM under the provision of Section 129(6) of the said Act to hold office until the next AGM of the Company.

OTHER STATUTORY INFORMATION

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 allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records, were written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts of the Group and of the Company inadequate to any substantial extent;

(ii) which would render the values attributed to the current assets in the financial statements of the Group or of the Company misleading;

(iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and

(iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except those disclosed in the financial statements; 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 and of the Company for the financial year in which this report is made.

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

In the opinion of the Directors, the financial statements set out on pages 35 to 75, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and comply with the provisions of the Companies Act, 1965.

ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is Genting Berhad, a company incorporated in Malaysia.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

On behalf of the Board,

DATO' BAHARUDDIN BIN MUSA
Joint Chief Executive and Director

MOHD DIN JUSOH
Director

Kuala Lumpur
25 February 2005

Financial Statements

INCOME STATEMENTS

for the financial year ended 31 December 2004

Amounts in RM'000 unless otherwise stated

		Group		Company	
	Note	**2004**	2003	**2004**	2003
Revenue	*5&6*	**514,667**	490,818	**163,421**	146,900
Cost of sales	*7*	**(248,608)**	(205,745)	**(63,213)**	(57,403)
Gross profit		**266,059**	285,073	**100,208**	89,497
Other income		**13,569**	21,225	**33,157**	26,308
Selling and distribution costs		**(25,875)**	(20,654)	**(6,843)**	(6,353)
Administration expenses		**(22,591)**	(20,194)	**(17,250)**	(15,372)
Other expenses					
- Goodwill written off		**-**	(49,732)	**-**	-
- Others		**(8,385)**	(8,403)	**(4,597)**	(9,709)
Profit from operations		**222,777**	207,315	**104,675**	84,371
Finance cost		**(878)**	-	**-**	-
Share of results in associates		**4,725**	4,126	**-**	-
Profit from ordinary activities before taxation	*5,8,9&10*	**226,624**	211,441	**104,675**	84,371
Taxation of :					
- Company and subsidiaries		**(48,676)**	(60,828)	**(26,696)**	(20,937)
- Share of tax in associates		**(777)**	(1,160)	**-**	-
	11	**(49,453)**	(61,988)	**(26,696)**	(20,937)
Profit from ordinary activities after taxation		**177,171**	149,453	**77,979**	63,434
Minority interests		**(2,600)**	(14,203)	**-**	-
Net profit for the financial year		**174,571**	135,250	**77,979**	63,434
Basic earnings per share *(sen)*	*12*	**23.52**	18.24		
Diluted earnings per share *(sen)*	*12*	**23.42**	18.22		
Gross dividends per share *(sen)*	*13*	**5.5**	4.5		

The notes set out on pages 41 to 75 form part of these financial statements.

BALANCE SHEETS

as at 31 December 2004

Amounts in RM'000 unless otherwise stated

	Note	Group 2004	Group 2003	Company 2004	Company 2003
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	**989,716**	759,502	**288,891**	288,232
Land held for property development	*15*	**232,565**	236,116	**-**	-
Subsidiaries	*16*	**-**	-	**157,187**	157,187
Associates	*17*	**11,919**	11,672	**2,123**	2,123
Long term receivables from associates	*17*	**4,918**	4,917	**4,918**	4,917
Investments	*18*	**-**	653	**-**	381
Deferred taxation	*19*	**1,788**	2,011	**565**	-
CURRENT ASSETS					
Property development costs	*15*	**105,397**	94,741	**-**	-
Inventories	*20*	**112,824**	111,495	**2,262**	974
Trade and other receivables	*21*	**55,955**	40,766	**5,464**	5,880
Amounts due from subsidiaries	*16*	**-**	-	**911,236**	670,936
Amounts due from associates	*17*	**718**	745	**718**	745
Short term investments	*22*	**62,314**	117,183	**42,508**	99,207
Bank balances and deposits	*23*	**46,294**	90,326	**23,762**	58,395
		383,502	455,256	**985,950**	836,137
LESS : CURRENT LIABILITIES					
Trade and other payables	*24*	**84,578**	79,265	**13,148**	14,861
Amounts due to ultimate holding company and other related companies	*25*	**1,517**	881	**1,517**	881
Amounts due to subsidiaries	*16*	**-**	-	**210,905**	110,862
Taxation		**9,256**	11,555	**3,293**	3,814
		95,351	91,701	**228,863**	130,418
NET CURRENT ASSETS		**288,151**	363,555	**757,087**	705,719
		1,529,057	1,378,426	**1,210,771**	1,158,559
FINANCED BY					
SHARE CAPITAL	*26*	**371,252**	370,862	**371,252**	370,862
RESERVES	*27*	**1,115,294**	965,787	**834,106**	781,191
SHAREHOLDERS' EQUITY		**1,486,546**	1,336,649	**1,205,358**	1,152,053
MINORITY INTERESTS		**9,898**	9,227	**-**	-
NON-CURRENT LIABILITIES					
Deferred taxation	*19*	**27,395**	28,172	**1,401**	3,162
Provision for Directors' retirement gratuities	*28*	**5,218**	4,378	**4,012**	3,344
		32,613	32,550	**5,413**	6,506
		1,529,057	1,378,426	**1,210,771**	1,158,559
NET TANGIBLE ASSETS PER SHARE *(sen)*		**200.2**	180.2		

The notes set out on pages 41 to 75 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2004

Amounts in RM'000 unless otherwise stated

	Share Capital	Share Premium	Revaluation Reserve	Reserve on Exchange Differences	Unappropriated Profits	Total
Group						
Balance at 1 January 2003	370,668	25,663	18,361	(715)	809,750	1,223,727
Issue of shares *(See Note 26)*	194	163	-	-	-	357
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(218)	-	218	-
Net profit for the financial year	-	-	-	-	135,250	135,250
Appropriation:						
- Final dividend paid for financial year ended 31 December 2002 *(2.5 sen less 28% tax)*	-	-	-	-	(13,344)	(13,344)
- Interim dividend paid for financial year ended 31 December 2003 *(1.75 sen less 28% tax)* *(See Note 13)*	-	-	-	-	(9,341)	(9,341)
	-	-	-	-	(22,685)	(22,685)
Balance at 31 December 2003	370,862	25,826	18,143	(715)	922,533	1,336,649
Balance at 1 January 2004	**370,862**	**25,826**	**18,143**	**(715)**	**922,533**	**1,336,649**
Issue of shares *(See Note 26)*	**390**	**327**	**-**	**-**	**-**	**717**
Realisation of previous disposal of a foreign subsidiary	**-**	**-**	**-**	**1,005**	**(1,005)**	**-**
Revaluation surplus realised upon sale of land, net of tax	**-**	**-**	**(28)**	**-**	**28**	**-**
Net gains/(losses) not recognised in income statement	**-**	**-**	**(28)**	**1,005**	**(977)**	**-**
Net profit for the financial year	**-**	**-**	**-**	**-**	**174,571**	**174,571**
Appropriation:						
- Final dividend paid for financial year ended 31 December 2003 *(2.75 sen less 28% tax)* *(See Note 13)*	**-**	**-**	**-**	**-**	**(14,700)**	**(14,700)**
- Interim dividend paid for financial year ended 31 December 2004 *(2.0 sen less 28% tax)* *(See Note 13)*	**-**	**-**	**-**	**-**	**(10,691)**	**(10,691)**
	-	**-**	**-**	**-**	**(25,391)**	**(25,391)**
Balance at 31 December 2004	**371,252**	**26,153**	**18,115**	**290**	**1,070,736**	**1,486,546**

The notes set out on pages 41 to 75 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2004 (cont'd)

Amounts in RM'000 unless otherwise stated

		Non-Distributable		*Distributable*	
	Share Capital	**Share Premium**	**Revaluation Reserve**	**Unappropriated Profits**	**Total**
Company					
Balance at 1 January 2003	370,668	25,663	26,859	687,757	1,110,947
Issue of shares *(See Note 26)*	194	163	-	-	357
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(218)	218	-
Net profit for the financial year	-	-	-	63,434	63,434
Appropriation:					
- Final dividend paid for financial year ended 31 December 2002 *(2.5 sen less 28% tax)*	-	-	-	(13,344)	(13,344)
- Interim dividend paid for financial year ended 31 December 2003 *(1.75 sen less 28% tax)* *(See Note 13)*	-	-	-	(9,341)	(9,341)
	-	-	-	(22,685)	(22,685)
Balance at 31 December 2003	370,862	25,826	26,641	728,724	1,152,053
Balance at 1 January 2004	**370,862**	**25,826**	**26,641**	**728,724**	**1,152,053**
Issue of shares *(See Note 26)*	**390**	**327**	**-**	**-**	**717**
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	**-**	**-**	**(28)**	**28**	**-**
Net profit for the financial year	**-**	**-**	**-**	**77,979**	**77,979**
Appropriation:					
- Final dividend paid for financial year ended 31 December 2003 *(2.75 sen less 28% tax)* *(See Note 13)*	**-**	**-**	**-**	**(14,700)**	**(14,700)**
- Interim dividend paid for financial year ended 31 December 2004 *(2.0 sen less 28% tax)* *(See Note 13)*	**-**	**-**	**-**	**(10,691)**	**(10,691)**
	-	**-**	**-**	**(25,391)**	**(25,391)**
Balance at 31 December 2004	**371,252**	**26,153**	**26,613**	**781,340**	**1,205,358**

The notes set out on pages 41 to 75 form part of these financial statements.

CASH FLOW STATEMENTS

for the financial year ended 31 December 2004

Amounts in RM'000 unless otherwise stated

	Group		Company	
	2004	2003	**2004**	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit from ordinary activities before taxation	**226,624**	211,441	**104,675**	84,371
Adjustments for:				
Goodwill written off	**-**	49,732	**-**	-
Depreciation of property, plant and equipment	**16,280**	13,121	**2,795**	2,545
Provision for Directors' retirement gratuities	**840**	830	**668**	686
Property, plant and equipment written off	**565**	755	**18**	103
Gain on disposal of property, plant and equipment	**(206)**	(33)	**(100)**	(54)
(Write back)/allowance for doubtful debts	**(11)**	(3,326)	**-**	(3,351)
Share of results in associates	**(4,725)**	(4,126)	-	-
Interest income	**(4,102)**	(4,324)	**(2,597)**	(3,172)
Finance cost	**878**	-	**-**	-
Net surplus and additional compensation arising from acquisition of freehold land and plantation	**(1,058)**	(7,315)	**(830)**	(7,140)
Gain on disposal of land	**-**	(69,060)	**-**	-
Gain on disposal of long term investment	**(849)**	-	**(492)**	-
Dividend income	**-**	-	**(25,365)**	(7,587)
Write off of investment in a wholly-owned subsidiary	**-**	-	**-**	3,635
Other non-cash items	**-**	54	**-**	(212)
	7,612	(23,692)	**(25,903)**	(14,547)
Operating profit before changes in working capital	**234,236**	187,749	**78,772**	69,824
Increase in property development costs	**(3,478)**	(2,838)	**-**	-
(Increase)/Decrease in inventories	**(1,269)**	3,532	**(1,288)**	476
(Increase)/Decrease in receivables	**(4,672)**	187	**416**	3,850
Decrease in amounts due from associates	**27**	18	**27**	18
Increase/(Decrease) in payables	**8,025**	17,079	**(2,371)**	262
Increase/(Decrease) in amounts due to ultimate holding company	**8**	(31)	**8**	(31)
Increase/(Decrease) in amounts due to related companies	**628**	(113)	**627**	(113)
Increase in amounts due from subsidiaries	**-**	-	**(69,058)**	(61,300)
	(731)	17,834	**(71,639)**	(56,838)
Cash generated from operations	**233,505**	205,583	**7,133**	12,986
Tax paid	**(53,445)**	(44,919)	**(23,209)**	(15,370)
Retirement gratuities paid	**(2,981)**	-	**-**	-
	(56,426)	(44,919)	**(23,209)**	(15,370)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**177,079**	160,664	**(16,076)**	(2,384)

The notes set out on pages 41 to 75 form part of these financial statements.

