ASIATIC DEVELOPMENT BERHAD
(34993-X)

annual report 2005

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.

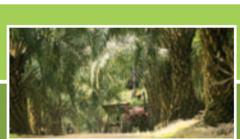
To enhance return on the company land bank through property development activities.

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 

ASIATIC Bukit Sembilan Estate	1
ASIATIC Selama Estate	2
ASIATIC Sepang Estate	3
ASIATIC Tebong Estate	4
ASIATIC Cheng Estate	5
ASIATIC Tanah Merah Estate	6
ASIATIC Sri Gading Estate	7
ASIATIC Sungei Rayat Estate	8
ASIATIC Sing Mah Estate	9
ASIATIC Kulai Besar Estate	10
ASIATIC Setiamas Estate	11
ASIATIC Sabapalm Estate	12
ASIATIC Tanjung Estate	13
ASIATIC Kinavest Estate	14
ASIATIC Bahagia Estate	15
ASIATIC Agroview Estate	16
ASIATIC Tenegang Estate	17
ASIATIC Landworthy Estate	18
ASIATIC Layang Estate	19
ASIATIC Mewah Estate	20
ASIATIC Indah Estate	21
ASIATIC Permai Estate	22
ASIATIC Jambongan Estate	23
ASIATIC Sekong Estate	24
ASIATIC Suan Lamba Estate	25
JOINT VENTURE Indonesian Project	26

ASIATIC Ayer Item Oil Mill	1
ASIATIC Kulai Besar Oil Mill	2
ASIATIC Sabapalm Oil Mill	3
ASIATIC Mewah Oil Mill	4
ASIATIC Tanjung Oil Mill	5
ASIATIC Trushidup Oil Mill	6
JOINT VENTURE Serian Palm Oil Mill	7

ASIATIC Indahpura KULAI, JOHOR	1
ASIATIC Permaipura SG. PETANI, KEDAH	2
ASIATIC Cheng Perdana CHENG, MELAKA	3

CONTENTS

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting of the Company will be held at 26th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 20 June 2006 at 3.00 p.m.

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2005 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 RM254,753 for the financial year ended 31 December 2005 (2004 : RM180,000). **(Resolution 3)**

4. To re-elect Directors pursuant to Article 99 of the Articles of Association of the Company:
   i. Tan Sri Lim Kok Thay **(Resolution 4)**
   ii. Encik Mohd Din Jusoh **(Resolution 5)**

5. To re-elect Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin as a Director pursuant to Article 104 of the Articles of Association of the Company. **(Resolution 6)**

6. 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 7)**
   ii. Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad **(Resolution 8)**

7. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**

SPECIAL BUSINESS

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

Ordinary Resolutions

8. **Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965** **(Resolution 10)**

   "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."

9. **Proposed renewal of the authority for the purchase of own shares** **(Resolution 11)**

"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 74,644,300 ordinary shares of RM0.50 each representing ten (10) per centum of the issued and paid-up share capital of the Company as at 2 May 2006. Based on the audited financial statements for the financial year ended 31 December 2005, the Company's retained profits and share premium accounts were RM879.6 million and RM28.3 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."

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

By Order of the Board
TAN WOOI MENG
Secretary

Kuala Lumpur
29 May 2006

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 10, 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 11, 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 29 May 2006 which is despatched together with the Company's 2005 Annual Report.

Statement Accompanying Notice of Annual General Meeting

Pursuant To Paragaraph 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-Eighth Annual General Meeting of the Company to be held at 26th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 20 June 2006 at 3.00 p.m.

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

      (i) Tan Sri Lim Kok Thay
      (ii) Encik Mohd Din Jusoh

   (b) Pursuant to Article 104 of the Articles of Association of the Company

      Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin

   (c) 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 2005: **4**

3. Attendance of Directors at Board Meetings held during the financial year ended 31 December 2005 are set out on page 23 of this Annual Report.

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

Corporate Diary

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 the 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 purchase of own shares ("Proposed Share Buy-Back").

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

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

8 June
Announcement on the proposed Joint Venture for oil palm cultivation on approximately 98,300 hectares in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia.

27 June
Twenty-Seventh Annual General Meeting.

28 June
Announcements on the retirement of Dato' Siew Nim Chee as the Independent Non-Executive Director and the Chairman of the Audit Committee of the Company.

1 July
Announcements on the appointment of Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin as an Independent Non-Executive Director and the Chairman of the Audit Committee of the Company.

26 August
Announcement of the Consolidated Unaudited Results of the Group for the second quarter ended 30 June 2005.

Announcement of the Entitlement Date for the Interim Dividend in respect of the half year ended 30 June 2005.

25 November
Announcement of the Consolidated Unaudited Results of the Group for the third quarter ended 30 September 2005.

2006

22 February
Announcement of the Consolidated Results of the Group for the fourth quarter and the Audited Results for the financial year ended 31 December 2005.

19 April
Announcement of the Entitlement Date for the Proposed Final Dividend in respect of the financial year ended 31 December 2005 and the Twenty-Eighth Annual General Meeting.

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

9 May
MOU entered into between the Company, Sabah Wildlife Department and WWF-Malaysia on a conservation programme on part of Asiatic Layang Estate.

DIVIDENDS

	Announcement	Entitlement Date	Payment
2004 Final – 3.5 sen less tax	25 February 2005	1 July 2005	21 July 2005
2005 Interim – 2.5 sen less tax	26 August 2005	30 September 2005	21 October 2005
2005 Proposed Final – 3.75 sen less tax	22 February 2006	28 June 2006	19 July 2006*

* *Upon approval of shareholders at the Twenty-Eighth 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

LT. GEN. (B) DATO' ABDUL GHANI BIN ABDULLAH
Non-Independent Non-Executive Director

MR QUAH CHEK TIN
Non-Independent Non-Executive Director

GEN. (B) TAN SRI MOHD ZAHIDI BIN HJ ZAINUDDIN
Independent Non-Executive Director
(Appointed on 1 July 2005)

PRINCIPAL EXECUTIVE OFFICERS

Tan Sri Mohd Amin bin Osman
Chairman

Dato' Baharuddin bin Musa
Joint Chief Executive

Tan Sri Lim Kok Thay
Joint Chief Executive

Mr Yong Chee Kong
Chief Operating Officer

Ms Cheah Ching Mooi
Chief Financial Officer

PLANTATION

Mr Sze Kok Sing
Executive Vice President

Encik Abdul Halim bin Abdul Majid
Senior Vice President/General Manager, Sabah

Mr Tang Hong Piau
Acting Vice President/General Manager, West Malaysia

Mr Choo Huan Boon
Senior Vice President/General Manager, Processing

Mr Clifford Che Keng Soon
Vice President, Marketing - Palm Products

PROPERTY

Mr Phang Kong Wong
Executive Vice President

Encik Habibullah Khong
Vice President/General Manager, Project

Encik Khaidzir bin Zainuddin
Vice President/General Manager, ASIATIC Indahpura

Encik Mohd Sukairi bin Sohot
Operations Manager, ASIATIC Permaipura

Ms Tan Siew Foong
Marketing Manager, ASIATIC Indahpura

AUDIT COMMITTEE

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin
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
Chairman/Independent Non-Executive Director

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin
Member/Independent Non-Executive Director

Encik Mohd Din Jusoh
Member/Independent Non-Executive Director

REMUNERATION COMMITTEE

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin
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 : (603) 2178 2288/2333 2288
Fax : (603) 2161 5304
E-mail : info@asiatic.com.my

REGISTRARS

Genting Management and Consultancy Services Sdn Bhd
23rd Floor, Wisma Genting,
Jalan Sultan Ismail,
50250 Kuala Lumpur

Tel : (603) 2178 2266/2333 2266
Fax : (603) 2161 5304

CORPORATE HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

10th Floor, Wisma Genting,
Jalan Sultan Ismail,
50250 Kuala Lumpur

Tel : (603) 2178 2255/2333 2255
Fax : (603) 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

www.asiatic.com.my

Directors' Profile

Tan Sri Mohd Amin bin Osman (Malaysian, aged 78), appointed on 27 June 1992, is the Chairman. He had a distinguished career with the Royal Malaysian Police Force spanning for a period of 36 years where he 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 69), 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 and a number of other private limited companies.

Dato' Baharuddin holds 113,000 ordinary shares and has a share option to subscribe for 625,000 ordinary shares in the Company.

Tan Sri Lim Kok Thay (Malaysian, aged 54), 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 attended the advanced management programme of Harvard Business School, Harvard University in 1979. He is also the Chairman, President & Chief Executive of Genting Berhad and Resorts World Bhd; and the Executive Chairman of Genting International P.L.C. 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 77), 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") in February 2004 and resigned as a Board member on 8 March 2006. 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; and Chemsain Konsultant Sdn Bhd.

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

En Mohd Din Jusoh (Malaysian, aged 62), 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) Berhad.

Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah (Malaysian, aged 65), 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.

Mr Quah Chek Tin (Malaysian, aged 54), 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 & 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 Group which include three public companies namely, Genting Golf Course Bhd, Genting Highlands Berhad and Awana Vacation Resorts Development Berhad.

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin (Malaysian, aged 58), appointed on 1 July 2005 is an Independent Non-Executive Director. He holds a Masters of Science Degree in Defence and Strategic Studies from the Quaid-I-Azam University, Islamabad, Pakistan and had attended the Senior Executive Programme in Harvard University, United States of America in 2002. He is a Fellow of the Malaysian Institute of Management (MIM). He has had a distinguished career in the Malaysian Armed Forces for 38 years 11 months, before retiring from the Force on 30 April 2005. During the period as a professional military officer, he served 6 years 4 months as the Malaysian Chief of Defence Forces from 1 January 1999 and as the Chief of the Malaysian Army for one year from 1 January 1998. Most notable appointments in the Armed Forces held were Aide de Camp (ADC) to His Majesty Yang Di-Pertuan Agong Sultan Azlan Shah, Commander Infantry Brigade, Assistant Chief of Staff Human Resource, Commander Army Training and Doctrine Command, Deputy Chief of Army and Chief of Army. In international duties, he served as a Military Observer under the United Nations International Monitoring Group in Iraq after Iran-Iraq War Ceasefire in 1988/1989. Tan Sri Mohd Zahidi is also a Director of Resorts World Bhd, Cahya Mata Sarawak Berhad, Affin Holdings Berhad, Wah Seong Corporation Berhad and Bintulu Port Holdings Berhad.

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 2005.

PERFORMANCE REVIEW

The year under review saw the Malaysian economy continuing to enjoy healthy growth but the momentum was discernibly dampened by the upsurge in fossil fuel prices. This has affected global economy and resulted in less vibrant export performance. At the same time, inflation concerns weighed down on domestic demand. Against this challenging backdrop, I am happy to report that the Group did well to stay on course, attaining an all-time high operating revenue of RM522.7 million and posted a consolidated pre-tax profit of RM217.5 million.

It was not unexpected that our key business segment, the Plantation Division, suffered a mild setback with the retreat of palm oil prices as a result of high palm oil inventory build-up coupled with bumper harvest of major oilseeds. Nevertheless, even at a reduced operating profit, it had performed laudably when benchmarked to peers. Its crop yield and oil extraction rate were above industry average. Its operating margin continued to be at a comfortable level despite escalating fertiliser costs and freight charges - a manifestation of our relentless pursuit of productivity and cost efficiency. In addition, for the first time, our fresh fruit bunch production hit a record high surpassing the "one million tonnes" mark at 1.1 million tonnes.