CASH FLOW STATEMENTS

for the financial year ended 31 December 2004 (cont'd)

Amounts in RM'000 unless otherwise stated

	Group		Company	
	2004	2003	**2004**	2003
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds and additional compensation received from acquisition of freehold land and plantation	**975**	7,869	**958**	7,460
Interest received	**4,102**	4,324	**2,597**	3,172
Dividends received from:				
- subsidiaries	**-**	-	**15,330**	4,576
- associates	**3,701**	1,104	**3,701**	1,104
Repayment from associates	**-**	980	**-**	980
Proceeds from disposal of property, plant and equipment	**212**	111	**329**	54
Proceeds from disposal of long term investment	**1,502**	-	**873**	-
Acquisition of subsidiaries *(See Note 31)*	**(105,120)**	-	**-**	-
Land held for property development	**(6,565)**	(3,783)	**-**	-
Purchase of property, plant and equipment	**(144,414)**	(54,493)	**(3,171)**	(6,218)
Advances to subsidiaries	**-**	-	**(156,868)**	(22,800)
Repayment from subsidiaries	**-**	-	**85,669**	116,281
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(245,607)**	(43,888)	**(50,582)**	104,609
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares *(See Note 26)*	**717**	357	**717**	357
Proceeds from bank borrowings	**79,000**	-	**-**	-
Repayment of borrowings	**(81,667)**	-	**-**	-
Finance cost paid	**(878)**	-	**-**	-
Dividends paid	**(25,391)**	(22,685)	**(25,391)**	(22,685)
Dividends paid to minority shareholders	**(2,154)**	(17)	**-**	-
NET CASH USED IN FINANCING ACTIVITIES	**(30,373)**	(22,345)	**(24,674)**	(22,328)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(98,901)**	94,431	**(91,332)**	79,897
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**207,509**	113,078	**157,602**	77,705
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR *	**108,608**	207,509	**66,270**	157,602
*** Analysis of cash and cash equivalents**				
Short term investments *(See Note 22)*	**62,314**	117,183	**42,508**	99,207
Bank balances and deposits *(See Note 23)*	**46,294**	90,326	**23,762**	58,395
	108,608	207,509	**66,270**	157,602

Included in the above bank balances and deposits for the Group is an amount of RM13.1 million *(2003 : RM15.4 million)* deposited by a subsidiary involved in property development activities, into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

The notes set out on pages 41 to 75 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

Amounts in RM'000 unless otherwise stated

1. PRINCIPAL ACTIVITIES

The Company is principally involved in plantation and investment holding.

The principal activities of the subsidiaries include plantation and property development.

Details of the principal activities of the subsidiaries and associates are set out in Note 35 to the financial statements.

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

2. BASIS OF PREPARATION

The financial statements are prepared in accordance with and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The historical cost convention modified by the revaluation of certain property, plant and equipment and land held for property development, unless otherwise indicated in the individual policy statements set out in Note 3 to the financial statements, were adopted in the preparation of the financial statements.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on Directors' best knowledge of current events and actions, actual results could differ from those estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies adopted by the Group and the Company have been applied consistently in dealing with all material items in relation to the financial statements.

In addition, the Group complies with new accounting standards that are effective for the financial year. Where the accounting standards require retrospective application on adoption, it is complied with, except in cases where the standard specifically does not require comparatives on first adoption due to non-availability of such information or when it is not practicable to do so.

The following are the significant accounting policies adopted by the Group:

Basis of Consolidation

Investments in subsidiaries are eliminated on consolidation while investments in associates are accounted for by the equity method of accounting.

a) Subsidiaries

The consolidated financial statements include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies 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 from the date on which effective control is transferred to the Group and are no longer consolidated from the date when control ceases. Subsidiaries are consolidated using the acquisition method of accounting whereby the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date when control ceases. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill. See accounting policy note on treatment of goodwill.

All material intra-group transactions, balances and unrealised gains on transactions between group companies have been eliminated; unrealised losses have also been eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Subsidiaries (cont'd)

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statement.

Minority interests is measured at the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's net assets since that date. Separate disclosure is made of minority interests.

b) Associates

Associates are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Equity accounting involves recognising in the income statement the Group's share of the associates' results for the financial year. The Group's interest in associates is stated at cost net of goodwill written off, for acquisitions prior to 1 January 2004, plus adjustments to reflect changes in the Group's share of the net assets of the associates. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of impairment on the assets transferred.

Property, Plant and Equipment

Property, plant and equipment are stated at cost modified by the revaluation of certain property, plant and equipment less accumulated depreciation, amortisation and impairment loss where applicable. In accordance with the transitional provisions allowed by the Malaysian Accounting Standards Board ("MASB") on adoption of MASB No.15, *Property, Plant and Equipment,* the valuation of these assets have not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation, amortisation and impairment losses.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the income statement.

Freehold land and plantation and property, plant and equipment which are under construction are not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use.

Leasehold properties with lease periods of 99 years or less are amortised equally over their respective lease periods. However, leasehold properties with original lease period of 999 years are not amortised, the cumulative effect of which is not material to the financial statements.

Other property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. The annual rates of depreciation used for the major classes of property, plant and equipment are as follows:

	%
Buildings and improvements	5
Plant and machinery	10 - 20
Motor vehicles	20
Furniture, fittings and equipment	10 - 50

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to unappropriated profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New Planting and Replanting Expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under freehold and leasehold land respectively. New planting expenditure capitalised is not amortised. However, where the new planting expenditure capitalised on leasehold land which has unexpired period shorter than the plantation's economic useful life, the planting expenditure is amortised over the remaining period of the lease on a straight line basis.

Replanting expenditure is charged to the income statement in the financial year in which the expenditure is incurred.

Property Development Activities

a) Land Held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost of acquisition includes all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at revalued amounts, it continues to retain these amounts as its surrogate cost as allowed by MASB No. 32, *Property Development Activities*. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and where the development activities can be completed within normal operating cycle.

b) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the percentage of completion method in respect of sales where agreements have been finalised. Under this method, profits are recognised as the property development activity progresses. The stage of completion is determined based on proportion of property development costs incurred for work performed up to the balance sheet date over the estimated total property development cost to completion.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable of recovery; property development costs on the development units sold are recognised when incurred. Foreseeable losses, if any, arising when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, are recognised immediately in the income statement.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. Upon completion of development, the unsold completed development properties are transferred to inventories.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under trade and other payables (within current liabilities).

MASB No. 32 became operative for financial periods commencing 1 January 2004. Consequently, in compliance with the Standard, "Real property assets" has been renamed as "Land held for property development". The comparatives in respect of property development and trade and other receivables have been restated. See Note 34 on Changes in Accounting Policies.

Investments

Long term investments, both quoted and unquoted, include investments in subsidiaries, associates and other non-current investments. Investments in subsidiaries and associates are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments (Cont'd)

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such a decline is recognised as an expense in the financial year in which it is identified.

Short term quoted investments are stated at the lower of cost and market value, determined on a portfolio basis by comparing aggregate cost against aggregate market value. Money market instruments are stated at the lower of cost and net realisable value.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the income statement.

Goodwill

Goodwill represents the excess of the purchase price over the Group's share of the fair value of the identifiable net assets of the subsidiaries/associates at the date of acquisition.

Goodwill on acquisition of subsidiaries on or after 1 January 2004 is recognised as an intangible asset and disclosed separately on the consolidated balance sheet at cost less any impairment losses. Goodwill, less any impairment losses, on acquisition of associates occurring on or after 1 January 2004 is included in investments in associates. Prior to 1 January 2004, the Group's policy was to write off goodwill to the income statement in the financial year when the acquisition occurs. The change in accounting policy is applied prospectively with effect from the current financial year as the resulting adjustment that relates to prior financial years is not reasonably determinable and impractical to reinstate. The comparative figures are therefore not restated.

With this change, the carrying value of goodwill will be subject to annual impairment review and whenever events or changes in circumstances indicate that it may not be recoverable. An impairment charge will be recognised in the income statement when the results of such impairment review indicate that the carrying value of goodwill is impaired.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads *(based on normal operating capacity)*. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Receivables

Receivables are carried at estimated realisable value. In estimating realisable value, an allowance is made for doubtful receivables based on a review of all outstanding amounts at the financial year end. Bad debts are written off in the financial year in which they are identified.

Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances (net of bank overdrafts), deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are included within short-term borrowings in current liabilities and money market instruments are included within short-term investments in current assets in the balance sheet.

Borrowing Costs

Borrowings are initially recognised based on the proceeds received.

Costs incurred on borrowings to finance qualifying assets are capitalised until the assets are ready for their intended use after which such expenses are charged to the income statement. All other borrowing costs are charged to the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of Assets

The carrying values of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, an impairment review is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit. An impairment charge is made if the carrying amount exceeds the recoverable amount.

An impairment loss is charged to the income statement, unless the asset is carried at revalued amount, in which case the impairment loss is used to reduce the revaluation surplus.

An impairment loss is reversed only to the extent of previously recognised impairment losses for the same asset. The reversal is recognised in the income statement, unless the asset is carried at revalued amount, in which case it is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised in the income statement.

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs, so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

Income Taxes

a) Current taxation

Current taxation is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable income and is measured using the tax rates which are applicable at the balance sheet date.

b) Deferred taxation

Deferred tax liabilities and/or assets are recognised for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their related tax bases. However, deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the deferred tax assets can be utilised. Deferred tax liability in respect of asset revaluations is also recognised. Deferred tax liabilities and assets are measured at the tax rates which are applicable at the balance sheet date.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee Benefits

a) Short-term employee benefits

Short-term employee benefits include wages, salaries, bonus, social security contributions and paid annual leave. These benefits are accrued when incurred and are measured on an undiscounted basis.

b) Post-employment benefits

Post-employment benefits include defined contribution plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. These benefits are accrued when incurred and are measured on an undiscounted basis.

c) Long-term employee benefits

Long-term employee benefits include retirement gratuities payable under a retirement gratuity scheme which was established in 1994 by the Board of Directors for Executive Directors of the Company and certain subsidiaries. The level of retirement gratuities payable is determined by the Board of Directors in relation to the past services rendered and it does not take into account the employee's service to be rendered in later years up to retirement. The gratuity, which is calculated based on the emoluments earned in the immediate past three years, is a vested benefit when the Directors reach retirement age.

The present value of the retirement gratuities is determined by discounting the amount payable by reference to market yields at the balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. The differences arising from the application of such discounting as well as any past service costs and the effects of any curtailments or settlements, if any, are recognised immediately in the income statement.

Such retirement gratuities payable are classified as current liabilities when it is probable that a payment will be made within the next twelve months and also provided that the amount has been approved for payment by the Board of Directors.

d) Equity compensation benefits

Equity compensation benefits include share options issued to eligible Executives and Executive Directors of the Company and certain subsidiaries.

The Group does not make a charge to the income statement in respect of share options granted to employees. As and when the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium. Details of the employee share options scheme are set out in the relevant notes to the financial statements.

Income Recognition

a) Revenue

Sales are recognised upon delivery of products or performance of services, net of sales tax and discounts, and after eliminating sales within the Group.

Sales relating to property development projects are recognised progressively as the project activity progresses and are in respect of sales where agreements have been finalised. The recognition of sales is based on the percentage of completion method and is consistent with the method adopted for profit recognition.

b) Other Income

Other revenue comprising interest income, rental income, management and shared services fee are recognised on accrual basis. Dividend income is recognised when the right to receive payment is established.

Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of unappropriated profits and accrued as a liability in the financial year in which the obligation to pay is established

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currencies

The financial statements are stated in Ringgit Malaysia ("RM").

Transactions in foreign currencies have been translated into RM at the rates ruling on the dates of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date have been translated at the rates ruling on that date. Gains and losses arising from translation are included in the income statement.

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of these entities are translated into RM at average rates for the financial year and the balance sheets are translated at the financial year end rates. Exchange differences arising from the translation of income statements at average rates and balance sheets at financial year end rates, and the restatement at financial year end rates of the opening net investments in such subsidiaries and associates are taken to reserves.

Fair value adjustments and goodwill arising on the acquisition of a foreign entity are treated as assets or liabilities of the Group and are translated accordingly at the exchange rate ruling at the date of the transaction.

The principal rates of exchange used in translation are as follows:
(RM to one unit of foreign currency)

Currency	Financial year end rate	
	2004	2003
US Dollar	**3.8000**	3.8000
Australian Dollar	**2.9623**	2.8544

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

a) Financial instruments recognised on the balance sheet

The recognition method adopted for financial instruments that are recognised on the balance sheet is disclosed separately in the individual policy statements associated with the relevant financial instrument. The financial assets and liabilities of the Group are primarily denominated in Ringgit Malaysia. Financial assets and liabilities that are denominated in other currencies, where material, have been disclosed in the notes to the financial statements.

b) Fair value estimation for disclosure purposes

The fair value of publicly traded securities is based on quoted market prices at the balance sheet date. For non-traded financial instruments, the Group uses various methods and makes assumptions that are based on market conditions. Comparisons are made to similar instruments that are publicly traded and estimates based on discounted cash flow techniques are also used. For other long term financial assets and liabilities, fair value is estimated by discounting future contractual cash flows at appropriate interest rates.