The Property Division, despite the intense competition and stock overhang faced by the industry, put up a commendable performance in achieving steadily rising sales of RM86.0 million, some 67% above that of 2004. Asiatic Indahpura, the Group's flagship project in Kulai, Johor continued to be the key contributor but the well-timed launches of residential units in Asiatic Cheng Perdana, Melaka also played a substantial role.

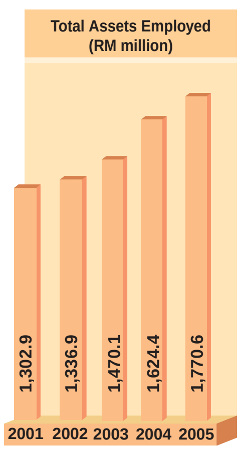
CORPORATE DEVELOPMENT

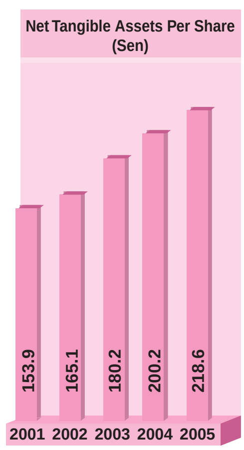
Our growth strategies saw the Group expanding vigorously both in land size and production during the last few years. Whilst these recent acquisitions were within our own familiar shores, the year under review marked the Group taking a bold step venturing beyond its traditional domain of operation to a foreign albeit neighbouring country, Indonesia.

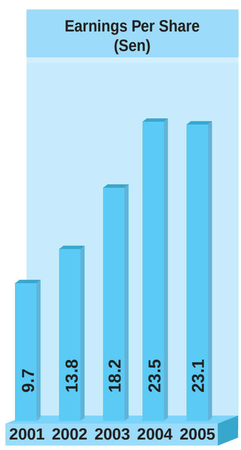
The above proposal is significant not only in terms of location but it also involves land one-and-a-half times our current land bank. For this purpose, the Group had entered into several conditional agreements with the Sepanjang Group of Indonesia to acquire and develop some 98,300 hectares of vacant land near Ketapang, Kalimantan Barat into oil palm plantation on a joint venture basis. On completion, the Group will hold 70% of the joint venture. The acquisition of the first parcel of vacant land measuring approximately 14,500 hectares by the joint venture is expected to be completed in the second quarter of 2006.

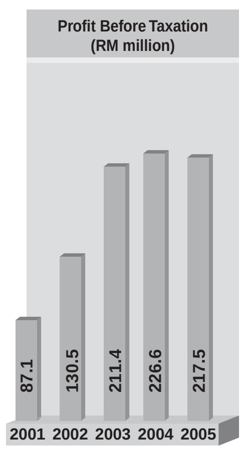
DIVIDENDS

The Board of Directors has recommended a final dividend of 3.75 sen less 28% income tax per ordinary share of 50 sen each for the year ended 31 December 2005. If approved by shareholders at the forthcoming Twenty-Eighth Annual General Meeting, the total dividend for the year inclusive of the interim dividend of 2.50 sen less 28% income tax per ordinary share of 50 sen each paid on 21 October 2005 will amount to a total distribution of RM33.5 million, some 14% or RM4.1 million more than 2004's RM29.4 million.









FINANCIAL HIGHLIGHTS

Year Ended 31 December	2005 RM'000	2004 RM'000	Change %
Operating revenue	**522,720**	514,667	+2
Profit before taxation	**217,533**	226,624	-4
Profit after taxation	**173,858**	177,171	-2
Profit attributable to shareholders	**171,809**	174,571	-2
Shareholders' equity	**1,629,895**	1,486,546	+10
Total assets employed	**1,770,639**	1,624,408	+9
Earnings per share (sen)	**23.1**	23.5	-2
Net dividend per share (sen)	**4.5**	4.0	+13
Dividend cover (times)	**5.1**	5.9	-14
Net tangible assets per share (sen)	**218.6**	200.2	+9
Return (after tax and minority interests) on average shareholders' equity (%)	**11.0**	12.4	-11

FUTURE PROSPECTS

The world economy will continue to grapple with a high and volatile energy price environment and will have to contend with rising US Dollar interest rate as their upward trends show no sign of respite in the medium term. Likewise, the local economy would not be spared and it may experience slower growth if external demand and consumer confidence put on the brakes.

The fossil fuel price rally will inevitably cause soaring input costs and depress sentiment. This may indirectly create an opening and accelerate the development of bio-fuel from edible oils. Bio-fuel could become economically feasible as an environmental friendly and sustainable source of energy should fossil fuel prices remain steep. Such new demand for edible oils as alternative energy would provide cushion to its "floor prices" and may potentially be the catalyst for the next upturn of palm oil prices once the production of bio-fuel comes on stream. In addition, the rising imports from China with the abolishment of import quota, and the impending increase in demand in the United States (US) as a result of the growing concerns on trans-fatty acid issue as well as the price discount on palm oil are all positive to price movement. Nevertheless, there is concern over the palm oil stock level which is at its unprecedented high. If demand does not pick up as envisaged, palm oil prices may trend downwards. Moreover, the de-pegging of Malaysian Ringgit (RM) to a managed float system may also affect our earnings. With the probable strengthening of RM against the US Dollar, the Group may achieve lower average selling prices in RM even if palm oil prices in US Dollar were to stay flat. Overall, the Plantation Division, benefiting from production volume growth, may continue to perform well.

Whilst there are bright spots amidst uncertainties for the plantation business, the Property Division would have to brave against even tougher business conditions. Growing inflationary pressure from fuel price increase and rising borrowing costs in response to the widening of interest rate differential gap with the US has somewhat muted consumer spending. In view of such adversity, the Property Division will step up its marketing efforts to ensure good take-up rate capitalising on its past success in surpassing customers' expectation for high standard of living environment. Given its proven track record, the Property Division shall be able to contribute positively.

Overall, we anticipate a very challenging year ahead and are committed to delivering a good performance.

DIRECTORATE

On behalf of the Board, I wish to extend a warm welcome to Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin who has been appointed as Independent Non-Executive Director with effect from 1 July 2005. We have full confidence that he will contribute positively towards adherence of good governance by our body corporate.

APPRECIATION

The Group has achieved solid performance over the years and is well placed to capitalise on opportunities and face greater challenges ahead. This would not have been possible without the continued faith and endorsement of our valued shareholders, the untiring assistance and co-operation of our business associates and the considerate authorities, as well as the dedication, loyalty and commitment of our management and staff.

For that reason, I would like to express our sincere gratitude to all the above parties. Last but not least, my personal thanks to my fellow colleagues on the Board for their stewardship, guidance and unfailing support to the continued progress and development of the Group through the years.

TAN SRI MOHD AMIN BIN OSMAN
Chairman
18 May 2006

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 2005.

TINJAUAN PRESTASI

Tahun dalam kajian menyaksikan ekonomi Malaysia yang hingga kini menikmati pertumbuhan yang baik walaupun dilembabkan sedikit kerana kenaikan harga minyak fosil. Ekonomi global yang sederhana menyebabkan pencapaian ekspot kurang mantap manakala kebimbangan terhadap inflasi menjadikan permintaan dalam negeri menurun. Di sebalik keadaan yang sukar ini, saya dengan sukacitanya melaporkan bahawa Kumpulan masih terus berjaya mencapai perolehan operasi paling tinggi pernah dicapai iaitu sebanyak RM522.7 juta dan mencatatkan keuntungan yang disatukan sebelum cukai sebanyak RM217.5 juta.

Adalah tidak memeranjatkan apabila bahagian perniagaan utama kita iaitu Bahagian Perladangan, mengalami kemerosotan akibat penurunan harga minyak sawit kesan dari inventori yang berlebihan serta hasil penuaian 'oilseeds' yang besar. Walaupun berlakunya pengurangan dalam keuntungan operasi, Bahagian Perladangan telah menunjukkan prestasi baik yang boleh dibanggakan apabila dibandingkan dengan saingannya. Kadar hasil tanaman dan pemerahan minyak adalah melebihi purata industri. Margin operasi masih di tahap yang selesa walaupun kos baja serta caj pengangkutan meningkat – ekoran hasil dari usaha yang berterusan dalam meningkatkan produktiviti dan keberkesanan kos. Jua buat kali pertama, pengeluaran buah tandan basah mencecah rekod melebihi sasaran "satu juta tan" iaitu sebanyak 1.1 juta tan.

Bahagian Hartanah, walaupun mempunyai saingan hebat dan masalah stok berlebihan yang dihadapi oleh industri, telah mencatat pencapaian yang memuaskan apabila jualannya meningkat kepada RM86.0 juta iaitu 67% lebih tinggi dari tahun 2004. Asiatic Indahpura, projek unggul Kumpulan di Kulai, Johor terus memberi sumbangan utama, namun pelancaran baru unit kediaman di Asiatic Cheng Perdana, Melaka pada waktu yang sesuai juga telah memainkan peranan penting.

PEMBANGUNAN KORPORAT

Strategi pertumbuhan syarikat di tahun-tahun lalu, menyaksikan Kumpulan giat memperluaskan keluasan tanah dan pengeluaran hasil. Walaupun perolehan hingga kini masih melibatkan aktiviti dalam negara, tahun dalam kajian mencatatkan Kumpulan mengambil langkah yang lebih berani dengan menceburi diri di luar iaitu di negara jiran, Indonesia.

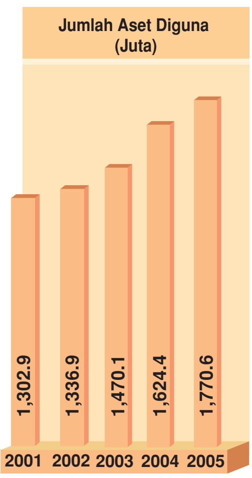
Langkah ini amat bermakna bukan hanya meliputi lokasinya tetapi juga melibatkan keluasan tanah satu setengah kali ganda besarnya dari keluasan tanah yang kita sedia ada. Bagi tujuan ini, Kumpulan telah memeterai beberapa perjanjian dengan Sepanjang Group, Indonesia untuk memperolehi dan membangun 98,300 hektar tanah kosong di Ketapang, Kalimantan Barat sebagai perladangan kelapa sawit secara usahasama. Apabila selesai nanti, Kumpulan akan memegang 70% usahasama ini. Perolehan tanah kosong peringkat pertama berukuran kira-kira 14,500 hektar oleh usahasama ini dijangka selesai dalam suku kedua 2006.

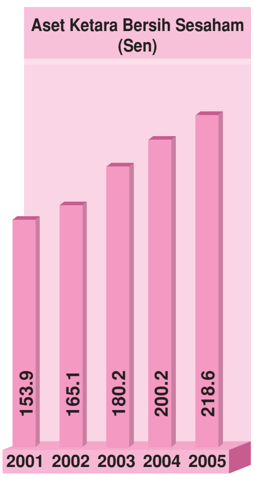
DIVIDEN

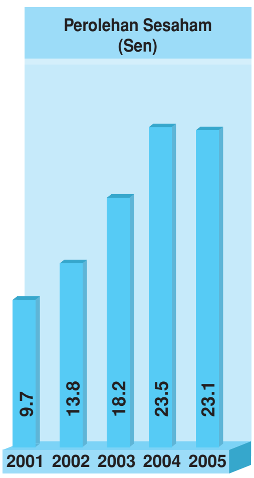
Lembaga Pengarah telah mengesyorkan dividen akhir sebanyak 3.75 sen ditolak cukai pendapatan 28% sesaham biasa 50 sen, setiap satu, bagi tahun berakhir 31 Disember 2005. Jika diluluskan oleh pemegang saham pada Mesyuarat Agung Tahunan Kedua Puluh Lapan yang akan datang, dividen bagi tahun dalam kajian termasuk dividen interim 2.50 sen ditolak cukai pendapatan 28% sesaham biasa 50 sen setiap satu dan yang telah pun dibayar pada 21 Oktober 2005 akan berjumlah RM33.5 juta, 14% atau RM4.1 juta lebih banyak dari tahun 2004 yang hanya berjumlah RM29.4 juta.

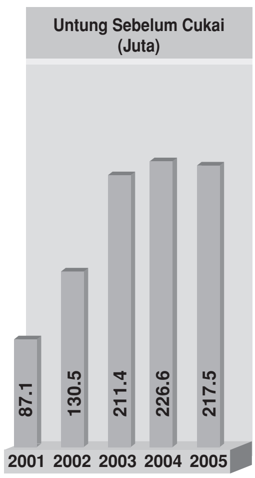
PROSPEK MASA DEPAN

Ekonomi dunia akan terus bergelut dengan suasana harga yang tidak stabil dan akan diikuti pula dengan kenaikan kadar faedah Dolar Amerika Syarikat. Kenaikan secara mendadak ini tiada menunjukkan tanda untuk reda dalam jangka masa sederhana. Justeru, ekonomi tempatan akan turut terjejas dan akan mengalami pertumbuhan yang lembab jika permintaan luar dan keyakinan pengguna merosot.









SOROTAN KEWANGAN

Tahun berakhir 31 Disember	2005 RM'000	2004 RM'000	Change %
Perolehan operasi	**522,720**	514,667	+2
Untung sebelum cukai	**217,533**	226,624	-4
Untung selepas cukai	**173,858**	177,171	-2
Untung bagi pemegang saham	**171,809**	174,571	-2
Ekuiti pemegang saham	**1,629,895**	1,486,546	+10
Jumlah aset diguna	**1,770,639**	1,624,408	+9
Perolehan sesaham (sen)	**23.1**	23.5	-2
Dividen bersih sesaham (sen)	**4.5**	4.0	+13
Liputan dividen (kali)	**5.1**	5.9	-14
Aset ketara bersih sesaham (sen)	**218.6**	200 .2	+9
Pulangan (selepas cukai dan kepentingan minoriti) purata ekuiti pemegang saham (%)	**11.0**	12.4	-11

Kenaikan harga minyak fosil tidak boleh tidak akan menyebabkan peningkatan harga input dan sentimen penurunan. Ianya secara tidak langsung akan membuka peluang dan mempercepatkan keadaan bagi pembangunan bio-fuel daripada minyak masak. Apabila harga minyak fosil kekal di paras tinggi, dari segi ekonomi bio-fuel dapat dilaksanakan dan juga memberi manfaat sebagai sahabat alam sekitar di samping dapat menampung kepada sumber tenaga. Keperluan baru bagi minyak masak sebagai tenaga alternatif, boleh memelihara harga dan berpotensi sebagai pemangkin untuk harga minyak sawit meningkat apabila pengeluaran bio-fuel menjadi kukuh. Lebih-lebih lagi, penambahan import dari China apabila kuota import telah dimansuhkan dan permintaan yang meningkat secara mendadak di Amerika Syarikat kerana peningkatan kecurigaan isu 'trans-fatty acid' serta diskaun bagi minyak sawit, semuanya ini adalah petunjuk positif bagi harga minyak sawit meningkat semula. Walau bagaimanapun, harus prihatin tentang paras stok minyak sawit yang berada di tahap yang terlalu tinggi. Jika permintaan tidak meningkat seperti yang dijangkakan, maka harga minyak sawit akan jatuh merudum. Lebih-lebih lagi, penarikan semula tambatan Ringgit Malaysia (RM) kepada sistem apungan yang terkawal, akan memberi kesan terhadap pendapatan syarikat. Dengan kemungkinan RM semakin mengukuh berbanding Dolar Amerika Syarikat (AS), Kumpulan mungkin mencapai purata harga yang lebih rendah dalam RM jika harga minyak sawit dalam Dolar AS terus diguna pakai. Pada keseluruhannya, Bahagian Perladangan kerana pertumbuhan pengeluaran, berkemungkinan akan terus memberikan sumbangan yang baik.

Meskipun ada harapan cerah bagi perniagaan perladangan, Bahagian Hartanah terus menghadapi suasana perniagaan yang lebih sukar. Tekanan inflasi yang meningkat akibat dari kenaikan harga minyak serta kenaikan kadar pinjaman hasil dari penambahan kadar faedah di AS, menyebabkan perbelanjaan pengguna merosot. Memandangkan kesukaran ini, maka Bahagian Hartanah akan meningkatkan usaha pemasaran bagi memastikan kadar jualan yang baik sambil mengambil kesempatan dari kejayaan lalu yang memenuhi jangkaan pengguna bagi kediaman yang lebih selesa. Setelah membuktikan prestasi yang baik, Bahagian Hartanah akan dapat terus memberi sumbangan yang positif.

Keseluruhannya, kami menjangkakan satu cabaran yang hebat di masa hadapan dan kerana itu kami akan bersungguh-sungguh berusaha untuk mencapai prestasi yang memuaskan.

LEMBAGA PENGARAH

Bagi pihak Lembaga Pengarah, saya ingin mengalu-alukan Jeneral (B) Tan Sri Mohd Zahidi bin Hj Zainuddin yang dilantik sebagai Pengarah Bebas dan Bukan Eksekutif mulai 1 Julai 2005. Kami berkeyakinan penuh bahawa beliau akan dapat memberi sumbangan positif terhadap urus tadbir yang baik oleh badan korporat syarikat kami.

PENGHARGAAN

Pencapaian mantap oleh Kumpulan di tahun-tahun yang lalu telah membina kedudukan yang kukuh untuk membolehkan syarikat menghadapi cabaran hari muka yang lebih hebat. Ianya adalah hasil dari keyakinan dan sokongan yang berterusan dari pemegang saham serta bantuan dan kerjasama yang tidak putus-putus dari rakan kongsi perniagaan dan timbang rasa dari pihak-pihak berkuasa. Juga, dedikasi, kesetiaan dan komitmen oleh pihak pengurusan dan semua kakitangan adalah amat memberansangkan.

Oleh itu, saya ingin merakamkan penghargaan kepada semua pihak yang disebutkan di atas. Akhir kata, saya mengucapkan terima kasih kepada rakan sejawat saya di dalam Lembaga Pengarah yang banyak membantu pengurusan, tunjuk ajar dan sokongan padu yang membolehkan progres dan pembangunan Kumpulan secara berterusan di sepanjang tahun.

TAN SRI MOHD AMIN BIN OSMAN
Pengerusi
18 Mei 2006

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2005年12月31日的常年報告及已審核的財政報告。

業績檢討

在受檢討年間，馬來西亞的經濟持續健全成長，但是成長勢頭卻受到燃油價格不斷攀升所打擊。全球成長趨緩，影響了出口表現，與此同時，國人對通貨膨脹深表關注下影響了本地需求。在這種充滿挑戰的大環境之下，我欣喜地呈報，本集團仍然保持良好表現，營運收入創下新高記錄，達到五億二千二百七十萬令吉，而綜合稅前盈利則達到二億一千七百五十萬令吉。

由于棕油存貨量升高，加上主要的含油種子大唱豐收，導致棕油價格回退，因此我們的主要業務，即種植組面對輕微回退，並不是完全出人意表的事情。然而，即使營運盈利減少，但是若與同儕相比，其表現仍然令人激賞。其農作物收成與榨油率高過同行平均數。雖然肥料成本與運輸費用逐步升高，但是種植組的營運賺幅仍然處于舒適水平，這反映出我們不遺餘力地提高生產力與注重成本效率。此外，我們的新鮮棕櫚果串產量創下新高記錄，超越“一百萬公噸”水平，達到一百一十萬公噸。

雖然產業的競爭激烈，而且這個行業面對滯銷問題，但是產業組仍然達到不俗表現，銷售額穩定成長，達到八千六百萬令吉，比2004年高出約67%。

本集團在柔佛州古來的旗艦產業計劃，即優美城(Asiatic Indahpura)，繼續是主要貢獻者，不過在適當時機新推介的馬六甲 Asiatic Cheng Perdana 的住宅單位也同樣扮演著舉足輕重的角色。

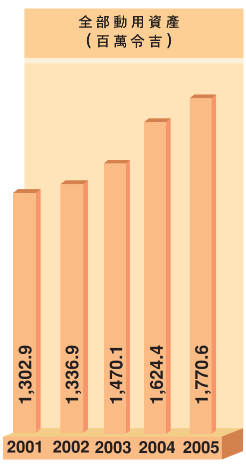
企業發展

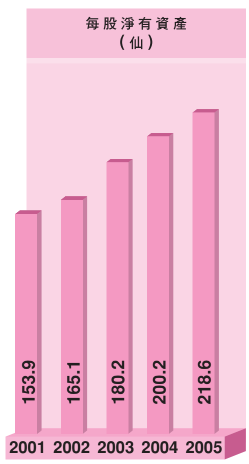
本集團最近幾年來，在擴展策略下，不斷擴大地庫規模與產量水平。雖然近期的收購計劃都在我們所熟悉的地點，但是在受檢討年間，本集團勇敢地跨出傳統營運地點到鄰近國家，即印尼。

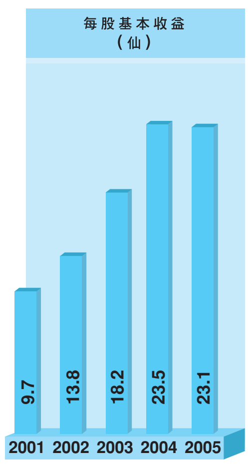
上述建議意義重大，不只是因爲地點的關係，而且所涉及的地庫面積是我們原有地庫的一倍半。有鑒于此，本集團與印尼 Sepanjang 集團簽署了數項附條件協議，來收購加里曼丹西部 Ketapang 附近的98,300公頃空地，以聯營方式發展爲油棕園。一旦完成這項計劃，本集團將持有聯營計劃的70%股權。有關聯營計劃所收購的首個地段約占地14,500公頃，預計在2006年第二季完成。