The book values of financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values.

Segmental Reporting

The Group adopts business segment analysis as its primary reporting format. No geographical segment analysis is reported as the Group's operations and customers are in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Segmental Reporting (Cont'd)

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by the segment and consist principally of property, plant and equipment net of accumulated depreciation, amortisation and impairment loss, land held for property development net of accumulated impairment loss, property development costs, inventories and receivables. Segment liabilities comprise operating liabilities. Both segment assets and liabilities do not include income tax assets and liabilities and interest bearing instruments.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to optimise the value creation for shareholders. In addition, the Group seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks.

The Group operates within clearly defined guidelines that are approved by the Board of Directors and do not trade in financial instruments. Financial risk management is carried out through risk reviews conducted at all significant operational units. This process is further enhanced by effective internal controls, a group-wide insurance programme and adherence to the financial risk management policies.

The main areas of financial risks faced by the Group and the relevant policies for controlling and management of these risks are set out below:

Interest Rate Risk

Interest rate risk mainly arises from the Group's short-term borrowings. The Group has a policy to ensure that the rates obtained are competitive so as to ensure that its cost of financing is kept at the lowest possible. The Group has no significant exposure to interest rate risk.

Market Risk

The Group, in the normal course of business, is exposed to market risks in respect of volatility in market prices of palm products. The Group manages its risk through established guidelines and policies.

Credit Risk

Exposure to credit risk arises mainly from sales made on deferred credit terms. Credit terms offered by the Group range from 7 days to 14 days from date of transaction. Risks arising therefrom are minimised through effective monitoring of receivables and suspension of sales to customer which accounts exceed the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses. The Group has no significant concentration of credit risk with any single customer.

The Group also seeks to invest cash assets safely and profitably and buys insurance to protect itself against insurable risks. In this regard, counterparties are assessed for credit risk and limits are set to minimise any potential losses.

Liquidity and Cash Flow Risks

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group's cash flow is reviewed regularly to ensure that the Group is able to settle its commitments when they fall due.

5. SEGMENT ANALYSIS

	Plantation		Property		Others		Total	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Revenue - external	**467,211**	380,007	**47,456**	110,811	**-**	-	**514,667**	490,818
Segment profit	**210,153**	167,441	**4,497**	72,150	**2,967**	5,817	**217,617**	245,408
Interest income							**4,102**	4,324
Finance cost							**(878)**	-
Goodwill written off							**-**	(49,732)
Net surplus arising from disposals of freehold land and plantation	**1,058**	7,310	**-**	5	**-**	-	**1,058**	7,315
Share of results in associates	**4,368**	3,496	**357**	630	**-**	-	**4,725**	4,126
Profit from ordinary activities before taxation							**226,624**	211,441
Taxation							**(49,453)**	(61,988)
Profit from ordinary activities after taxation							**177,171**	149,453
Minority interests							**(2,600)**	(14,203)
Net profit for the financial year							**174,571**	135,250
Other information:								
i) Assets								
a) Segment assets	**1,011,807**	770,128	**486,839**	475,861	**4,486**	5,057	**1,503,132**	1,251,046
b) Associates	**9,477**	9,273	**2,477**	2,438	**(35)**	(39)	**11,919**	11,672
c) Interest bearing instruments							**103,822**	203,011
d) Unallocated corporate assets							**5,535**	4,398
Total assets							**1,624,408**	1,470,127
ii) Liabilities								
a) Segment liabilities	**43,925**	37,682	**45,682**	45,693	**189**	268	**89,796**	83,643
b) Unallocated corporate liabilities							**38,168**	40,608
Total liabilities							**127,964**	124,251
iii) Other disclosures								
a) Capital expenditure incurred	**246,918**	55,138	**4,668**	410	**234**	6	**251,820**	55,554
b) Depreciation and amortisation charged	**15,182**	12,150	**919**	761	**179**	210	**16,280**	13,121
c) Allowance/ (write back) for bad and doubtful debts	**-**	-	**(11)**	25	**-**	(3,351)	**(11)**	(3,326)
d) Other significant non-cash item - Gain on disposal of land	**-**	-	**-**	69,060	**-**	-	**-**	69,060

5. SEGMENT ANALYSIS (Cont'd)

The segment analysis is organised as follows:

i) *Plantation* - comprises mainly activities relating to oil palm plantation.

ii) *Property* - comprises mainly activities relating to property development and the operation of a golf course.

iii) *Others* - comprises other insignificant businesses and are not reported separately.

6. REVENUE

Revenue of the Group and of the Company comprises the following:

	Group		Company	
	2004	2003	**2004**	2003
Sale of goods:				
Sale of plantation produce	**467,211**	380,007	**163,421**	146,900
Sale of land and development properties	**46,489**	109,841	**-**	-
Rendering of services:				
Revenue from golf course operations	**967**	970	**-**	-
	514,667	490,818	**163,421**	146,900

Included in the sale of land and development activities is an amount of RM69.1 million representing gain on disposal of land as reported in previous financial year.

7. COST OF SALES

	Group		Company	
	2004	2003	**2004**	2003
Cost of inventories recognised as an expense	**247,003**	204,297	**63,213**	57,403
Cost of services recognised as an expense	**1,605**	1,448	**-**	-
	248,608	205,745	**63,213**	57,403

8. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation has been determined after inclusion of the following charges and credits:

	Group		Company	
	2004	2003	**2004**	2003
Charges:				
Depreciation of property, plant and equipment	**16,280**	13,121	**2,795**	2,545
Replanting expenditure	**5,439**	7,456	**3,782**	5,303
Directors' remuneration excluding estimated money value of benefits-in-kind *(See Note 10)*	**2,855**	3,806	**2,326**	3,323
Charges payable to other related companies:				
- Rental of premises	**888**	888	**810**	810
- Shared services fee	**507**	458	**507**	458
- Hire of equipment	**49**	47	**49**	47
Property, plant and equipment written off	**565**	755	**18**	103
Shared services fee payable to ultimate holding company	**712**	705	**712**	705
Interest expense	**878**	-	**-**	-
Bad debts written off	**523**	-	**-**	-
Auditors' remuneration	**140**	113	**58**	55
Rental of land paid to a subsidiary	**-**	-	**492**	511
Investment in a subsidiary written off	**-**	-	**-**	3,635

8. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (Cont'd)

	Group		Company	
	2004	2003	**2004**	2003
Credits:				
Net surplus and additional compensation arising from acquisition of freehold land and plantation	**1,058**	7,315	**830**	7,140
Interest income	**4,102**	4,324	**2,597**	3,172
Write back of allowance for doubtful debts	**11**	3,326	**-**	3,351
Income from associates:				
- Gross dividend	**-**	-	**5,045**	1,363
- Management fee	**1,297**	1,171	**-**	-
Rental income	**1,342**	1,099	**395**	407
Gain on disposal of property, plant and equipment	**206**	33	**100**	54
Gain on disposal of long term investment	**849**	-	**492**	-
Rental income from a related company	**18**	18	**-**	-
Income from subsidiaries				
- Gross dividend	**-**	-	**20,320**	6,224
- Management fee	**-**	-	**482**	444
- Shared services fee	**-**	-	**818**	818
Non statutory audit fee payable to auditors	**178**	60	**5**	13

9. STAFF COSTS

	Group		Company	
	2004	2003	**2004**	2003
Wages, salaries and bonuses	**39,684**	32,060	**15,431**	16,019
Defined contribution plans	**3,336**	3,378	**1,971**	1,970
Provision for retirement gratuities	**840**	830	**668**	686
Other short term employee benefits	**4,242**	3,393	**2,562**	2,013
	48,102	39,661	**20,632**	20,688
Number of employees as at 31 December	**5,266**	3,243	**1,074**	983

Staff costs, as shown above, include the remuneration of Executive Directors.

10. DIRECTORS'REMUNERATION

	Group		Company	
	2004	2003	**2004**	2003
Non-Executive Directors *				
- Fees	**140**	126	**140**	126
- Salaries and bonuses	**314**	298	**-**	-
- Defined contribution plan	**38**	36	**-**	-
- Provision for retirement gratuities	**172**	144	**-**	-
	664	604	**140**	126
Executive Directors				
- Fees	**45**	59	**40**	54
- Salaries and bonuses	**1,291**	2,255	**1,291**	2,255
- Defined contribution plan	**187**	202	**187**	202
- Provision for retirement gratuities	**668**	686	**668**	686
	2,191	3,202	**2,186**	3,197
Directors' remuneration excluding estimated money value of benefits-in-kind *(See Note 8)*	**2,855**	3,806	**2,326**	3,323
Estimated money value of benefits-in-kind *(not charged to the income statements)*:				
Non-Executive Directors	**21**	22	**-**	-
Executive Directors	**28**	28	**28**	28
	49	50	**28**	28
	2,904	3,856	**2,354**	3,351

* *A Non-Executive Director of the Company receives salary and related benefits from a subsidiary by virtue of him being an Executive Director of the said subsidiary.*

Remuneration of Directors of the Company, in respect of services rendered to the Company and its subsidiaries, is in the following bands:

	2004	2003
	Number	
Amounts in RM'000		
Non-Executive Directors		
50 and below	**5**	5
500 - 600	**1**	1
Executive Directors		
250 - 300	**-**	1
400 - 450	**1**	-
1,350 - 1,400	**-**	1
1,550 - 1,850	**1**	1

Executive Directors of the Company and its subsidiaries have been granted options under the Asiatic Executive Share Option Scheme ("the Scheme") on the same terms and conditions as those offered to other executive employees. Details of the Scheme are set out in Note 26. The unissued shares under the Scheme in respect of Directors are as follows:

		Number of shares			
Date granted	**Subscription price (sen/share)**	**At 1 January** '000	**Offered and accepted** '000	**Exercised/ relinquished/ lapsed** '000	**At 31 December** '000
Financial year ended 31.12.2004:					
11.11.2000	92	**200**	**-**	**-**	**200**
2.9.2002	145	**1,531**	**-**	**-**	**1,531**
1.12.2003	165	**744**	**-**	**-**	**744**
		2,475 *	**-**	**-**	**2,475**

* *The total number of options as at 1 January 2004 has been reduced by 825,000 shares that were granted to a Director who retired on 31 December 2003.*

10. DIRECTORS'REMUNERATION (Cont'd)

Date granted	Subscription price (sen/share)	Number of shares: At 1 January '000	Offered and accepted '000	Exercised/ relinquished/ lapsed '000	At 31 December '000
Financial year ended 31.12.2003:					
11.11.2000	92	200	-	-	200
2.9.2002	145	2,108	-	-	2,108
1.12.2003	165	-	992	-	992
		2,308	992	-	3,300

	2004 '000	2003 '000
Number of share options vested at balance sheet date	**200**	100

11. TAXATION

	Group **2004**	Group 2003	Company **2004**	Company 2003
Current taxation charge:				
Malaysian income tax charge	**49,668**	54,311	**28,826**	19,795
Deferred tax (reversal)/charge *(See Note 19)*	**(554)**	7,177	**(2,326)**	1,228
Share of tax in associates	**777**	1,160	**-**	-
	49,891	62,648	**26,500**	21,023
Income tax (over)/under provided in prior financial years	**(438)**	(660)	**196**	(86)
	49,453	61,988	**26,696**	20,937

The reconciliation between the average effective tax rate and the Malaysian tax rate is as follows:-

	Group **2004** %	Group 2003 %	Company **2004** %	Company 2003 %
Malaysian tax rate	**28.0**	28.0	**28.0**	28.0
Tax effects of:				
- expenses not deductible for tax purposes	**1.9**	7.0	**0.7**	1.8
- income not subject to tax	**(0.4)**	(3.0)	**(1.1)**	(4.0)
- previously unrecognised tax losses	**(0.5)**	(0.3)	**-**	-
- tax incentives	**(4.9)**	(3.5)	**(0.3)**	(0.9)
- over provision in prior financial years	**(0.2)**	(0.3)	**0.2**	(0.1)
- others	**(2.1)**	1.4	**(2.0)**	-
Average effective tax rate	**21.8**	29.3	**25.5**	24.8

Subject to the agreement by the Inland Revenue Board, the amount of unutilised tax losses of subsidiaries available for which the related tax effects have not been recognised in the net income amounted to approximately RM378,000 *(2003 : RM378,000)* as at the financial year end. The amount of tax savings in respect of brought forward tax losses for which credit has been recognised by subsidiaries during the financial year amounted to RM1,015,000 *(2003 : RM603,000)*.

12. EARNINGS PER SHARE

Earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted or adjusted weighted average number of ordinary shares in issue.

	Group	
	2004	2003
a) Basic earnings per share		
Net profit for the financial year	**174,571**	135,250
Weighted number of ordinary shares in issue	**742,319,787**	741,376,622
Basic earnings per share *(sen)*	**23.52**	18.24
b) Diluted earnings per share		
Net profit for the financial year	**174,571**	135,250
Adjusted weighted average number of ordinary shares in issue:		
Weighted number of ordinary shares in issue	**742,319,787**	741,376,622
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	**3,210,924**	921,115
	745,530,711	742,297,737
Diluted earnings per share *(sen)*	**23.42**	18.22

13. DIVIDENDS

	Company	
	2004	2003
Interim paid – 2.00 sen less 28% tax *(2003 : 1.75 sen less 28% tax)* per ordinary share of 50 sen each.	**10,691**	9,341
Proposed final – 3.5 sen less 28% tax *(2003 : 2.75 sen less 28% tax)* per ordinary share of 50 sen each.	**18,715**	14,692
Additional final dividends paid in respect of previous financial year due to issue of shares pursuant to the Asiatic Executive Share Option Scheme	**-**	8
	18,715	14,700
	29,406	24,041

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2004 of 3.5 sen less 28% tax *(2003 : 2.75 sen less 28% tax)* per ordinary share of 50 sen each amounting to RM18.7 million *(2003 : RM14.7 million)* will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability upon approval by shareholders.

14. PROPERTY, PLANT AND EQUIPMENT

2004 Group	Freehold land and plantation	Long leasehold land and plantation	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
At cost/valuation:								
Beginning of the financial year	250,700	432,212	71,434	107,735	7,593	8,348	1,322	879,344
Additions	30	95,448	13,320	26,589	646	1,063	10,403	147,499
Assets of subsidiaries acquired *(See Note 31)*	-	104,026	111	58	56	16	54	104,321
Disposals	(128)	(3,517)	-	(135)	(629)	(13)	-	(4,422)
Written off	-	-	(448)	(1,210)	(7)	(225)	(13)	(1,903)
Reclassifications	-	34	4,194	518	-	-	(4,746)	-
End of the financial year	250,602	628,203	88,611	133,555	7,659	9,189	7,020	1,124,839
Accumulated depreciation:								
Beginning of the financial year	-	(13,143)	(29,987)	(66,004)	(4,431)	(6,277)	-	(119,842)
Depreciation for the financial year:								
- Charged to income statement	-	(1,469)	(3,559)	(9,554)	(974)	(724)	-	(16,280)
- Capitalised under long leasehold land and plantation	-	(893)	(28)	(82)	(192)	(19)	-	(1,214)
Disposals	-	104	-	133	629	9	-	875
Written off	-	-	343	825	3	167	-	1,338
End of the financial year	-	(15,401)	(33,231)	(74,682)	(4,965)	(6,844)	-	(135,123)
Net book value at end of the financial year	250,602	612,802	55,380	58,873	2,694	2,345	7,020	989,716
Comprising:								
Cost	133,855	628,203	88,611	133,555	7,659	9,189	7,020	1,008,092
At 1981 valuation	116,747	-	-	-	-	-	-	116,747
	250,602	628,203	88,611	133,555	7,659	9,189	7,020	1,124,839

14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

2003 Group	Freehold land and plantation	Long leasehold land and plantation	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
At cost/valuation:								
Beginning of the financial year	251,673	387,805	69,489	104,068	6,938	7,925	957	828,855
Additions	36	41,332	1,009	4,194	1,227	798	3,466	52,062
Assets of a subsidiary acquired	-	3,492	-	-	-	-	-	3,492
Disposals	(972)	-	-	(269)	(522)	(11)	-	(1,774)
Written off	(37)	(510)	(611)	(1,697)	(72)	(364)	-	(3,291)
Reclassifications	-	93	1,547	1,439	22	-	(3,101)	-
End of the financial year	250,700	432,212	71,434	107,735	7,593	8,348	1,322	879,344
Accumulated depreciation:								
Beginning of the financial year	-	(11,418)	(27,319)	(60,074)	(4,090)	(6,033)	-	(108,934)
Depreciation for the financial year:								
- Charged to income statement	-	(911)	(3,141)	(7,612)	(867)	(590)	-	(13,121)
- Capitalised under long leasehold land and plantation	-	(814)	(61)	(107)	(52)	(13)	-	(1,047)
Disposals	-	-	-	209	506	9	-	724
Written off	-	-	534	1,580	72	350	-	2,536
End of the financial year	-	(13,143)	(29,987)	(66,004)	(4,431)	(6,277)	-	(119,842)
Net book value at end of the financial year	250,700	419,069	41,447	41,731	3,162	2,071	1,322	759,502
Comprising:								
Cost	133,825	432,212	71,434	107,735	7,593	8,348	1,322	762,469
At 1981 valuation	116,875	-	-	-	-	-	-	116,875
	250,700	432,212	71,434	107,735	7,593	8,348	1,322	879,344

14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

2004 Company	Freehold land and plantation	Long leasehold land and plantation	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
At cost/valuation:								
Beginning of the financial year	216,693	60,994	20,810	22,925	3,744	4,663	252	330,081
Additions	29	373	63	1,435	176	161	1,612	3,849
Disposals	(128)	-	(219)	(135)	(669)	(4)	-	(1,155)
Written off	-	-	(123)	(301)	-	(121)	-	(545)
Reclassifications	-	-	645	152	-	-	(797)	-
End of the financial year	216,594	61,367	21,176	24,076	3,251	4,699	1,067	332,230
Accumulated depreciation:								
Beginning of the financial year	-	(2,551)	(13,607)	(19,741)	(2,194)	(3,756)	-	(41,849)
Depreciation for the financial year:								
- Charged to income statement	-	(15)	(803)	(1,078)	(500)	(399)	-	(2,795)
- Capitalised under long leasehold land and plantation	-	-	(7)	(10)	(2)	(1)	-	(20)
Disposals	-	-	86	134	576	2	-	798
Written off	-	-	109	301	-	117	-	527
End of the financial year	-	(2,566)	(14,222)	(20,394)	(2,120)	(4,037)	-	(43,339)
Net book value at end of the financial year	216,594	58,801	6,954	3,682	1,131	662	1,067	288,891
Comprising :								
Cost	106,413	61,367	21,176	24,076	3,251	4,699	1,067	222,049
At 1981 valuation	110,181	-	-	-	-	-	-	110,181
	216,594	61,367	21,176	24,076	3,251	4,699	1,067	332,230

14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

2003 Company	Freehold land and plantation	Long leasehold land and plantation	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
At cost/valuation:								
Beginning of the financial year	217,015	57,692	20,764	22,538	3,699	4,403	200	326,311
Additions	35	3,277	69	883	437	425	829	5,955
Disposals	(320)	-	-	(244)	(389)	(6)	-	(959)
Written off	(37)	-	(568)	(459)	(3)	(159)	-	(1,226)
Reclassifications	-	25	545	207	-	-	(777)	-
End of the financial year	216,693	60,994	20,810	22,925	3,744	4,663	252	330,081
Accumulated depreciation:								
Beginning of the financial year	-	(2,536)	(13,268)	(19,461)	(2,077)	(3,599)	-	(40,941)
Depreciation for the financial year:								
- Charged to income statement	-	(12)	(804)	(918)	(502)	(309)	-	(2,545)
- Capitalised under long leasehold land and plantation	-	(3)	(46)	(63)	(7)	(6)	-	(125)
Disposals	-	-	-	244	389	6	-	639
Written off	-	-	511	457	3	152	-	1,123
End of the financial year	-	(2,551)	(13,607)	(19,741)	(2,194)	(3,756)	-	(41,849)
Net book value at end of the financial year	216,693	58,443	7,203	3,184	1,550	907	252	288,232
Comprising :								
Cost	106,384	60,994	20,810	22,925	3,744	4,663	252	219,772
At 1981 valuation	110,309	-	-	-	-	-	-	110,309
	216,693	60,994	20,810	22,925	3,744	4,663	252	330,081

The valuation of the freehold land and plantation made by the Directors in 1981 were based upon valuations carried out by an independent firm of professional valuers using fair market value basis. The net book value of the revalued freehold land and plantation for the Group and the Company would have amounted to RM94,311,000 *(2003 : RM94,410,000)* and RM82,167,000 *(2003 : RM82,266,000)* respectively had they been stated in the financial statements at cost.

15. PROPERTY DEVELOPMENT ACTIVITIES

		Group		
		2004		2003
a) Land held for property development:				
Freehold land		**98,150**		99,402
Development cost		**134,415**		136,714
		232,565		236,116
At the beginning of the financial year				
- freehold land	**99,402**		104,662	
- development costs	**136,714**	**236,116**	142,812	247,474
Costs incurred during the financial year				
- freehold land	**-**		4,232	
- development costs	**3,629**	**3,629**	3,782	8,014
Costs transferred to property development costs *(See Note 15(b))*				
- freehold land	**(1,252)**		(9,492)	
- development costs	**(5,928)**	**(7,180)**	(9,880)	(19,372)
At the end of the financial year		**232,565**		236,116
(b) Property development costs:				
Freehold land		**29,164**		28,740
Development costs		**124,520**		96,213
Accumulated costs charged to income statement		**(48,287)**		(30,212)
		105,397		94,741
At the beginning of the financial year				
- freehold land	**28,740**		22,859	
- development costs	**96,213**		86,392	
- accumulated costs charged to income statement	**(30,212)**	**94,741**	(22,031)	87,220
Costs incurred during the financial year				
- transferred from land held for property development *(See Note 15(a))*	**7,180**		19,372	
- freehold land	**-**		3,752	
- development costs	**36,995**	**44,175**	13,893	37,017
Costs charged to income statement		**(32,717)**		(29,496)
Costs transferred to inventories				
- freehold land	**(829)**		(7,363)	
- development costs	**(14,615)**		(13,952)	
- accumulated costs charged to income statement	**14,642**	**(802)**	21,315	-
At the end of the financial year		**105,397**		94,741

16. SUBSIDIARIES

	Company	
	2004	2003
Unquoted shares - at cost	**160,822**	160,822
Less : Amounts written down to-date	**(3,635)**	(3,635)
	157,187	157,187
Current:		
Amounts due from subsidiaries	**911,236**	670,936
Amounts due to subsidiaries	**(210,905)**	(110,862)

The amounts due from and to subsidiaries represent outstanding amounts arising from inter-company sales and purchases, advances, payments and receipts on behalf of or by subsidiaries. These amounts are interest free, unsecured and are repayable on demand.

Included in amount due to subsidiaries is an amount of RM123.3 million representing deposits received on the sale of plantation land and buildings erected thereon pursuant to the Group Rationalisation Exercise *(See Note 32)* which has no cash flow effect on the Company as these deposits were utilised to set off the inter-company balances with the respective subsidiaries.

The subsidiaries are listed in Note 35.

17. ASSOCIATES AND RECEIVABLES FROM ASSOCIATES

	Group		Company	
	2004	2003	**2004**	2003
Unquoted shares - at cost	**2,123**	2,123	**2,123**	2,123
Group's share of post-acquisition reserves	**9,796**	9,549	**-**	-
Share of net assets, other than goodwill	**11,919**	11,672	**2,123**	2,123
Long term receivables from associates	**4,918**	4,917	**4,918**	4,917
Current :				
Amounts due from associates	**718**	745	**718**	745

The fair values of long term receivables from associates are not materially different from their book values.

The amounts due from associates represent outstanding amounts arising from trade transactions and advances and payments made on behalf of associates, are unsecured and interest free and those amount included under long term receivables are not repayable within the next twelve months.

The associates are listed in Note 35.

18. INVESTMENTS

	Group		Company	
	2004	2003	**2004**	2003
Quoted shares in foreign corporations – at cost	**-**	8,282	**-**	1,207
Less : Amounts written down to-date	**-**	(7,629)	**-**	(826)
	-	653	**-**	381
Market value of quoted shares	**-**	1,203	**-**	702

The quoted shares in foreign corporations are denominated in Australian Dollar.

19. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2004	2003	**2004**	2003
Deferred tax assets *(See (i) below)*	**1,788**	2,011	**565**	-
Deferred tax liabilities:				
- subject to income tax *(See (ii) below)*	**(22,503)**	(23,263)	**-**	(1,760)
- subject to real property gains tax *(See (iii) below)*	**(4,892)**	(4,909)	**(1,401)**	(1,402)
	(27,395)	(28,172)	**(1,401)**	(3,162)
	(25,607)	(26,161)	**(836)**	(3,162)
At 1 January	**(26,161)**	(17,608)	**(3,162)**	(1,934)
(Charged)/credited to income statement *(See Note 11):*				
- Property, plant and equipment	**(146)**	(4,700)	**1,528**	(890)
- Provision for Directors' retirement gratuities	**235**	(602)	**187**	(643)
- Tax losses	**-**	(2,713)	**-**	305
- Land held for property development	**72**	97	**-**	-
- Property development costs	**158**	240	**-**	-
- Inventories	**(398)**	156	**-**	-
- Other temporary differences	**633**	345	**611**	-
	554	(7,177)	**2,326**	(1,228)
Deferred tax arising on acquisition of a subsidiary				
- Land held for property development	**-**	(508)	**-**	-
- Property development costs	**-**	(450)	**-**	-
- Inventories	**-**	(418)	**-**	
At 31 December	**(25,607)**	(26,161)	**(836)**	(3,162)
Subject to income tax				
i) Deferred tax assets (before offsetting)				
- Property, plant and equipment	**1,414**	1,357	**-**	-
- Provision for Directors' retirement gratuities	**1,461**	1,226	**1,123**	936
- Property development costs	**794**	-	**-**	-
- Inventories	**350**	756	**-**	-
- Other temporary differences	**1,688**	1,052	**891**	280
	5,707	4,391	**2,014**	1,216
- Offsetting	**(3,919)**	(2,380)	**(1,449)**	(1,216)
Deferred tax assets (after offsetting)	**1,788**	2,011	**565**	-
ii) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(20,703)**	(20,498)	**(1,446)**	(2,973)
- Land held for property development	**(423)**	(480)	**-**	-
- Property development costs	**(4,690)**	(4,054)	**-**	-
- Inventories	**(603)**	(611)	**-**	-
- Other temporary differences	**(3)**	-	**(3)**	(3)
	(26,422)	(25,643)	**(1,449)**	(2,976)
- Offsetting	**3,919**	2,380	**(1,449)**	1,216
Deferred tax liabilities (after offsetting)	**(22,503)**	(23,263)	**-**	(1,760)

19. DEFERRED TAXATION (Cont'd)

	Group		Company	
	2004	2003	**2004**	2003
Subject to real property gains tax				
iii) Deferred tax liabilities				
- Property, plant and equipment	**(3,363)**	(3,365)	**(1,401)**	(1,402)
- Land held for property development	**(1,491)**	(1,506)	**-**	-
- Other temporary differences	**(38)**	(38)	**-**	-
Deferred tax liabilities	**(4,892)**	(4,909)	**(1,401)**	(1,402)

The amount of unutilised tax losses and deductible temporary differences on property, plant and equipment for which no deferred tax asset is recognised in the balance sheet are as follows:

Unutilised tax losses	**378**	378	**-**	-
Property, plant and equipment	**836**	789	**-**	-
	1,214	1,167	**-**	-

20. INVENTORIES

	Group		Company	
	2004	2003	**2004**	2003
Produce stocks – at cost	**2,905**	2,834	**343**	299
Stores and spares – at cost	**7,133**	3,721	**1,919**	675
	10,038	6,555	**2,262**	974
Completed development properties				
- at cost	**102,590**	104,290	**-**	-
- at net realisable value	**196**	650	**-**	-
	102,786	104,940	**-**	-
	112,824	111,495	**2,262**	974

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2004	2003	**2004**	2003
Trade receivables	**33,398**	30,963	**3,693**	4,143
Less : Allowance for bad and doubtful debts	**(1,233)**	(1,994)	**-**	-
	32,165	28,969	**3,693**	4,143
Accrued billings in respect of property development	**7,262**	4,580	**-**	-
Income tax recoverable	**3,030**	1,642	**-**	1
Deposits	**4,654**	2,159	**539**	585
Prepayments	**696**	480	**158**	163
Other receivables	**8,148**	2,936	**1,074**	988
	55,955	40,766	**5,464**	5,880

Credit terms offered by the Group range from 7 to 14 days *(2003 : 7 to 14 days)* from date of invoice.

Bad debts written off during the financial year against allowance created in previous financial years for the Group and the Company amounted to RM750,000 *(2003 : RM2,137,000)* and RM Nil *(2003 : RM1,585,000)* respectively.

Included in other receivables of the Group is a secured housing loan of RM500,000 *(2003 : RM500,000)* granted to an executive director of the Company which carries interest at 4% per annum *(2003 : 4% per annum)* with no fixed repayment terms.

22. SHORT TERM INVESTMENTS

Short term investments represent investments in unquoted money market instruments and are stated at cost. Money market instruments comprise negotiable certificates of deposit and bankers' acceptances. The short term investments of the Company as at 31 December 2004 have maturity periods ranging between overnight and one month *(2003 : between overnight and one month).*

Short term investments of the Group and of the Company as at 31 December 2004 are deriving interest at weighted average interest rate of 2.64% per annum *(2003 : 2.69% per annum)* at the end of the financial year.

23. BANK BALANCES AND DEPOSITS

	Group		Company	
	2004	2003	**2004**	2003
Deposits with licensed banks	**38,093**	71,956	**16,765**	42,411
Deposits with finance companies	**3,415**	13,872	**2,330**	11,744
Cash and bank balances	**4,786**	4,498	**4,667**	4,240
	46,294	90,326	**23,762**	58,395

The currency exposure profile and weighted average interest rates of the bank balances and deposits as at the financial year end are as follows:

	Group				Company			
	Currency Profile		Interest rate per annum (%)		Currency Profile		Interest rate per annum (%)	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Ringgit Malaysia	**45,908**	83,861	**2.46**	2.63	**23,762**	58,395	**2.67**	2.73
US Dollars	**386**	6,465	**2.25**	0.98	**-**	-	**-**	-
	46,294	90,326			**23,762**	58,395		

The deposits of the Group and of the Company as at 31 December 2004 have maturity period of one month *(2003 : one month)*. Cash and bank balances of the Group and of the Company are held at call.

Included in deposits with licensed banks for the Group is an amount of RM13.1 million *(2003 : RM15.4 million)* deposited by a subsidiary into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2004	2003	**2004**	2003
Trade payables	**25,378**	20,551	**4,373**	4,460
Accrual of property development expenditure	**15,477**	19,235	**-**	-
Deposits	**5,102**	5,093	**364**	354
Accrued expenses	**19,466**	14,574	**8,154**	6,790
Retention monies	**5,148**	3,723	**257**	276
Amount due to related companies	**12,940**	12,944	**-**	-
Provision for Directors' retirement gratuities *(See Note 28)*	**-**	2,981	**-**	2,981
Other payables	**1,067**	164	**-**	-
	84,578	79,265	**13,148**	14,861

Credit terms available to the Group range from 30 to 90 days *(2003 : 30 to 90 days)* from date of invoice.

25. HOLDING COMPANY AND OTHER RELATED COMPANIES

The Company's immediate and ultimate holding company is Genting Berhad, a company incorporated in Malaysia.

	Group and Company	
	2004	2003
Amount due to ultimate holding company	**725**	717
Amounts due to other related companies	**792**	164
	1,517	881

The amounts due to holding company and other related companies are unsecured, interest free and are repayable on demand.

26. SHARE CAPITAL

	Company	
	2004	2003
Authorised: 1,000,000,000 ordinary shares of 50 sen each	**500,000**	500,000
Issued and fully paid: Ordinary shares of 50 sen each At beginning of the financial year - 741,724,000 *(2003 : 741,335,000)*	**370,862**	370,668
Issue of shares - 779,000 *(2003 : 389,000)*	**390**	194
At end of the financial year - 742,503,000 *(2003 : 741,724,000)*	**371,252**	370,862

During the financial year, the Company issued a total of 779,000 new ordinary shares of 50 sen each fully paid at the subscription price of 92 sen per share which new ordinary shares rank pari passu with the then existing issued ordinary shares of the Company by virtue of the exercise of Option to take up unissued shares of the Company by the executive employees of the Group pursuant to The Asiatic Executive Share Option Scheme ("the Scheme"). This Option was granted before the financial year end.

The Scheme is governed by the by-laws and was approved by the shareholders at an Extraordinary General Meeting held on 28 June 2000. The Scheme came into effect on 1 September 2000.

The main features of the Scheme are as follows:

i) The Scheme shall be in force for a period of ten (10) years commencing from 1 September 2000.

ii) Eligible executives are employees of the Group (including executive directors) or persons under an employment contract of the Group for a period of at least twelve (12) full months of continuous service before the date of offer. The eligibility for participation in the Scheme shall be at the discretion of the Remuneration, Compensation and Benefits Committee ("RCB Committee") which is established by the Board of Directors.

iii) In the event of cessation of employment of a Grantee with the Group prior to the full exercise of the options, such options shall cease without any claim against the Company provided always that subject to the written approval of RCB Committee in its discretion where the Grantee ceases his employment with the Group by reason of:
- his retirement at or after attaining retirement age;
- ill-health or accident, injury or disability;
- redundancy; and/or
- other reasons or circumstances which are acceptable to the RCB Committee

the Grantee may exercise his unexercised options within the Option Period subject to any conditions that may be imposed by the RCB Committee.

26. SHARE CAPITAL (Cont'd)

iv) The total number of shares to be offered under the Scheme shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at the time of the offer.

v) Not more than 50% of the shares available under the Scheme would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than 10% of the shares available under the Scheme would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid up share capital of the Company.

vi) The price at which the Grantee is entitled to subscribe upon exercise of his rights under the Option shall be based on the weighted average market price of the Shares as shown in the Daily Official List of the Malaysia Securities Exchange Berhad for the five (5) Market Days immediately preceding the Date of Offer. Notwithstanding this, the Option Price per Share shall in no event be less than the nominal value of the Share.

vii) No option shall be granted for less than 1,000 shares nor more than 1,500,000 shares to any eligible employee.

viii) An option granted under the Scheme can only be exercised by the Grantee in the fourth year from the Date of Offer until the expiry of the Option Period in the following manner:

Number of new Shares comprised in the Option granted	Percentage of new Shares comprised in the Option exercisable each year from the Date of Offer				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Below 10,000	-	-	-	100%	-
10,000 and above	-	-	-	50% *	50%

* *50% or 10,000, whichever is the higher.*

The employee's entitlements to the options are vested as soon as they become exercisable.

ix) All new ordinary shares issued upon exercise of the options granted under the Scheme will rank pari passu in all respects with the existing ordinary shares of the Company other than their entitlements to dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

x) The options shall not have any right to vote at general meeting of the Company and the Grantees shall not be entitled to any dividends, right or other entitlements in respect of their unexercised options.

Set out below are details of options over the ordinary shares of the Company granted under the Scheme:

Date granted	Exercisable period	Subscription price (sen/share)	At 1 January	Offered and accepted	Exercised (Number of options)	Lapsed	At 31 December
Financial year ended 31.12.2004:							
11.11.2000	**11.11.2003 - 31.8.2010**	**92**	**2,589,000**	**-**	**(779,000)**	**(24,000)**	**1,786,000**
2.9.2002	**2.9.2005 - 31.8.2010**	**145**	**7,896,000**	**-**	**-**	**(156,000)**	**7,740,000**
1.12.2003	**1.12.2006 - 31.8.2010**	**165**	**6,024,000**	**-**	**-**	**(244,000)**	**5,780,000**
			16,509,000	**-**	**(779,000)**	**(424,000)**	**15,306,000**

26. SHARE CAPITAL (Cont'd)

Date granted	Exercisable period	Subscription price (sen/share)	At 1 January	Offered and accepted	Exercised (Number of options)	Lapsed	At 31 December
Financial year ended 31.12.2003:							
11.11.2000	11.11.2003 - 31.8.2010	92	3,002,000	-	(389,000)	(24,000)	2,589,000
2.9.2002	2.9.2005 - 31.8.2010	145	8,021,000	-	-	(125,000)	7,896,000
1.12.2003	1.12.2006 - 31.8.2010	165	-	6,024,000	-	-	6,024,000
			11,023,000	6,024,000	(389,000)	(149,000)	16,509,000

	2004	2003
Number of share options vested at balance sheet date	**1,786,000**	1,319,000

Details relating to options exercised during the financial year are as follows:

Exercise Date	Fair value of shares at share issue date (sen/share)	Subscription price (sen/share)	Number of shares issued **2004**	2003
November - December 2003	167 - 170	92	**-**	389,000
January - February 2004	173 - 226	92	**333,000**	-
March 2004	209 - 218	92	**300,000**	-
April 2004	199 - 223	92	**41,000**	-
May - July 2004	174 - 180	92	**18,000**	-
October - December 2004	172 - 182	92	**87,000**	-
			779,000	389,000

	2004	2003
Ordinary share capital - at par	**390**	194
Share premium	**327**	163
Proceeds received on exercise of share options	**717**	357
Fair value at exercise date of shares issued	**1,521**	655

27. RESERVES

	Group		Company	
	2004	2003	**2004**	2003
Share premium	**26,153**	25,826	**26,153**	25,826
Revaluation reserve	**18,115**	18,143	**26,613**	26,641
Exchange differences	**290**	(715)	**-**	-
	44,558	43,254	**52,766**	52,467
Unappropriated profits	**1,070,736**	922,533	**781,340**	728,724
	1,115,294	965,787	**834,106**	781,191

The movements in reserves have been disclosed in the Statements of Changes in Equity.