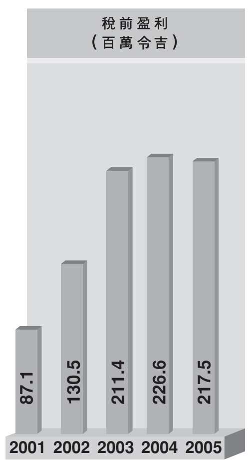
股息

董事部建議在截至2005年12月31日止的財政年，派發每一50仙普通股享有3.75仙，但須扣28%所得稅的終期股息。若獲得行將來臨的第28屆股東大會批準，本年度的股息總額，包括2005年10月21日付出的每一50仙普通股享有2.50仙，但須扣28%所得稅的中期股息，將爲三千三百五十萬令吉，比2004年的二千九百四十萬令吉高出約14%或四百一十萬令吉。









財政重點

截至12月31日年度	2005 令吉'000	2004 令吉'000	相差 %
營運收入	522,720	514,667	+2
稅前盈利	217,533	226,624	-4
稅後盈利	173,858	177,171	-2
歸股東盈利	171,809	174,571	-2
股東股權	1,629,895	1,486,546	+10
全部動用資產	1,770,639	1,624,408	+9
每股基本收益(仙)	23.1	23.5	-2
每股淨股息(仙)	4.5	4.0	+13
股息補足率(倍數)	5.1	5.9	-14
每股淨有形資產(仙)	218.6	200.2	+9
平均股東股權 (在扣稅及少數股東利益後)的回酬(%)	11.0	12.4	-11

未來展望

全球經濟仍然面對能源價格偏高並且波動不定的挑戰，同時，美國利率持續上揚，而且在中期內沒有停止加息的跡象。同樣的，本地經濟也無法幸免，如果外圍需求減少而且消費者信心下降的話，那麼我國經濟也會經歷較緩慢的成長。

燃油價格掀起漲潮，將無可避免地加重生產成本，進而打擊情緒。這可能間接地造就與加速把食油開發爲生物燃油。生物燃油有利于環保，而且是持續不斷的能源來源，如果燃油價格持續高企不下，生產生物燃油將在符合經濟效益的情況下而成爲可行之道。食油可作爲替代能源的新需求下，有助緩衝其"最低限價"水平，而且一旦生物燃油計劃獲得落實，這也可能是激勵棕油價格掀起另一輪漲潮的催化素。此外，中國廢除進口限額後增加進口量、由于反式脂肪酸課題日益受到關注導致美國需求量提高，加上棕油處于折價水平，都是有利于價格走勢的進展。然而，由于棕油存貨量正處于有史以來最高水平，因此業者須加以關注。萬一需求未如預期般提高，那麼棕油價格可能掉頭回跌。此外，令吉與美元脫鉤，採取管理式浮動制度，也可能會影響我們的盈利水平。由于令吉兌美元匯價可能走強，如果以美元掛價的棕油價格保持平穩，那麼本集團所獲得平均售價，以令吉計算，就可能會減少。整體而言，從種植產量提高中受惠的種植組有望持續良好表現。

種植組雖然處身在充斥不明朗的大環境下，但是仍然有其光明面，反觀產業組則面對更加艱難的商業環境。燃油價格上漲，加重通貨膨脹壓力，而且在我國與美國利差擴大而提高本地借貸成本的情況下，難免會打擊消費人的開支。在不利的經營環境下，產業組將憑著一直以來都能夠超乎客戶預期，打造出高素質居住環境的良好紀錄，來加緊推行行銷工作，以確保獲得良好認購率。在過往良好紀錄下，產業組有望作出正面貢獻。

整體而言，我們預期未來一年充滿挑戰，同時承諾致力于交出良好表現。

董事部

我謹代表董事部熱烈歡迎退休將軍丹斯里 Mohd Zahidi bin Hj Zainuddin 于 2005 年 7 月 1 日加入本董事部，出任獨立非執行董事。我們充滿信心，他可以在監督我們管理方面作出積極貢獻。

致謝

本集團在這麼多年來取得堅穩的表現，而且已準備就緒，把握未來的機遇，並迎接未來的挑戰。這一切都是因爲我們獲得尊貴股東的信任與委托，以及我們商業伙伴與有關當局所給予的協助與合作，還有公司管理層與員工辛勤苦幹和個人獻身工作精神也居功至偉。

有鑒于此，我在此衷心地感激上述所有人士。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。

TAN SRI MOHD AMIN BIN OSMAN
主席
2006 年 5 月 18 日

Review of Operations

PLANTATION

The year under review would be seen as an eventful and historic year for the Group as it chalked up yet another milestone in its pursuit to establish itself as a major player in the plantation industry. Continuing to pursue opportunities to increase its current land bank of 65,664 hectares, the Group had on 8 June 2005 made inroads into a neighbouring country through joint ventures with a respectable palm oil producer in the Republic of Indonesia. This 70:30 joint venture with the Sepanjang Group of Indonesia is to develop some 98,300 hectares of jungle land near Ketapang, Kalimantan Barat into oil palm plantation and the operation of oil mills.

Since its maiden foray into the plantation business in 1980, the Group has grown commendably in size and presence in the industry with the plantation business remaining as the Group's core business. As the Group's key profit contributor, the Plantation Division's pre-tax profit of RM173.2 million, though 18% lower than the preceding year, accounted for 80% of the Group's total pre-tax profit for the year under review. This creditable performance was achieved albeit generally weak market sentiment during the year.

In the less buoyant though overall favourable economic environment of 2005, crude palm oil ("CPO") prices, after having sustained an upward trend for the last three years, retracted and traded at the range of RM1,250 to RM1,500 per tonne. High carry-over inventory from 2004, concerns over domestic stocks build-up due to the slow pace of exports during the later half of 2005, and lower soyabean oil prices were amongst the causes for the softening CPO price during the year. Market sentiments were further dampened when the Ringgit was de-pegged in July 2005 and along with it market expectations of the Ringgit strengthening resulting in lack of buying support for forward months. Fortunately, with expectations of increasing demand for CPO in tandem with its prospect of being used as renewable fuel, especially in the light of the drastic price increase of fossil fuels lately and more so for environmental reasons, and the impending requirement for trans-fatty acid labelling in the United States of America as well as China's abolishment of vegetable oils import quota, the negative impacts were mitigated and indeed augurs well for the industry. Elsewhere in the European Union, the use of edible oil in the downstream manufacturing capacity is rapidly expanding on one hand, and increasing quantities of rapeseed oil is being used for bio-fuel on the other, have created a vacuum which has to be filled by other edible oils. This helped

Aerial view of Ketapang Land in Kalimantan Barat, Indonesia

Signing Ceremony with our Indonesian partner

cushion the CPO prices from dipping further. Palm kernel ("PK") prices on the other hand were supported by steady demand for lauric oils from the fast growing oleochemical industry. Against this backdrop, the Group managed to achieve an average CPO selling price of RM1,398 per tonne which is higher than the national average; though at that level, it is a 13% decrease from the Group's achieved selling price from the previous year. PK registered an average selling price of RM1,017 per tonne which is 5% lower than that in the same period.

In spite of the lower prices achieved for palm products, the Division's revenue of RM441.9 million is only marginally lower than the preceding year's revenue of RM467.2 million. The year's exceptional showing in fresh fruit bunches ("FFB") harvest moderated the setback in the prices of CPO and PK. At 1,099,285 tonnes, the FFB production was at a new high; breaching the 1 million tonnes mark for the first time. It was an impressive 12% improvement from the previous year's production of 978,693 tonnes. This record high production was achieved on the back of more areas coming into productive age, and an enlarged harvesting area having taken into account the newly mature area in Asiatic Indah Estate, as well as full year effect of the acquisition of Asiatic Sekong and Asiatic Suan Lamba Estates. Coupled with that is the Group's improved yield per hectare from 21.7 tonnes last year to 22.1 tonnes. Unlike 2004, estates in Sabah were not affected by severe flood and consequently, an overall marked improvement in yield by 6% was registered by these estates. Apart from this, the Group's continuous emphasis placed on enhanced harvesting standards and management, and loose fruits collection are other factors in play contributing to the better yield.

Underpinned by the record volume of FFB harvest, the Group's total oil mill intake, inclusive of third party crops, also rose by 11% to 1,242,425 tonnes. CPO and PK yields correspondingly increased by 11% to 260,467 tonnes, and 14% to 62,864 tonnes respectively. At present, the Group owns 6 oil mills with milling capacity of 255 tonnes per hour. Plans are currently underway for the construction of another oil mill of 30 tonnes per hour capacity at our Asiatic Indah Estate to cater for the expected increase in produce as sizeable areas are coming into maturity in the coming years.

The Group achieved an average oil extraction rate ("OER") of 21.0% in 2005. Though marginally lower than the record of 21.1% achieved in 2004, it is above the industry average of 20.2%. In contrast, kernel extraction rate ("KER") has improved over last year from 4.96% to 5.07%.

It is again with the continued commitment from management, staff and other employees that 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.

Every effort is made to evacuate FFB; even during floods

Despite the sizeable increase in FFB harvest together with concerted measures undertaken to contain costs, the positive impact from the harvest growth was eroded to some extent by unavoidable escalating production costs in the year under review. Diesel prices reached unprecedented highs and fertiliser prices continued to be on the upward trend. In addition, the Sabah State Government had on 1 January 2005 raised its Sales Tax by 50% from the previous 5% to 7.5%.

Notwithstanding that these are beyond Management's control, the Group, as in the past, acknowledged that it is imperative that it continues to find ways and means to reduce costs through improvements in internal operational efficiencies and land-labour productivity.

The Division, with a workforce of some 7,300 employees and contract workers, will continue to take effective ways and measures to maximise labour productivity. Mechanisation is one measure and where appropriate even buffaloes are being "employed" to help evacuate FFB. Over the past 10 years, a total of RM19.3 million has been expended on various agricultural machinery and equipment.

On the development progress of Asiatic Jambongan Estate, a total of 1,851 hectares have since been planted up as at year end. Amidst works on logistic infrastructure which has commenced, it is expected that another 1,469 hectares would be planted in 2006 as planned.

Asiatic Permai Estate

As reported in the last annual report, some 2,634 hectares in Asiatic Permai Estate 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.

Serian Palm Oil Mill, the Group's joint venture with Sarawak Land Consolidation and Rehabilitation Authority, processed some 238,875 tonnes of FFB, an increase of 9% over the previous year. CPO production was at 50,985 tonnes and PK production at 10,380 tonnes, an increase of 9% and 12% from 2004 respectively. Whilst OER at 21.34% remained somewhat similiar to last year, KER of 4.35% was slightly higher than 2004's 4.24% in comparison.

Nursery at Asiatic Jambongan Estate

PROPERTY

The property market in 2005 registered a moderate growth but was somewhat lacking in form due to the cooling of the economy and higher oil prices. The exceptions were exclusive/upmarket houses or projects in some more affluent areas in the country, particularly in Kuala Lumpur and the Klang Valley.

On the back of this challenging market environment, the Division's revenue of RM80.8 million and pre-tax profit of RM8.7 milion, were a creditable growth of 70% and 94% respectively from 2004 results.

Asiatic Indahpura, the Group's flagship project in Kulai, Johor contributed a total of RM59.8 million in sales, which were mainly derived from its new medium low-cost houses, recording an encouraging take-up rate of 75% to date, and properties under construction, namely double-storey terrace houses.