Based on the prevailing tax rate applicable to dividends, the estimated tax credit position is sufficient to frank approximately RM346.9 million *(2003 : RM298.4 million)* of the Company's unappropriated profits if distributed by way of dividends without additional tax liabilities being incurred.

In addition, the estimated tax exempt income of the Company as at 31 December 2004, under the Income Tax Act, 1967 and Income Tax (Amendment) Act, 1999, is sufficient to frank tax exempt dividend of approximately RM105.5 million *(2003 : RM102.4 million)*. The estimated tax credit and tax exempt income are subject to agreement by the Inland Revenue Board. Based on the foregoing, the extent of unappropriated profits of the Company not covered by available tax credit and tax exempt income, if all of the unappropriated profits were to be distributed as dividends, would amount to RM328.9 million *(2003 : RM327.9 million)*.

28. PROVISION FOR DIRECTORS' RETIREMENT GRATUITIES

	Group		Company	
	2004	2003	**2004**	2003
At 1 January	**7,359**	6,529	**6,325**	5,639
Charged to income statement	**840**	830	**668**	686
Paid during the financial year	**(2,981)**	-	**(2,981)**	-
At 31 December	**5,218**	7,359	**4,012**	6,325
Analysed as follows:				
Current *(See Note 24)*	**-**	2,981	**-**	2,981
Non-current	**5,218**	4,378	**4,012**	3,344
	5,218	7,359	**4,012**	6,325

29. ON GOING LITIGATION

The Company and Asiatic Tanjung Bahagia Sdn Bhd ("ATBSB") *(Formerly known as Tanjung Bahagia Sdn Bhd)*, a wholly-owned subsidiary, had vide previous announcements informed shareholders on the status of the legal suit filed in the High Court of Sabah and Sarawak at Kota Kinabalu Suit No. K22-245 of 2002 wherein the Company and ATBSB were named as the Second and Third Defendants respectively ("the Suit"). The Suit was instituted by certain natives ("the Plaintiffs") claiming Native Customary Rights over the agricultural land or part thereof held under title number CL095330724 measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah ("Tongod Land") which was acquired by ATBSB from Hap Seng Consolidated Berhad ("HSCB").

Subsequently, the Plaintiffs had also applied for an interlocutory injunction to restrain the Company and ATBSB from entering, trespassing, clearing, using or occupying the Tongod Land or part thereof ("the Injunction").

The decision in respect of the preliminary objection raised by the Company, ATBSB and HSCB on the Injunction which was fixed for delivery on 14 December 2004, has been adjourned until further notice.

Our solicitors maintain their opinion that the Plaintiffs' action is misconceived and unsustainable.

30. CAPITAL COMMITMENTS

	Group		Company	
	2004	2003	**2004**	2003
Authorised capital expenditure not provided for in the financial statements:				
- contracted	**14,521**	31,675	**2,667**	729
- not contracted	**59,818**	42,902	**4,328**	4,361
	74,339	74,577	**6,995**	5,090
Analysed as follows:				
- Property, plant and equipment	**74,339**	73,971	**6,995**	5,090
- Others	**-**	606	**-**	-
	74,339	74,577	**6,995**	5,090

31. SIGNIFICANT ACQUISITIONS

(i) Acquisition of subsidiaries during the financial year

On 28 May 2004, a wholly-owned subsidiary of the Company, Asiatic SDC Sdn Bhd *(formerly known as Sabah Development Company Sdn Bhd)* has completed the acquisitions of the following companies for a total cash consideration of RM108.3 million:

	Percentage of Equity Interest Acquired
Trushidup Plantations Sdn Bhd ("TPSB")	100.0
Sawit Sukau Usahasama Sdn Bhd *(a 55.9% owned subsidiary of TPSB)*	55.9
Wawasan Land Progress Sdn Bhd	100.0
Dianti Plantations Sdn Bhd	100.0
Cengkeh Emas Sdn Bhd	100.0
Kituva Plantations Sdn Bhd	100.0

Details of fair value of the net assets acquired and cash outflow as at 28 May 2004 on the above acquisitions are as follows:

Property, plant and equipment	**104,321**
Inventories	**60**
Trade and other receivables	**5,494**
Bank balances and deposits	**3,195**
Trade and other payables	**(1,335)**
Taxation	**(528)**
Bank borrowings	**(2,667)**
Minority interests	**(225)**
Total purchase consideration	**108,315**
Less : Bank balances and deposits of subsidiaries acquired	**(3,195)**
Net cash outflow on acquisition of subsidiaries	**105,120**

31. SIGNIFICANT ACQUISITIONS (Cont'd)

(i) Acquisition of subsidiaries during the financial year (Cont'd)

The effect of the above acquisitions on the financial results of the Group from the date of the acquisition is as follows:

	28/5/2004 to 31/12/2004
Revenue	23,351
Cost of sales	(5,582)
Gross profit	17,769
Other operating income	29
Selling and distribution costs	(1,027)
Operating expenses	(88)
Administration expenses	(5)
Profit before taxation	16,678
Taxation	(4,166)
Profit after taxation	12,512
Minority interest	(96)
Increase in Group's net profit	12,416

The effect of the above acquisitions on the financial position of the Group as at 31 December 2004 is as follows:

Non-current assets	104,201
Current assets	21,134
Current liabilities	(3,922)
Non-current liabilities	(441)
Net assets	120,972
Minority interests	(241)
Increase in Group's net assets	120,731

(ii) Acquisition of assets during the financial year

Along with the completion of the acquisition of the above companies, the Group had also completed on 28 May 2004, the interdependent acquisitions of the following assets for a total cash consideration of RM103.2 million:

- Approximately 1,749 acres of plantation land together with a palm oil mill and other plantation assets located in the District of Kinabatangan, Sabah for a total cash consideration of RM50.3 million from Syarikat Trushidup Sdn Bhd ("STSB").

- Other plantation assets for a total cash consideration RM1.0 million from Trushidup Resources Sdn Bhd.

- Approximately 5,110 acres of plantation land located in the District of Kinabatangan, Sabah for a total cash consideration of RM51.9 million from STSB.

The above cash consideration of RM103.2 million had been paid and included as part of cash outflow on purchase of property, plant and equipment in the consolidated cash flow statement for the current financial year ended 31 December 2004.

31. SIGNIFICANT ACQUISITIONS (Cont'd)

(iii) Acquisition of subsidiaries in the previous financial year

In the previous financial year, the Group made the following significant acquisitions:

(a) Kenyalang Borneo Sdn Bhd ("KBSB")

Pursuant to a supplemental agreement dated 10 April 2003, the Company completed the acquisition of a subsidiary, KBSB, for a total purchase consideration of RM857,080. This acquisition had no cash flow effect as the total consideration had been settled via set off against amounts recoverable from the shareholders of KBSB.

Details of fair value of the net assets acquired and cash outflow on acquisition of KBSB are as follows:

	2003
Net assets acquired:	
Property, plant and equipment	3,492
Trade and other payables	(2,622)
Cost on acquisition	870
Less : Acquisition expenses	(13)
Purchase consideration	857

(b) Asiatic Indahpura Development Sdn Bhd ("AIDSB")

The acquisition of the remaining 30% equity interest in AIDSB from Ambang Budi Sdn Bhd ("ABSB") by Asiatic Land Development Sdn Bhd ("ALDSB"), a wholly-owned subsidiary was completed on 1 March 2003 pursuant to a Conditional Share Sale Agreement dated 11 December 2002.

Details of fair value of the net assets acquired are as follows:

	2003
Property, plant and equipment	45
Real property assets	14,345
Inventories	17,181
Property development	12,498
Trade and other receivables	24,759
Trade and other payables	(39,868)
Deferred tax liability	(1,373)
Net assets acquired	27,587
Purchase consideration discharged by sale of land	77,319
Goodwill arising on acquisition written off	49,732

The above acquisitions have no material impact on the financial results of the Group in the previous financial year and on the financial position of the Group as at 31 December 2003.

32. GROUP RATIONALISATION EXERCISE ("THE PROPOSED EXERCISE")

On 18 February 2004, the Company and certain wholly-owned subsidiaries entered into several Sale and Purchase Agreements ("SPA") for the sale and purchase of plantation land and buildings erected thereon ("plantation assets") pursuant to a proposed Group Rationalisation Exercise ("the Proposed Exercise"). The objectives of the Proposed Exercise are:

i) to relieve the Company from operating activities thus establishing the Company as an investment holding and management company; and

ii) to streamline operating units currently held under various companies within the Group into distinct core entities.

The approval of Foreign Investment Committee in respect of the Proposed Exercise was obtained on 16 June 2004 and the following transfers of plantation assets were completed on 1 January 2005:

i) the transfer of approximately 14,159 acres of plantation land and buildings located in Sabah from the Company (the Vendor) to Asiatic Tanjung Bahagia Sdn Bhd ("ATBSB") *(formerly known as Tanjung Bahagia Sdn Bhd)* (the Purchaser) for a total cash consideration of RM119.1 million;

ii) the transfer of approximately 1,500 acres of plantation land and buildings located in Sabah from Asiatic Green Tech Sdn Bhd (the Vendor) to ATBSB (the Purchaser) for a total cash consideration of RM19.5 million; and

iii) the transfer of a palm oil mill together with all plant, machinery, equipment and furniture from the Company (the Vendor) to Asiatic Oil Mills (WM) Sdn Bhd *(formerly known as Ayer Item Oil Mill Sdn Bhd)* (the Purchaser) for a total cash consideration of RM2.5 million.

Other than the completion of the above transactions, the transfer of plantation assets under the following SPAs have yet to be completed as at the date of this report as the complete approvals of the various State Authorities/Estate Land Boards have yet to be received:

i) the transfer of approximately 34,769 acres of plantation land and buildings located in West Malaysia from the Company (the Vendor) to Asiatic Plantations (WM) Sdn Bhd ("APSB") *(formerly known as Sing Mah Plantation Sdn Bhd)* (the Purchaser) for a total cash consideration of RM1.1 billion; and

ii) the transfer of approximately 598 acres of plantation land and buildings located in West Malaysia from AR Property Sdn Bhd (the Vendor) to APSB (the Purchaser) for a total cash consideration of RM21.7 million.

Whilst the Proposed Exercise has no impact on the Group, the following explains the possible effect on the financial results and position of the Company arising from the Proposed Exercise:

	Continuing Operations		**Discontinuing Operations**		**Total**	
	2004	2003	**2004**	2003	**2004**	2003
Income Statement						
Revenue	**-**	-	**163,421**	146,900	**163,421**	146,900
Cost of sales	**-**	-	**(63,213)**	(57,403)	**(63,213)**	(57,403)
Gross profit	**-**	-	**100,208**	89,497	**100,208**	89,497
Other income	**31,398**	13,522	**1,759**	12,786	**33,157**	26,308
Expenses	**(17,555)**	(19,168)	**(11,135)**	(12,266)	**(28,690)**	(31,434)
Profit before taxation	**13,843**	(5,646)	**90,832**	90,017	**104,675**	84,371
Taxation	**(3,226)**	508	**(23,470)**	(21,445)	**(26,696)**	(20,937)
Net profit for the year	**10,617**	(5,138)	**67,362**	68,572	**77,979**	63,434
Cash flows						
Operating activities	**(82,726)**	(75,168)	**66,650**	72,784	**(16,076)**	(2,384)
Investing activities	**(49,409)**	102,613	**(1,173)**	1,996	**(50,582)**	104,609
Financing activities	**(24,674)**	(22,328)	**-**	-	**(24,674)**	(22,328)
Total cash flows	**(156,809)**	5,117	**65,477**	74,780	**(91,332)**	79,897

32. GROUP RATIONALISATION EXERCISE ("THE PROPOSED EXERCISE") (Cont'd)

	Continuing Operations		Discontinuing Operations		Total	
	2004	2003	**2004**	2003	**2004**	2003
Balance Sheet						
Non-current assets	**167,479**	167,821	**286,205**	285,019	**453,684**	452,840
Current assets	**978,738**	829,919	**7,212**	6,218	**985,950**	836,137
Total assets	**1,146,217**	997,740	**293,417**	291,237	**1,439,634**	1,288,977
Current liabilities	**216,412**	116,892	**12,451**	13,526	**228,863**	130,418
Non-current liabilities	**4,012**	3,344	**1,401**	3,162	**5,413**	6,506
Total liabilities	**220,424**	120,236	**13,852**	16,688	**234,276**	136,924
Net assets	**925,793**	877,504	**279,565**	274,549	**1,205,358**	1,152,053

33. SIGNIFICANT RELATED PARTY DISCLOSURES

In the normal course of business, the Company and the Group undertakes on agreed terms and prices, transactions with its related companies and other related parties.

In addition to related party transactions mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transaction listed below was carried out on terms and conditions obtainable in transactions with unrelated parties:

	Group	
	2004	2003
a) Progress payments made by a wholly-owned subsidiary, Asiatic Land Development Sdn Bhd ("ALDSB") to the constructor, Kien Huat Development Sdn Bhd, a company in which Datuk Lim Chee Wah, a brother of Tan Sri Lim Kok Thay, is a director and has deemed substantial financial interest, for the development of properties in Kulai, Johor. The progress payments include fees and reimbursables totalling RM1,505,900 *(2003 : RM701,000).*	**40,857**	16,681
b) Provision of information technology and system implementation services and rental of equipment by eGenting Sdn Bhd ("EGSB") and Genting Information Knowledge Enterprise Sdn Bhd ("GIKE"), both of which are indirect wholly-owned subsidiaries of Genting Berhad, the Company's immediate and ultimate holding company.	**1,191**	519

34. CHANGES IN ACCOUNTING POLICIES

During the financial year, the Group changed its accounting policies in respect of the following:

(a) Goodwill

It had been the Group's policy to write-off goodwill arising on consolidation to the income statement when the acquisition occurs.

With effect from 1 January 2004, goodwill is recognised as an intangible asset and disclosed on the consolidated balance sheet at cost less any impairment losses. The carrying value of goodwill will be subject to annual impairment review and whenever events or changes in circumstances indicate that it may not be recoverable. An impairment charge will be recognised in the income statement when the results of such impairment review indicate that the carrying value of goodwill is impaired.

34. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(a) Goodwill (Cont'd)

It is the management's view that the change in accounting policy will result in a more appropriate presentation of goodwill in the Group's financial statements and that this is in line with best practice internationally.

The change in accounting policy will be applied prospectively with effect from 1 January 2004 as the resulting adjustment that relates to prior periods is not reasonably determinable. The comparative figures are therefore not restated.

(b) MASB No. 32 – Property Development Activities

In compliance with MASB No. 32 which took effect from 1 January 2004, "Real property assets" has been renamed as "Land held for property development". Further, the comparatives in respect of property development costs and trade and other receivables have been restated whereby the excess of revenue recognised in the income statement over billings to purchasers is now presented as accrued billings within current assets. Previously, accrued billings was set off against property development costs. However, if the billings to purchasers exceed revenue recognised in the income statement, this will be presented as progress billings within current liabilities.

The change in accounting policy has been applied retrospectively as required by MASB No. 32. Whilst there is no impact to the income statement, the effects of the adoption of MASB No. 32 on the balance sheet are summarised as follows:

	As previously reported	Effect on adoption of *MASB 32*	As restated
At 31 December 2003			
Current Assets			
Property development costs	99,321	(4,580)	94,741
Trade and other receivables	36,186	4,580	40,766

35. SUBSIDIARIES AND ASSOCIATES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2004	2003		
Direct Subsidiaries				
Asiatic SDC Sdn Bhd *(Previously known as Sabah Development Company Sdn Bhd)*	**100**	100	Malaysia	Plantation
AR Property Development Sdn Bhd	**100**	100	Malaysia	Plantation
Asiatic Plantations (WM) Sdn Bhd *(Previously known as Sing Mah Plantation Sdn Bhd)*	**100**	100	Malaysia	Plantation
Asiatic Tanjung Bahagia Sdn Bhd *(Previously known as Tanjung Bahagia Sdn Bhd)*	**100**	100	Malaysia	Plantation
Landworthy Sdn Bhd	**84**	84	Malaysia	Plantation
Kinavest Sdn Bhd	**100**	100	Malaysia	Plantation
Asiaticom Sdn Bhd	**100**	100	Malaysia	Plantation
Asiatic Green Tech Sdn Bhd	**100**	100	Malaysia	Plantation

35. SUBSIDIARIES AND ASSOCIATES (Cont'd)

	Effective Percentage of Ownership 2004	2003	Country of Incorporation	Principal Activities
Direct Subsidiaries (Cont'd)				
Asiatic Oil Mills (WM) Sdn Bhd *(Previously known as Ayer Item Oil Mill Sdn Bhd)*	**100**	100	Malaysia	FFB processing
ADB (Sarawak) Palm Oil Mill Management Sdn Bhd	**100**	100	Malaysia	Provision of palm oil mill management services
Asiatic Land Development Sdn Bhd	**100**	100	Malaysia	Property development
Technimode Enterprises Sdn Bhd	**100**	100	Malaysia	Property investment
Glugor Development Sdn Bhd	**100**	100	Malaysia	Investments
Amalgamated Rubber (Penang) Sdn Bhd	**100**	100	Malaysia	Investments
Asiatic Commodities Trading Sdn Bhd	**100**	100	Malaysia	Pre-operating
ALD Construction Sdn Bhd	**100**	100	Malaysia	Pre-operating
Asiatic Vegetable Oils Refinery Sdn Bhd	**100**	100	Malaysia	Pre-operating
Plantation Latex (Malaya) Sdn Bhd	**100**	100	Malaysia	Dormant
Asiatic Properties Sdn Bhd	**100**	100	Malaysia	Dormant
Mediglove Sdn Bhd	**100**	100	Malaysia	Dormant
Kenyalang Borneo Sdn Bhd	**100**	100	Malaysia	Dormant
Indirect Subsidiaries				
Setiamas Sdn Bhd	**100**	100	Malaysia	Plantation and property development
* Trushidup Plantations Sdn Bhd	**100**	-	Malaysia	Plantation
* Wawasan Land Progress Sdn Bhd	**100**	-	Malaysia	Plantation
* Dianti Plantations Sdn Bhd	**100**	-	Malaysia	Plantation
* Cengkeh Emas Sdn Bhd	**100**	-	Malaysia	Plantation
* Kituva Plantations Sdn Bhd	**100**	-	Malaysia	Plantation
* Sawit Sukau Usahasama Sdn Bhd	**56**	-	Malaysia	Plantation
Asiatic Indahpura Development Sdn Bhd	**100**	100	Malaysia	Property development
Asiatic Golf Course (Sg. Petani) Berhad	**100**	100	Malaysia	Golf course operation
+ Asiatic Overseas Limited	**100**	100	Isle of Man	Investments
+ Azzon Limited	**100**	100	Isle of Man	Investments
Asiatic Awanpura Sdn Bhd	**100**	100	Malaysia	Pre-operating

35. SUBSIDIARIES AND ASSOCIATES (Cont'd)

		Effective Percentage of Ownership 2004	Effective Percentage of Ownership 2003	Country of Incorporation	Principal Activities
	Associates				
	Serian Palm Oil Mill Sdn Bhd	**40**	40	Malaysia	FFB processing
@	Sri Gading Land Sdn Bhd	**49**	49	Malaysia	Property development
	Setiacahaya Sdn Bhd	**50**	50	Malaysia	Property investment
@	Asiatic Ceramics Sdn Bhd	**49**	49	Malaysia	In receivership

* *Subsidiaries acquired during the financial year.*

\+ *The financial statements of these companies are audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.*

@ *The financial statements of these companies are audited by a firm other than member firm PricewaterhouseCoopers International Limited.*

STATEMENT ON DIRECTORS' RESPONSIBILITY

pursuant to paragraph 15.27(a) of the listing requirements of the Bursa Malaysia Securities Berhad

As required under the Companies Act, 1965 ("Act"), the Directors of Asiatic Development Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company and of the Group for the financial year ended 31 December 2004.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the system of internal control systems to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board dated 25 February 2005.

STATUTORY DECLARATION

pursuant to section 169(16) of the Companies Act, 1965

I, **YONG CHEE KONG,** the Officer primarily responsible for the financial management of **ASIATIC DEVELOPMENT BERHAD,** do solemnly and sincerely declare that the financial statements set out on pages 35 to 75, are, to the best of my knowledge and belief, 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	)	
YONG CHEE KONG, at KUALA LUMPUR on	)	**YONG CHEE KEONG**
25 February 2005.	)	

Before me,

DATO' NG MANN CHEONG
Commissioner for Oaths
Kuala Lumpur

REPORT OF THE AUDITORS

to the members of Asiatic Development Berhad

We have audited the financial statements set out on pages 35 to 75. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

a) the financial statements have been prepared in accordance with the provisions of the Company Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

   (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

   (ii) the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 35 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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 made under subsection 3 of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

LEE TUCK HENG
No. 2092/09/06 (J)
Partner of the firm

Kuala Lumpur
25 February 2005

LIST OF GROUP PROPERTIES

as at 31 December 2004

Location	Tenure	Year of expiry	Hectares: Plantation	Hectares: Property Development	Description	Age Of Buildings (years)	Year Of Acquisition/ Revaluation*	Net Book Value As At 31 Dec 2004 (RM'000)
PENINSULAR MALAYSIA								
A. NORTH								
1. ASIATIC Bukit Sembilan Estate, Baling/ Sg. Petani/Jitra, Kedah	Freehold		1,318	131	Plantation, Property Development, Permaipura Golf & Country Club	9	1981*	62,095
2. ASIATIC Selama Estate, Serdang & Kulim, Kedah/Selama, Perak	Freehold		1,852		Plantation		1981*	23,912
B. CENTRAL								
3. ASIATIC Sepang Estate, Sepang & Ulu Langat, Selangor	Freehold		666		Plantation		1981*	13,896
4. ASIATIC Tebong Estate, Jasin & Alor Gajah, Melaka/Tampin & Kuala Pilah, Negeri Sembilan	Freehold		2,321		Plantation		1981*	29,537
5. ASIATIC Cheng Estate, Melaka Tengah, Alor Gajah & Kuala Linggi, Melaka	Freehold		793	8	Plantation, Property Development		1981*	26,685
6. ASIATIC Tanah Merah Estate, Tangkak, Johor	Freehold		1,802		Plantation		1981*	25,363
C. SOUTH								
7. ASIATIC Sri Gading Estate, Batu Pahat, Johor	Freehold		3,660		Plantation		1983	65,785
8. ASIATIC Sungei Rayat Estate, Batu Pahat, Johor	Freehold		1,707		Plantation		1983	29,375
9. ASIATIC Sing Mah Estate, Air Hitam, Johor	Freehold		669		Plantation, Mill	24	1983	12,864
10. ASIATIC Kulai Besar Estate, Kulai/Simpang Renggam, Johor	Freehold		2,802	117	Plantation, Property Development, Mill	15	1983	341,741
11. ASIATIC Setiamas Estate, Kulai & Batu Pahat, Johor	Freehold		149	92	Plantation, Property Development		1996	83,625
SABAH								
12. ASIATIC Sabapalm Estate, Labuk Valley, Sandakan	Leasehold	2085, 2887	4,360		Plantation, Mill	34	1991	41,099
13. ASIATIC Tanjung Estate, Kinabatangan	Leasehold	2086, 2096	4,345		Plantation, Mill	10	1988, 2001	43,329
14. ASIATIC Bahagia Estate, Kinabatangan	Leasehold	2085, 2086	4,548		Plantation		1988, 2003	48,256
15. ASIATIC Tenegang Estate, Kinabatangan	Leasehold	2088	4,047		Plantation		1990	34,404
16. ASIATIC Landworthy Estate, Kinabatangan	Leasehold	2083	4,039		Plantation		1992	34,842
17. ASIATIC Layang Estate, Kinabatangan	Leasehold	2090	1,683		Plantation		1993	19,205
18. ASIATIC Jambongan Estate, Beluran	Leasehold	2033 - 2100	3,711		Plantation, Unplanted Agricultural Land		2001 - 2004	23,806
19. ASIATIC Indah & ASIATIC Permai Estates, Kinabatangan	Leasehold	2096	8,830		Plantation		2001	94,622
20. ASIATIC Mewah Estate, Kinabatangan	Leasehold	2083 - 2890	5,611		Plantation, Mill	8	2002	118,284
21. ASIATIC Sekong & ASIATIC Suan Lamba Estates, Kinabatangan	Leasehold	2022 - 2098	6,755		Plantation, Mill	8	2004	184,453
OTHER PROPERTIES OWNED								
22. Bangi Factory, Selangor	Leasehold	2086	12,140 (sq.m)		Factory	23	1990	2,372
23. ASIATIC Regional Office, Wisma Asiatic, Sandakan, Sabah	Leasehold	2100	2,023 (sq.m)		Office	2	2004	3,162
24. Residential Bungalows, Sandakan, Sabah	Leasehold	2887	1,206 (sq.m)		Residential Bungalow	20	1991	127
25. ASIATIC Vegetable Oils Refinery, Sandakan, Sabah	Leasehold	2080	8		Vacant land		1992	2,259
PROPERTIES MANAGED								
26. Bundoora Estate, Ulu Yam, Selangor	Freehold		105		Plantation			
27. Serian Palm Oil Mill, Serian, Sarawak	Leasehold	2054	31		Mill	8		