Other than the sale of properties, the Division had taken measures to provide attractions to draw in new business activities and population to the development. A one-stop automobile centre called the Asiatic Indahpura Car City was planned and is being implemented on a phased basis. As part of its Phase 1A development, 5 car showrooms and 4 service centres have been constructed and is enjoying good tenancy. In addition, a fast-food restaurant has also been completed where Golden Arches Restaurants Sdn Bhd, operator of the McDonald's chain of restaurants in Malaysia has entered into a long-term lease with the Group to operate their first 24-hour McDonald's drive-thru restaurant in Kulai. The restaurant started operations in late October 2005. Asiatic Indahpura Sports City has also added 2 futsal courts in addition to its 12 indoor badminton courts and the 30-bay golf driving range.

Asiatic Indahpura -
(from top)
- ***Diamond (front and side views)***
- ***Artist impression of dual frontage shopoffices***

• *All at Asiatic Indahpura - golf driving range, badminton and futsal courts*

The Group's maiden project, Asiatic Cheng Perdana in Cheng, Melaka also turned in a sterling performance with a sales contribution of RM26.2 million during the year, as strong sales were garnered from the newly launched double- and single-storey terrace houses.

Meanwhile, the development activities in Asiatic Permaipura were quiet as the market conditions there remained lacklustre. Hence, no new properties were launched. Instead, efforts were focused on clearing the inventories. On the other hand, the Permaipura Golf & Country Club ("PGCC") performed reasonably well despite strong competition from surrounding golf clubs. The better performance was achieved in view of PGCC's various marketing efforts to attract more golfers to the Club and good maintenance of the golf course.

The Group's joint venture project with Johor Corporation ie the Sri Gading Industrial Estate did well in 2005 with a contribution of RM1.7 million in pre-tax profit. This is significantly higher than the pre-tax profit of RM0.7 million registered in 2004.

For the year under review, a total of 0.11 acres of the Group's estate land was compulsorily acquired by the Government for infrastructure and other public projects.

Asiatic Cheng Perdana - completed units of double- and single-storey terrace houses

Asiatic Indahpura Car City

HUMAN RESOURCE

Being in a labour intensive industry, the main challenge for the Group is not only to ensure adequate supply of workers at the operations level but more importantly, is to nurture the talent and develop the maximum potential of its employees. Towards this end, the Group, with a total workforce strength of some 7,300, continued to allocate substantial sum for in-house and external training for personal development and enhancement and upgrade of functional skills and knowledge for its employees at all levels.

The theme "The Next 25 Years – Where Should We Be?" was aptly selected for the 25th Management Conference that was held in August 2005 at Bandung, the Republic of Indonesia. During the conference, issues on characteristics of a successful organisation and strategies to remain competitive in the industry were identified and deliberated. Likewise, conferences were also organised for assistant managers during the year with topics encompassing motivation to achieve higher productivity and in being more effective in work. They were also updated with new technologies and techniques in productivity improvement.

In its efforts to promote greater interaction amongst the employees, a trip to Awana Kijal Golf, Beach & Spa Resort, Terengganu was organised.

The fourth tranche of share options under the Asiatic Executive Share Option Scheme ("ESOS") was offered by the Company in August to all eligible executives. As at 31 December 2005, including the 1,979,000 share options accepted under the fourth tranche, a total of 17,512,000 shares options have been offered and accepted by eligible employees under the ESOS since its inception in 2000.

In addition to the above, a total of 56 deserving employees received their long service awards in appreciation of their loyalty and years of untiring services ranging from 5 to 25 years.

Participants at the 25th Management Conference

Recipients of Plantation Performance Awards

ENVIRONMENT CONSERVATION & SUSTAINABLE DEVELOPMENT

Seedlings of flood-tolerant tree species are raised in the nursery before planting in the riverine areas

Trees planted in 2004

During the year, the Group, whose long-term commitment to environmental conservation and sustainable development remains unwavered, continues to embrace and be guided by the Asiatic Oil Palm Manual which sets out good agronomic practices of oil palm plantation operations. Furthermore, as a responsible corporate citizen and a member of the Roundtable on Sustainable Palm Oil ("RSPO"), the Group continues to pursue and adopt various environmental friendly measures and techniques aimed at environmental conservation and sustainable development. The RSPO 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.

A noteworthy initiative in manifesting the Group's environmental commitment is its collaboration with the World Wide Fund for Nature Malaysia ("WWF Malaysia") in a tree planting programme. Since its involvement in 1999, the Group has todate dedicated 55 hectares of land for this purpose. Known as the "Partners for Wetlands", the programme is an effort to conserve the lower Kinabatangan floodplains aimed at, amongst others, the rehabilitation and restoration of riverine and wetland habitats as wildlife sanctuary and conservation of biodiversity, hence reducing human-wildlife conflict in the area. The lower Kinabatangan is known to be home to many endangered animals and birds such as the pygmy elephant, proboscis monkey, orang utan and the pied hornbill. Noted as the first plantation company to participate in this programme, the Group continues to work closely with the local WWF chapter to plant up the reserve as well as dedicated areas along the riverine reserve of Sg Tenegang Besar, a tributary of Kinabatangan River. As at year end, flood tolerant tree species have been planted in 15 hectares and seedlings of various tree species are continuously being raised in the nursery to be subsequently planted in the riparian reserve.

Much emphasis is placed by the Group to ensure that its operations are consistent with the good and effective plantation management practices it has implemented and

Cattle grazing on the weeds and grass as part of integrated weed management

Cover crops planted for soil conservation

Recycling of digested palm oil mill effluents back to the plantation

One of the many solar powered lightings erected at our estates

evolved over the years. Besides, the Group is also always on the look out for further improvements or enhanced methods to address any adverse impacts from plantation and processing activities on the environment.

Amongst the various practices adopted in the estates which would minimise the adverse impacts on the environment are soil and water conservation with the construction of appropriate conservation terraces and trenches and planting of cover crops, recycling of biomass to the fields as mulch and nutrients, and integrated pest and weed management with biological control methods eg planting of beneficial plants as host for the natural predators of bagworms, nettle caterpillars, the use of cattle and buffaloes to eat weeds and grass, thus reducing the use of herbicides, and the introduction of barn owls to control rat population. Where practical, buffaloes are used for infield FFB evacuation thus reducing the consumption of non-renewable fuel. For new land development as well as replanting, the Group has always adopted the zero burning technique and conservation terraces in the hilly areas with good establishment of cover crops.

All the Group's oil mills adhere to the legislative requirements strictly. Currently, planning is underway for the construction of a new oil mill in Sabah and environmental considerations are given utmost importance; eg the installation of higher efficiency boilers which ensure steady combustion of fuel thus reducing the potential impact of air pollution, and the treatment of palm oil mill effluents to reduce biochemical oxygen demand in finished effluents.

The large quantities of by-products produced from the oil mills resulting from the processing of FFB to extract crude palm oil and palm kernel are recycled and utilised in various ways. The use of empty fruit bunches for mulching and treated effluents for land application/irrigation enhance soil micro-organism diversity and replenish organic matter to the soil, leading to reduction in inorganic fertiliser usage. Mesocarp fibres and palm kernel shells are used as boiler fuel for co-generation of steam and electrical power for oil mills and living quarters.

Beneficial plants planted for biological control

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 assist 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	3
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	4
Encik Mohd Din Jusoh	4
Dato' Siew Nim Chee *(Retired on 27 June 2005)*	2
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	4
Mr Quah Chek Tin	4
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin *(Appointed on 1 July 2005)*	2

(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 Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad 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.

The Nomination Committee met once during the financial year.

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 Analysts Malaysia. Directors are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

The following are courses and training progammes held in 2005 (not including those attended by Directors to fulfil the Continuing Education Programmes requirements):

- An Insight to Business Continuity and Crisis Management
- Fraud Risk Management
- Tax Seminar – The 2006 Budget
- Securing Electronic Payment via IT Governance
- Impact of the New Financial Reporting Standards and GST
- Are You Ready for Convergence?
- Delivering Unique Customer Experience for Competitive Advantage
- GST in Malaysia: Are We Ready?

(v) Re-election

The Articles of Association of the Company provides 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 executive Director 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 twice during the financial year.

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. ACCOUNTABILITY AND 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 the MASB approved accounting standards in Malaysia and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flow 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 financial statements, 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 32 to the financial statements under "Significant Related Party Disclosures" on page 73 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:

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin *	Chairman/Independent Non-Executive Director
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Member/Independent Non-Executive Director
En 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

** Appointed on 1 July 2005*

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2005

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
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin #	2
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	* 5
En Mohd Din Jusoh	* 5
Dato' Baharuddin bin Musa	4
Mr Quah Chek Tin	3

^ Retired on 27 June 2005
 # Appointed on 1 July 2005

* 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 2005

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 2005;

viii) considered the re-appointment 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 2004;

x) reviewed the reports submitted by the Risk and Business Continuity Management Committee of the Company; and

xi) reviewed the allocation of option during the year under The Asiatic Executive Share Option Scheme ("Scheme") to ensure that this was in compliance with the allocation criteria determined by the Remuneration, Compensation and Benefits Committee and in accordance with the by-laws of the Scheme.

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; or

(c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

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 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 head of finance 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 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.

The members of the Risk and Business Continuity Management Committee ("The RBCMC") comprises the Chief Operating Officer, Heads of Divisions and Departments ("HODs") and the Group Risk Manager ("GRM") of Genting Berhad, is tasked with the responsibility for formulating the risk management policy and the review of the system of internal control. The HODs are 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 are 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 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 Management and the Executive Committee to review and monitor the financial performance and cash flow position.
- Business/operating units present their annual budget, which includes 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. In addition the Group has taken measures to minimise disruptions due to failure of IT systems and/or operational processes deemed critical to the business operations by initiating the implementation of business continuity plans.

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 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 2005.

PRINCIPAL ACTIVITIES

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 33 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	217,533	147,126
Taxation	(43,675)	(16,741)
Profit from ordinary activities after taxation	173,858	130,385
Minority interests	(2,049)	-
Net profit for the financial year	171,809	130,385

DIVIDENDS

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

(i) a final dividend of 3.5 sen less 28% tax per ordinary share of 50 sen each amounting to RM18,715,612 in respect of the financial year ended 31 December 2004 was paid on 21 July 2005; and

(ii) an interim dividend of 2.5 sen less 28% tax per ordinary share of 50 sen each amounting to RM13,385,124 in respect of the financial year ended 31 December 2005 was paid on 21 October 2005.

The Directors recommend payment of a final dividend of 3.75 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 RM20,139,165.

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 3,055,000 new ordinary shares of 50 sen each, particulars of which are set out below, by virtue of the exercise of options granted pursuant to The Asiatic Executive Share Option Scheme to take up unissued shares of the Company, which new ordinary shares rank pari passu with the then existing issued ordinary shares of the Company:

Price per Share (sen)	No. of Ordinary Shares
92	1,485,000
145	1,570,000
	3,055,000

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 25 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 *
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah
Mr Quah Chek Tin
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin * *(Appointed on 1 July 2005)*
Dato' Siew Nim Chee * *(Retired on 27 June 2005)*

**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, GB Credit & Leasing Sdn Bhd and Genting International P.L.C., all of which are related companies or corporations as set out below:

INTEREST IN THE COMPANY

Shareholdings in the names of Directors	**1.1.2005**	**Acquired/ (Disposed)**	**31.12.2005**
		(Number of ordinary shares of 50 sen each)	
Tan Sri Mohd Amin bin Osman	164,000	-	164,000
Dato' Baharuddin bin Musa	613,000	200,000	813,000
Tan Sri Lim Kok Thay	144,000	-	144,000
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	10,000	-	10,000

Share Options in the names of Directors	**1.1.2005**	**Offered/(Exercised)**	**31.12.2005**
		(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	(200,000)	625,000
Tan Sri Lim Kok Thay	825,000	-	825,000

INTEREST IN GENTING BERHAD, THE ULTIMATE HOLDING COMPANY

Shareholdings in the names of Directors	**1.1.2005**	**Acquired/ (Disposed)**	**31.12.2005**
		(Number of ordinary shares of 50 sen each)	
Tan Sri Mohd Amin bin Osman	8,000	126,000	134,000
Tan Sri Lim Kok Thay	3,433,800	-	3,433,800
Mr Quah Chek Tin	1,000	126,000/(126,000)	1,000

Shareholdings in which the Director is deemed to have an interest	**1.1.2005**	**Acquired/ (Disposed)**	**31.12.2005**
		(Number of ordinary shares of 50 sen each)	
Dato' Baharuddin bin Musa	3,000	-	3,000

Share Option in the names of Directors	**1.1.2005**	**Offered/(Exercised)**	**31.12.2005**
		(Number of unissued ordinary shares of 50 sen each)	
Tan Sri Mohd Amin bin Osman	500,000	(126,000)	374,000
Tan Sri Lim Kok Thay	1,000,000	-	1,000,000
Mr Quah Chek Tin	500,000	(126,000)	374,000

INTEREST IN RESORTS WORLD BHD, A RELATED COMPANY

Shareholdings in the names of Directors	**1.1.2005**	**Acquired/ (Disposed)**	**31.12.2005**
		(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	**1.1.2005**	**Offered/(Exercised)**	**31.12.2005**
		(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	**1.1.2005**	**Acquired/(Disposed)**	**31.12.2005**
		(Number of ordinary shares of RM1.00 each)	
Dato' Baharuddin bin Musa	220,000	-	220,000

INTEREST IN GENTING INTERNATIONAL P.L.C., A RELATED CORPORATION

Shareholdings in the name of a Director	**1.1.2005**	**Acquired/(Disposed)**	**31.12.2005**
		(Number of ordinary shares of US$0.10 each)	
Tan Sri Lim Kok Thay	-	20,000	20,000

Share Option in the names of Directors	**1.1.2005**	**Offered /(Exercised)**	**31.12.2005**
		(Number of unissued ordinary shares of US$0.10 each)	
Tan Sri Mohd Amin bin Osman	-	1,000,000	1,000,000
Tan Sri Lim Kok Thay	-	5,000,000	5,000,000
Mr Quah Chek Tin	-	1,500,000	1,500,000
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	-	1,000,000	1,000,000

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”), 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 P.L.C., a related company.

Tan Sri Lim Kok Thay and Encik Mohd Din Jusoh 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.

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin is due to retire in accordance with Article 104 of the Articles of Association of the Company and he, being eligible, has offered himself for re-election.

Tan Sri Mohd Amin bin Osman and Lt. Gen. (B) Dato’ Haji Abdul Jamil bin Haji Ahmad 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 33 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 2005 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 MASB 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
22 February 2006

Income Statements

For The Financial Year Ended 31 December 2005

Amounts in RM'000 unless otherwise stated

	Note(s)	Group		Company	
		2005	2004	**2005**	2004
Revenue	*5 & 6*	**522,720**	514,667	**93,074**	163,421
Cost of sales	*7*	**(282,885)**	(248,608)	**(31,589)**	(63,213)
Gross profit		**239,835**	266,059	**61,485**	100,208
Other income		**37,175**	13,569	**106,660**	33,157
Selling and distribution costs		**(29,959)**	(25,875)	**(4,772)**	(6,843)
Administration expenses		**(20,547)**	(22,591)	**(12,664)**	(17,250)
Other expenses		**(12,809)**	(8,385)	**(3,583)**	(4,597)
Profit from operations		**213,695**	222,777	**147,126**	104,675
Finance cost		**-**	(878)	**-**	-
Share of results in associates		**3,838**	4,725	**-**	-
Profit from ordinary activities before taxation	*5,8,9&10*	**217,533**	226,624	**147,126**	104,675
Taxation of :					
- Company and subsidiaries		**(42,598)**	(48,676)	**(16,741)**	(26,696)
- Share of tax in associates		**(1,077)**	(777)	**-**	-
	11	**(43,675)**	(49,453)	**(16,741)**	(26,696)
Profit from ordinary activities after taxation		**173,858**	177,171	**130,385**	77,979
Minority interests		**(2,049)**	(2,600)	**-**	-
Net profit for the financial year		**171,809**	174,571	**130,385**	77,979
Basic earnings per share (*sen*)	*12*	**23.12**	23.52		
Diluted earnings per share (*sen*)	*12*	**23.02**	23.42		
Gross dividends per share (*sen*)	*13*	**6.25**	5.50		

The notes set out on pages 40 to 75 form part of these financial statements.

Balance Sheets

As At 31 December 2005

Amounts in RM'000 unless otherwise stated

	Note(s)	Group		Company	
		2005	2004	**2005**	2004
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	**1,022,312**	989,716	**225,171**	288,891
Land held for property development	*15*	**225,427**	232,565	**-**	-
Subsidiaries	*16*	**-**	-	**157,187**	157,187
Associates	*17*	**12,864**	11,919	**2,123**	2,123
Long term receivables	*20*	**16,977**	4,918	**16,977**	4,918
Deferred taxation	*18*	**6,250**	1,788	**407**	565
CURRENT ASSETS					
Property development costs	*15*	**111,382**	105,397	**-**	-
Inventories	*19*	**120,796**	112,824	**477**	2,262
Trade and other receivables	*20*	**74,329**	55,955	**14,181**	5,464
Amounts due from subsidiaries	*16*	**-**	-	**973,426**	911,236
Amounts due from other related companies	*24*	**16**	-	**9**	-
Amounts due from associates	*17*	**683**	718	**683**	718
Short term investments	*21*	**114,067**	62,314	**92,761**	42,508
Bank balances and deposits	*22*	**65,536**	46,294	**41,807**	23,762
		486,809	383,502	**1,123,344**	985,950
LESS : CURRENT LIABILITIES					
Trade and other payables	*23*	**92,950**	84,578	**10,283**	13,148
Amounts due to ultimate holding company	*24*	**729**	725	**729**	725
Amounts due to subsidiaries	*16*	**-**	-	**197,479**	210,905
Amounts due to other related companies	*24*	**475**	792	**475**	792
Taxation		**3,215**	9,256	**-**	3,293
		97,369	95,351	**208,966**	228,863
NET CURRENT ASSETS		**389,440**	288,151	**914,378**	757,087
		1,673,270	1,529,057	**1,316,243**	1,210,771
FINANCED BY					
SHARE CAPITAL	*25*	**372,779**	371,252	**372,779**	371,252
RESERVES	*26*	**1,257,116**	1,115,294	**934,506**	834,106
SHAREHOLDERS' EQUITY		**1,629,895**	1,486,546	**1,307,285**	1,205,358
MINORITY INTERESTS		**10,634**	9,898	**-**	-
NON-CURRENT LIABILITIES					
Deferred taxation	*18*	**23,309**	27,395	**745**	1,401
Other payables	*23*	**4,120**	-	**4,120**	-
Provision for Directors' retirement gratuities	*27*	**5,312**	5,218	**4,093**	4,012
		32,741	32,613	**8,958**	5,413
		1,673,270	1,529,057	**1,316,243**	1,210,771
NET ASSETS PER SHARE (*RM*)		**2.19**	2.00		
NET TANGIBLE ASSETS PER SHARE (*RM*)		**2.19**	2.00		

The notes set out on pages 40 to 75 form part of these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2005

Amounts in RM'000 unless otherwise stated

	Share Capital	Share Premium	Revaluation Reserve	Reserve on Exchange Differences	Unappro-priated Profit	Total
Group						
Balance at 1 January 2005	**371,252**	**26,153**	**18,115**	**290**	**1,070,736**	**1,486,546**
Issue of shares (*see Note 25*)	**1,527**	**2,116**	**-**	**-**	**-**	**3,643**
Net loss not recognised in income statement - exchange difference	**-**	**-**	**-**	**(2)**	**-**	**(2)**
Net profit for the financial year	**-**	**-**	**-**	**-**	**171,809**	**171,809**
Appropriation:						
- Final dividend paid for financial year ended 31 December 2004 (*3.5 sen less 28% tax*) (*See Note 13*)	**-**	**-**	**-**	**-**	**(18,716)**	**(18,716)**
- Interim dividend paid for financial year ended 31 December 2005 (*2.5 sen less 28% tax*) (*See Note 13*)	**-**	**-**	**-**	**-**	**(13,385)**	**(13,385)**
	-	**-**	**-**	**-**	**(32,101)**	**(32,101)**
Balance at 31 December 2005	**372,779**	**28,269**	**18,115**	**288**	**1,210,444**	**1,629,895**
Balance at 1 January 2004	370,862	25,826	18,143	(715)	922,533	1,336,649
Issue of shares (*see Note 25*)	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*)	-	-	-	-	(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 40 to 75 form part of these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2005 (Cont'd)

Amounts in RM'000 unless otherwise stated

		Non-Distributable		*Distributable*	
	Share Capital	**Share Premium**	**Revaluation Reserve**	**Unappro-priated Profit**	**Total**
Company					
Balance at 1 January 2005	**371,252**	**26,153**	**26,613**	**781,340**	**1,205,358**
Issue of shares (*see Note 25*)	**1,527**	**2,116**	**-**	**-**	**3,643**
Net profit for the financial year	**-**	**-**	**-**	**130,385**	**130,385**
Appropriation:					
- Final dividend paid for financial year ended 31 December 2004 (*3.5 sen less 28% tax*) (*See Note 13*)	**-**	**-**	**-**	**(18,716)**	**(18,716)**
- Interim dividend paid for financial year ended 31 December 2005 (*2.5 sen less 28% tax*) (*See Note 13*)	**-**	**-**	**-**	**(13,385)**	**(13,385)**
	-	**-**	**-**	**(32,101)**	**(32,101)**
Balance at 31 December 2005	**372,779**	**28,269**	**26,613**	**879,624**	**1,307,285**
Balance at 1 January 2004	370,862	25,826	26,641	728,724	1,152,053
Issue of shares (*see Note 25*)	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*)	-	-	-	(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 40 to 75 form part of these financial statements.