Plantation · Property Development · Permaipura Golf &Country Club · Unplanted Agricultural Land · Mill · Factory · Vacant land · Residential Bungalow · Office

TEN-YEAR SUMMARY

FINANCIAL

RM'000	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Revenue	514,667	490,818	296,099	199,863	230,783	446,811	351,304	313,316	195,805	223,570
Profit before taxation	226,624	211,441	130,455	87,149	69,885	272,841	165,004	102,382	68,564	96,815
Taxation	(49,453)	(61,988)	(27,451)	(14,282)	(13,858)	250	(40,957)	(27,405)	(22,789)	(21,184)
Profit after taxation	177,171	149,453	103,004	72,867	56,027	273,091	124,047	74,977	45,775	75,631
Profit attributable to shareholders	174,571	135,250	102,008	71,999	55,154	266,460	125,002	75,240	45,767	76,058
Issued capital	371,252	370,862	370,668	370,668	370,668	370,668	370,668	370,668	370,668	370,668
Unappropriated profit	1,070,736	922,533	809,750	727,054	670,907	639,241	396,435	292,386	237,885	211,996
Other reserves	44,558	43,254	43,309	43,360	43,575	46,716	47,047	55,760	46,519	46,831
Shareholders'equity	1,486,546	1,336,649	1,223,727	1,141,082	1,085,150	1,056,625	814,150	718,814	655,072	629,495
Minority interests	9,898	9,227	12,504	11,516	10,683	21,316	14,718	18,114	10,855	9,101
Long term borrowings	-	-	5,388	5,388	5,388	5,388	5,388	5,388	5,388	-
Deferred taxation	27,395	28,172	21,040	14,523	13,550	17,457	16,851	17,024	16,984	9,532
Provision for Directors' retirement gratuities	5,218	4,378	6,529	5,577	5,485	5,091	4,446	4,227	3,795	2,942
Capital employed	1,529,057	1,378,426	1,269,188	1,178,086	1,120,256	1,105,877	855,553	763,567	692,094	651,070
Property, plant and equipment	989,716	759,502	719,921	560,638	492,008	502,789	500,497	507,689	507,860	461,141
Real property assets	232,565	236,116	247,474	247,794	250,064	231,246	221,170	190,119	170,293	80,351
Associated companies	16,837	16,589	15,707	16,548	19,980	21,038	27,948	27,392	24,592	20,290
Investments	-	653	289	289	289	638	1,438	2,014	2,014	807
Deferred taxation	1,788	2,011	3,432	-	-	-	-	-	-	-
	1,240,906	1,014,871	986,823	825,269	762,341	755,711	751,053	727,214	704,759	562,589
Net current assets/ (liabilities)	288,151	363,555	282,365	352,817	357,915	350,166	104,500	36,353	(12,665)	88,481
Employment of capital	1,529,057	1,378,426	1,269,188	1,178,086	1,120,256	1,105,877	855,553	763,567	692,094	651,070
Basic earnings per share (sen)	23.5	18.2	13.8	9.7	7.4	35.9	16.9	10.1	6.2	10.3
Net dividend per share (sen)	4.0	3.2	3.0	2.5	2.2	3.6	3.2	2.8	2.8	2.7
Dividend cover (times)	5.9	5.6	4.6	3.9	3.4	10.0	5.2	3.6	2.2	3.8
Current ratio	4.0	5.0	5.2	3.8	5.4	4.3	1.8	1.2	0.9	2.6
Net tangible assets per share (sen)	200.2	180.2	165.1	153.9	146.4	142.5	109.8	97.0	88.4	84.9
Return (after tax and minority interests) on average shareholders'equity (%)	12.4	10.6	8.6	6.5	5.2	28.5	16.3	11.0	7.1	12.7
Market share price										
- highest (RM)	2.28	1.97	1.61	1.28	1.52	1.60	1.55	3.18	3.16	3.12
- lowest (RM)	1.66	1.14	1.12	0.80	0.80	1.01	0.76	0.88	2.16	2.32

Certain figures relating to the previous years have been reclassified/adjusted to conform with the current year's presentation.

OPERATIONS

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
OIL PALM										
FFB Production (T)	978,693	864,603	707,863	700,275	655,366	574,359	472,962	481,696	415,813	375,701
Yield Per Mature Hectare (T)	21.7	22.5	20.9	21.4	20.2	18.5	16.8	18.8	17.4	17.3
Average Selling Prices										
Crude Palm Oil (RM/T)	1,600	1,568	1,352	883	1,000	1,445	2,321	1,370	1,209	1,453
Palm Kernel (RM/T)	1,068	748	665	438	703	1,071	1,103	770	805	728
RUBBER										
Production ('000 kg)	-	-	-	830	1,457	1,729	1,826	2,141	2,416	2,540
Yield Per Mature Hectare (kg)	-	-	-	1,526	1,591	1,420	1,201	1,171	1,197	1,070
Average Selling Prices of All Grades (Sen/kg)	-	-	-	182	223	209	250	246	332	513

LAND AREAS

HECTARES	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Oil Palm										
Mature	48,630	38,816	37,145	32,683	32,605	31,625	29,095	26,166	24,008	23,637
Immature	7,951	9,894	9,139	6,076	4,765	4,331	6,581	9,483	10,793	10,797
	56,581	48,710	46,284	38,759	37,370	35,956	35,676	35,649	34,801	34,434
Rubber										
Mature	-	-	-	750	1,291	1,582	1,830	2,304	2,704	2,680
Immature	-	-	-	-	-	-	-	32	52	264
	-	-	-	750	1,291	1,582	1,830	2,336	2,756	2,944
Durians & Others										
Mature	-	-	10	10	10	-	-	-	-	104
Immature	-	-	-	-	-	10	34	34	34	34
	-	-	10	10	10	10	34	34	34	138
TOTAL PLANTED AREA	**56,581**	**48,710**	**46,294**	**39,519**	**38,671**	**37,548**	**37,540**	**38,019**	**37,591**	**37,516**
Unplanted Agricultural Land/ Clearing In Progress	6,571	12,276	8,394	9,019	-	1,235	1,558	1,208	1,773	3,222
Labour Lines, Buildings, Infrastructure etc.	2,516	2,243	2,425	1,863	1,923	1,857	1,786	1,735	1,695	1,254
Property Development	348	359	364	364	407	412	487	515	665	190
TOTAL TITLED AREA	**66,016**	**63,588**	**57,477**	**50,765**	**41,001**	**41,052**	**41,371**	**41,477**	**41,724**	**42,182**

ANALYSIS OF SHAREHOLDINGS

as at 29 April 2005

Class of Shares : Ordinary shares of 50 sen each
Voting Rights : One vote per share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	77	0.45	1,149	-
100 - 1,000	5,901	34.49	5,699,709	0.77
1,001 - 10,000	9,696	56.66	38,485,670	5.18
10,001 - 100,000	1,281	7.48	35,608,900	4.80
100,001 to less than 5% of issued shares	150	0.88	128,997,772	17.37
5% and above of issued shares	6	0.04	533,889,800	71.88
Total	**17,111**	**100.00**	**742,683,000**	**100.00**

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS
(without aggregating the securities from different securities accounts belonging to the same depositor)

Name	No. of Shares	% of Issued Capital
1. Lembaga Tabung Angkatan Tentera	128,718,800	17.33
2. Genting Berhad	85,171,000	11.47
3. Genting Berhad	80,000,000	10.77
4. Genting Berhad	80,000,000	10.77
5. Genting Berhad	80,000,000	10.77
6. Genting Berhad	80,000,000	10.77
7. Employees Provident Fund Board	16,838,800	2.27
8. Lembaga Tabung Haji	8,088,900	1.09
9. Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)*	7,295,600	0.98
10. Genting Equities (Hong Kong) Limited	7,139,000	0.96
11. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Islamic Equity Fund*	4,246,100	0.57
12. Citicorp Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Fund*	3,607,600	0.49
13. SBB Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	3,503,700	0.47
14. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Equity Fund*	3,159,900	0.43
15. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Growth Fund*	3,153,100	0.42
16. AllianceGroup Nominees (Tempatan) Sdn Bhd *Pheim Asset Management Sdn Bhd for Employees Provident Fund*	3,009,600	0.41
17. Crescendo Overseas Corporation Sdn Bhd	3,000,000	0.40
18. Citicorp Nominess (Tempatan) Sdn Bhd *ING Insurance Berhad (INV-IL PAR)*	2,948,000	0.40
19. Mayban Nominess (Tempatan) Sdn Bhd *Mayban Trustees Berhad for Public Regular Savings Fund (N14011940100)*	2,709,300	0.37
20. Cimsec Nominees (Asing) Sdn Bhd *CIMB for Maimoon Omar @ Moonyra Baharuddin (PB)*	2,418,000	0.33
21. Kian Hoe Plantations Berhad	2,119,500	0.29
22. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Savings Fund*	2,005,800	0.27
23. Amanah Raya Nominess (Tempatan) Sdn Bhd *Public Smallcap Fund*	1,879,200	0.25

ANALYSIS OF SHAREHOLDINGS

as at 29 April 2005 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)
(without aggregating the securities from different securities accounts belonging to the same depositor)

Name	No. of Shares	% of Issued Capital
24. Citicorp Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Fund Small Cap Series*	1,794,600	0.24
25. Mah Hon Choon	1,733,000	0.23
26. Genting Berhad	1,724,000	0.23
27. Asia Life (M) Berhad	1,641,500	0.22
28. Panoramic Industrial Development Sdn Bhd	1,600,000	0.22
29. Teo Chuan Keng Sdn Bhd	1,500,800	0.20
30. Nam Heng Oil Mill Company Sdn Berhad	1,500,000	0.20
Total	**622,505,800**	**83.82**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS
as at 29 April 2005

	No. of Shares			
Name	Direct Interest	% of Issued Capital	Indirect/ Deemed Interest	% of Issued Capital
Genting Berhad	406,895,000	54.79	7,249,000*	0.98
Lembaga Tabung Angkatan Tentera	128,776,700	17.34	-	-
Kien Huat Realty Sdn Bhd	-	-	406,895,000^	54.79
Parkview Management Sdn Bhd	-	-	406,895,000^	54.79

Note : * Deemed interested through direct and indirect subsidiaries of Genting Berhad
^ Deemed interested through Genting Berhad

ANALYSIS OF SHAREHOLDINGS

as at 29 April 2005 (cont'd)

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS as at 29 April 2005

INTEREST IN THE COMPANY

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman	164,000	0.0221	-	-
Dato' Baharuddin bin Musa	613,000	0.0825	-	-
Tan Sri Lim Kok Thay	144,000	0.0194	-	-
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	10,000	0.0013	-	-
Dato' Siew Nim Chee	10,000	0.0013	-	-

INTEREST IN RELATED CORPORATIONS

Genting Berhad, the ultimate holding company

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman	8,000	0.0011	-	-
Dato' Baharuddin bin Musa	-	-	3,000#	0.0004
Tan Sri Lim Kok Thay	3,433,800	0.4874	-	-
Mr Quah Chek Tin	1,000	0.0001	-	-

Note : # Deemed interested through Bemy Sdn Bhd

Resorts World Bhd, a related company

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman	122,000	0.0112	-	-
Tan Sri Lim Kok Thay	50,000	0.0046	-	-
Mr Quah Chek Tin	1,000	0.0001	-	-

GB Credit & Leasing Sdn Bhd, a related company

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Dato' Baharuddin bin Musa	-	-	220,000^	30.5556

Note : ^ Deemed interested through Fleetstar Corporation Sdn Bhd

Genting International PLC, a related corporation

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Lim Kok Thay	20,000	0.0005	-	-