Cash Flow Statements

For The Financial Year Ended 31 December 2005

Amounts in RM'000 unless otherwise stated

	Note(s)	Group		Company	
		2005	2004	**2005**	2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from ordinary activities before taxation		**217,533**	226,624	**147,126**	104,675
Adjustments for:					
Depreciation of property, plant and equipment		**17,796**	16,280	**1,731**	2,795
Property, plant and equipment written off		**470**	565	**17**	18
Bad debts written off		**483**	523	**-**	-
Provision for Directors' retirement gratuities		**160**	840	**147**	668
Allowance for/(write back) of doubtful debts		**56**	(11)	**-**	-
Gain on disposal of property, plant and equipment		**(182)**	(206)	**(104)**	(100)
Share of results in associates		**(3,838)**	(4,725)	**-**	-
Interest income		**(3,981)**	(4,102)	**(2,719)**	(2,597)
Finance cost		**-**	878	**-**	-
Additional compensation arising from acquisition of freehold land and plantation		**(25,797)**	(1,058)	**(25,797)**	(830)
Dividend income		**-**	-	**(16,792)**	(25,365)
Gain arising from Group rationalisation exercise		**-**	-	**(57,821)**	-
Gain on disposal of long term investment		**-**	(849)	-	(492)
		(14,833)	8,135	**(101,338)**	(25,903)
Operating profit before changes in working capital		**202,700**	234,759	**45,788**	78,772
Decrease/(Increase) in property development costs		**9,602**	(3,478)	**-**	-
(Increase)/Decrease in inventories		**(7,972)**	(1,269)	**1,785**	(1,288)
(Increase)/Decrease in receivables		**(10,191)**	(5,195)	**1,835**	416
Decrease in amounts due from associates		**35**	27	**35**	27
(Decrease)/Increase in payables		**(4,442)**	8,025	**(6,032)**	610
Increase in amounts due to ultimate holding company		**4**	8	**4**	8
(Decrease)/Increase in amounts due to other related companies		**(333)**	628	**(326)**	627
Increase in amounts due from subsidiaries		**-**	-	**(47,787)**	(69,058)
		(13,297)	(1,254)	**(50,486)**	(68,658)
Cash generated from operations		**189,403**	233,505	**(4,698)**	10,114
Tax paid (net of tax refund)		**(55,909)**	(53,445)	**(16,382)**	(23,209)
Retirement gratuities paid		**(66)**	(2,981)	**(66)**	(2,981)
		(55,975)	(56,426)	**(16,448)**	(26,190)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**133,428**	177,079	**(21,146)**	(16,076)

The notes set out on pages 40 to 75 form part of these financial statements.

Cash Flow Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

Amounts in RM'000 unless otherwise stated

		Group		Company	
	Note(s)	**2005**	2004	**2005**	2004
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds and additional compensation received from acquisition of freehold land and plantation		**8,925**	975	**8,925**	958
Interest received		**3,981**	4,102	**2,719**	2,597
Dividends received from:					
- subsidiaries		**-**	-	**10,274**	15,330
- associates		**1,816**	3,701	**1,816**	3,701
Repayments from associates		**2,941**	-	**2,941**	-
Proceeds from disposal of property, plant and equipment		**185**	212	**132**	329
Proceeds from disposal of long term investment		**-**	1,502	**-**	873
Acquisition of subsidiaries	*(a)*	**-**	(105,120)	**-**	-
Land held for property development		**(2,014)**	(6,565)	**-**	-
Purchase of property, plant and equipment		**(48,496)**	(144,414)	**(4,462)**	(3,171)
Advances to subsidiaries		**-**	-	**(42,298)**	(156,868)
Repayments from subsidiaries		**-**	-	**137,855**	85,669
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(32,662)**	(245,607)	**117,902**	(50,582)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares (*see Note 25*)		**3,643**	717	**3,643**	717
Proceeds from bank borrowings		**-**	79,000	**-**	-
Repayments of borrowings		**-**	(81,667)	**-**	-
Finance cost paid		**-**	(878)	**-**	-
Dividends paid		**(32,101)**	(25,391)	**(32,101)**	(25,391)
Dividends paid to minority shareholders		**(1,313)**	(2,154)	-	-
NET CASH USED IN FINANCING ACTIVITIES		**(29,771)**	(30,373)	**(28,458)**	(24,674)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**70,995**	(98,901)	**68,298**	(91,332)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**108,608**	207,509	**66,270**	157,602
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	*(b)*	**179,603**	108,608	**134,568**	66,270

The notes set out on pages 40 to 75 form part of these financial statements.

Cash Flow Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

Amounts in RM'000 unless otherwise stated

Notes		Group 2004
(a)	**Analysis of the acquisition of subsidiaries in 2004**	
	Net assets acquired:	
	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

		Group		Company	
		2005	2004	**2005**	2004
(b)	**Analysis of cash and cash equivalents**				
	Short term investments (*see Note 21*)	**114,067**	62,314	**92,761**	42,508
	Bank balances and deposits (*see Note 22*)	**65,536**	46,294	**41,807**	23,762
		179,603	108,608	**134,568**	66,270

Included in the above bank balances and deposits for the Group is an amount of RM14.3 million (*2004 : RM13.1 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.

Notes To The Financial Statements
31 December 2005

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 33 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 MASB 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 MASB 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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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 Financial Reporting Standards ("FRS") on adoption of FRS 116 (*previously 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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, if any.

Cost comprises cost of land and 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 FRS 201_{2004} (*previously 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 and Revenue Recognition

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.

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

b) Property Development Costs and Revenue Recognition (Cont'd)

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).

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.

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 2004 as the resulting adjustment that relates to prior financial years was not reasonably determinable and impractical to reinstate.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

i) 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.

ii) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currencies (Cont'd)

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	
	2005	2004
US Dollar	**3.7785**	3.8000
Singapore Dollar	**2.2728**	2.3280

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 Group uses various methods and makes assumptions that are based on market conditions to derive the fair value of non-traded financial instruments. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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

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		Other		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
Revenue – external	**441,879**	467,211	**80,841**	47,456	**-**	-	**522,720**	514,667
Segment profit	**173,192**	210,153	**8,722**	4,497	**2,003**	2,967	**183,917**	217,617
Interest income							**3,981**	4,102
Finance cost							**-**	(878)
Net surplus arising from disposals of freehold land and plantation	**25,797**	1,058	**-**	-	**-**	-	**25,797**	1,058
Share of results in associates	**3,016**	4,368	**822**	357	**-**	-	**3,838**	4,725
Profit from ordinary activities before taxation							**217,533**	226,624
Taxation							**(43,675)**	(49,453)
Profit from ordinary activities after taxation							**173,858**	177,171
Minority interests							**(2,049)**	(2,600)
Net profit for the financial year							**171,809**	174,571
Other information:								
i) Assets								
a) Segment assets	**1,059,844**	1,011,807	**511,157**	486,839	**1,867**	4,486	**1,572,868**	1,503,132
b) Associates	**9,939**	9,477	**2,956**	2,477	**(31)**	(35)	**12,864**	11,919
c) Interest bearing instruments							**176,206**	103,822
d) Unallocated corporate assets							**8,701**	5,535
Total assets							**1,770,639**	1,624,408
ii) Liabilities								
a) Segment liabilities	**49,631**	43,925	**52,655**	45,682	**95**	189	**102,381**	89,796
b) Unallocated corporate liabilities							**27,729**	38,168
Total liabilities							**130,110**	127,964
iii) Other disclosures								
a) Capital expenditure incurred	**45,985**	246,918	**6,212**	4,668	-	234	**52,197**	251,820
b) Depreciation and amortisation charged	**16,445**	15,182	**1,351**	919	-	179	**17,796**	16,280

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	
	2005	2004	**2005**	2004
Sale of goods:				
Sale of plantation produce	**441,879**	467,211	**93,074**	163,421
Sale of land and development properties	**79,836**	46,489	**-**	-
Rendering of services:				
Revenue from golf course operations	**1,005**	967	**-**	-
	522,720	514,667	**93,074**	163,421

7. COST OF SALES

	Group		Company	
	2005	2004	**2005**	2004
Cost of inventories recognised as an expense	**281,369**	247,003	**31,589**	63,213
Cost of services recognised as an expense	**1,516**	1,605	**-**	-
	282,885	248,608	**31,589**	63,213

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	
	2005	2004	**2005**	2004
Charges:				
Depreciation of property, plant and equipment	**17,796**	16,280	**1,731**	2,795
Replanting expenditure	**3,706**	5,439	**2,729**	3,782
Directors' remuneration excluding estimated money value of benefits-in-kind (*see Note 10*)	**2,311**	2,855	**1,930**	2,326
Charges payable to other related companies:				
- Rental of premises	**885**	888	**767**	810
- Shared services fee	**570**	507	**570**	507
- Hire of equipment	**210**	49	**210**	49
Property, plant and equipment written off	**470**	565	**17**	18
Shared services fee payable to ultimate holding company	**716**	712	**716**	712
Finance cost - interest expense	**-**	878	**-**	-
Bad debts written off	**483**	523	**-**	-
Allowance for doubtful debts	**56**	-	**-**	-
Auditors' remuneration	**154**	140	**60**	58
Rental of land paid to a subsidiary	**-**	-	**499**	492

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

	Group		Company	
	2005	2004	**2005**	2004
Credits:				
Net surplus and additional compensation arising from acquisition of freehold land and plantation	**25,797**	1,058	**25,797**	830
Gain arising from Group rationalisation exercise (*see Note 31*)	**-**	-	**57,821**	-
Interest income	**3,981**	4,102	**2,719**	2,597
Write back of allowance for doubtful debts	**-**	11	**-**	-
Income from associates				
- Gross dividend	**-**	-	**2,522**	5,045
- Management fee	**1,131**	1,297	**-**	-
Rental income	**1,028**	1,342	**435**	395
Gain on disposal of property, plant and equipment	**182**	206	**104**	100
Gain on disposal of long term investment	**-**	849	**-**	492
Rental income from related companies	**67**	24	**-**	-
Income from subsidiaries				
- Gross dividend	**-**	-	**14,270**	20,320
- Management fee	**-**	-	**448**	482
- Shared services fee	**-**	-	**818**	818
Non statutory audit fee payable to auditors	46	178	**5**	5

9. STAFF COSTS

	Group		Company	
	2005	2004	**2005**	2004
Wages, salaries and bonuses	**45,841**	39,684	**12,506**	15,431
Defined contribution plans	**3,252**	3,336	**1,773**	1,971
Provision for retirement gratuities	**160**	840	**147**	668
Other short term employee benefits	**5,858**	4,242	**2,361**	2,562
	55,111	48,102	**16,787**	20,632
Number of employees as at 31 December	**5,695**	5,266	**651**	1,074

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

10. DIRECTORS' REMUNERATION

	Group		Company	
	2005	2004	**2005**	2004
Non-Executive Directors *				
- Fees	**195**	140	**195**	140
- Salaries and bonuses	**325**	314	**-**	-
- Defined contribution plan	**39**	38	**-**	-
- Provision for retirement gratuities	**79**	172	**66**	-
	638	664	**261**	140
Executive Directors				
- Fees	**65**	45	**60**	40
- Salaries and bonuses	**1,334**	1,291	**1,335**	1,291
- Defined contribution plan	**193**	187	**193**	187
- Provision for retirement gratuities	**81**	668	**81**	668
	1,673	2,191	**1,669**	2,186
Directors' remuneration excluding estimated money value of benefits-in-kind (*see Note 8*)	**2,311**	2,855	**1,930**	2,326
Estimated money value of benefits-in-kind (*not charged to the income statements*):				
Non- Executive Directors	**11**	21	**-**	-
Executive Directors	**33**	28	**33**	28
	44	49	**33**	28
	2,355	2,904	**1,963**	2,354

* *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. In addition, another Non-Executive Director of the Company received retirement gratuities upon his retirement during the year.*

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

	2005	2004
Number		
Amounts in RM'000		
Non-Executive Directors		
100 and below	**5**	5
400 – 600	**1**	1
Executive Directors		
300 – 450	**1**	1
1,350 – 1,400	**1**	-
1,550 - 1,850	**-**	1

10. DIRECTORS' REMUNERATION (Cont'd)

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 25. 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 31.12.2005:					
11.11.2000	92	**200**	**-**	**(200)**	**-**
2.9.2002	145	**1,531**	**-**	**-**	**1,531**
1.12.2003	165	**744**	**-**	**-**	**744**
		2,475	**-**	**(200)**	**2,275**
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

	2005	2004
	'000	'000
Number of share options vested at balance sheet date	**766**	200

The options were exercised by a Director in September 2005. The fair value of shares of the Company at the exercise date was RM1.93 per share.

	2005	2004
Ordinary share capital – at par	**100**	-
Share premium	**84**	-
Proceeds received on exercise of share options	**184**	-
Fair value at exercise date of shares issued	**386**	-

11. TAXATION

	Group		Company	
	2005	2004	**2005**	2004
Current taxation charge:				
Malaysian income tax charge	**47,540**	49,668	**17,375**	28,826
Deferred tax reversal (*See Note 18*)	**(2,295)**	(554)	**(1,279)**	(2,326)
Share of tax in associates	**1,077**	777	**-**	-
	46,322	49,891	**16,096**	26,500
Prior years' taxation:				
Income tax under/(over) provided	**3,606**	(438)	**(136)**	196
Deferred tax (over)/under provided (*See Note 18*)	**(6,253)**	-	**781**	-
	43,675	49,453	**16,741**	26,696

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

	Group		Company	
	2005	2004	**2005**	2004
	%	%	**%**	%
Malaysian tax rate	**28.0**	28.0	**28.0**	28.0
Tax effects of:				
- expenses not deductible for tax purposes	**0.3**	1.9	**0.2**	0.7
- income not subject to tax	**(3.6)**	(0.4)	**(16.0)**	(1.1)
- previously unrecognised tax losses	**(0.1)**	(0.5)	**-**	-
- tax incentives	**(2.9)**	(4.9)	**-**	(0.3)
- over provision in prior financial years	**(1.2)**	(0.2)	**0.4**	0.2
- others	**(0.4)**	(2.1)	**(1.3)**	(2.0)
Average effective tax rate	**20.1**	21.8	**11.3**	25.5

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 (*2004 : 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 RM122,000 (*2004 : RM1,015,000*).

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	
	2005	2004
a) Basic earnings per share		
Net profit for the financial year	**171,809**	174,571
Weighted number of ordinary shares in issue	**743,274,803**	742,319,787
Basic earnings per share *(sen)*	**23.12**	23.52
b) Diluted earnings per share		
Net profit for the financial year	**171,809**	174,571
Adjusted weighted average number of ordinary shares in issue:		
Weighted number of ordinary shares in issue	**743,274,803**	742,319,787
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	**2,970,541**	3,210,924
	746,245,344	745,530,711
Diluted earnings per share *(sen)*	**23.02**	23.42

13. DIVIDENDS

	Group and Company	
	2005	2004
Interim paid – 2.5 sen less 28% tax *(2004 : 2.0 sen less 28% tax)* per ordinary share of 50 sen each.	**13,385**	10,691
Proposed final – 3.75 sen less 28% tax *(2004 : 3.5 sen less 28% tax)* per ordinary share of 50 sen each.	**20,134**	18,715
Additional final dividends paid in respect of previous financial year due to issue of shares pursuant to the Asiatic Executive Share Option Scheme	**-**	1
	20,134	18,716
	33,519	29,407

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2005 of 3.75 sen less 28% tax *(2004 : 3.5 sen less 28% tax)* per ordinary share of 50 sen each amounting to RM20.1 million *(2004 : RM18.7 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

2005 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	250,602	628,203	88,611	133,555	7,659	9,189	7,020	1,124,839
Additions	78	27,511	3,750	5,550	280	654	14,374	52,197
Disposals	(1)	-	-	(86)	(215)	(11)	-	(313)
Written off	-	-	(315)	(1,121)	(98)	(295)	-	(1,829)
Reclassifications	27	492	13,637	1,496	-	413	(16,065)	-
End of the financial year	250,706	656,206	105,683	139,394	7,626	9,950	5,329	1,174,894
Accumulated depreciation:								
Beginning of the financial year	-	(15,401)	(33,231)	(74,682)	(4,965)	(6,844)	-	(135,123)
Depreciation for the financial year:								
- Charged to income statement	-	(1,674)	(4,434)	(10,055)	(922)	(711)	-	(17,796)
- Capitalised under long leasehold land and plantation	-	(882)	(46)	(346)	(32)	(26)	-	(1,332)
Disposals	-	-	-	86	216	8	-	310
Written off	-	-	240	746	95	278	-	1,359
End of the financial year	-	(17,957)	(37,471)	(84,251)	(5,608)	(7,295)	-	(152,582)
Net book value at end of the financial year	250,706	638,249	68,212	55,143	2,018	2,655	5,329	1,022,312
Comprising :								
Cost	133,960	656,206	105,683	139,394	7,626	9,950	5,329	1,058,148
At 1981 valuation	116,746	-	-	-	-	-	-	116,746
	250,706	656,206	105,683	139,394	7,626	9,950	5,329	1,174,894

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

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	-	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)

2005 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	216,594	61,367	21,176	24,076	3,251	4,699	1,067	332,230
Additions	76	-	32	1,137	54	183	2,139	3,621
Disposals	-	(61,367)	(8,939)	(13,412)	(559)	(457)	(400)	(85,134)
Written off	-	-	(135)	(143)	(4)	(135)	-	(417)
Reclassifications	27	-	4	117	-	247	(395)	-
End of the financial year	216,697	-	12,138	11,775	2,742	4,537	2,411	250,300
Accumulated depreciation:								
Beginning of the financial year	-	(2,566)	(14,222)	(20,394)	(2,120)	(4,037)	-	(43,339)
Depreciation for the financial year:								
- Charged to income statement	-	-	(335)	(676)	(461)	(259)	-	(1,731)
Disposals	-	2,566	4,436	11,818	428	293	-	19,541
Written off	-	-	125	140	1	134	-	400
End of the financial year	-	-	(9,996)	(9,112)	(2,152)	(3,869)	-	(25,129)
Net book value at end of the financial year	216,697	-	2,142	2,663	590	668	2,411	225,171
Comprising :								
Cost	106,516	-	12,138	11,775	2,742	4,537	2,411	140,119
At 1981 valuation	110,181	-	-	-	-	-	-	110,181
	216,697	-	12,138	11,775	2,742	4,537	2,411	250,300

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

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 *(2004 : RM94,311,000)* and RM82,167,000 *(2004 : RM82,167,000)* respectively had they been stated in the financial statements at cost.

15. PROPERTY DEVELOPMENT ACTIVITIES

	Group		Group	
	2005	**2005**	2004	2004
(a) Land held for property development:				
Freehold land		**94,058**		98,150
Development cost		**131,369**		134,415
		225,427		232,565
At the beginning of the financial year				
- freehold land	**98,150**		99,402	
- development costs	**134,415**	**232,565**	136,714	236,116
Costs incurred during the financial year				
- development costs		**8,449**		3,629
Costs transferred to property development costs *(see Note 15(b))*				
- freehold land	**(4,092)**		(1,252)	
- development costs	**(11,495)**	**(15,587)**	(5,928)	(7,180)
At the end of the financial year		**225,427**		232,565
(b) Property development costs:				
Freehold land		**29,703**		29,164
Development costs		**132,516**		124,520
Accumulated costs charged to income statement		**(50,837)**		(48,287)
		111,382		105,397
At the beginning of the financial year				
- freehold land	**29,164**		28,740	
- development costs	**124,520**		96,213	
- accumulated costs charged to income statement	**(48,287)**	**105,397**	(30,212)	94,741
Costs incurred during the financial year				
- transferred from land held for property development *(see Note 15(a))*	**15,587**		7,180	
- development costs	**59,179**	**74,766**	36,995	44,175
Costs charged to income statement		**(58,188)**		(32,717)
Costs transferred to inventories				
- freehold land	**(3,553)**		(829)	
- development costs	**(62,678)**		(14,615)	
- accumulated costs charged to income statement	**55,638**	**(10,593)**	14,642	(802)
At the end of the financial year		**111,382**		105,397

16. SUBSIDIARIES

	Company	
	2005	2004
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	**973,426**	911,236
Amounts due to subsidiaries	**(197,479)**	(210,905)

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 from subsidiaries is an amount of RM108.3 million *(2004 : RM11.9 million representing deposit received)* representing balance of purchase price receivable for the sale of plantation land and buildings erected thereon located in Sabah pursuant to the Group Rationalisation Exercise *(See Note 31)*. This amount has no cash flow impact and is outstanding as at 31 December 2005.

Included in amount due to subsidiaries is an amount of RM2.1 million *(2004 : RM0.3 million representing deposit received)* representing balance of purchase price received for the sale of a palm oil mill together with all plant, machinery, equipment and furniture pursuant to the Group Rationalisation Exercise *(See Note 31).* This amount has no cash flow impact on the Company as the amount was utilised to set off the inter-company balances with the subsidiary involved.

The subsidiaries are listed in Note 33.

17. ASSOCIATES

	Group		Company	
	2005	2004	**2005**	2004
Unquoted shares - at cost	**2,123**	2,123	**2,123**	2,123
Group's share of post-acquisition reserves	**10,741**	9,796	**-**	-
Share of net assets, other than goodwill	**12,864**	11,919	**2,123**	2,123
Amount due from associates	**2,660**	5,636	**2,660**	5,636
Less : Balance included in long term receivables *(See Note 20)*	**(1,977)**	(4,918)	**(1,977)**	(4,918)
Balance included in current assets	**(683)**	(718)	**(683)**	(718)
	-	-	-	-
	12,864	11,919	**2,123**	2,123

The fair values of long term receivable from an associate closely approximate its book value.

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 with no fixed repayment terms.

The associates are listed in Note 33.

18. 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 sheet:

	Group		Company	
	2005	2004	**2005**	2004
Deferred tax assets	**6,250**	1,788	**407**	565
Deferred tax liabilities:				
- subject to income tax	**(19,180)**	(22,503)	**-**	-
- subject to real property gains tax	**(4,129)**	(4,892)	**(745)**	(1,401)
	(23,309)	(27,395)	**(745)**	(1,401)
	(17,059)	(25,607)	**(338)**	(836)
At 1 January	**(25,607)**	(26,161)	**(836)**	(3,162)
(Charged)/credited to income statement *(see Note 11):*				
- Property, plant and equipment	**4,672**	(146)	**1,164**	1,528
- Provision for Directors' retirement gratuities	**26**	235	**23**	187
- Land held for property development	**144**	72	**-**	-
- Property development costs	**1,565**	158	**-**	-
- Inventories	**978**	(398)	**-**	-
- Accruals	**1,019**	571	**(667)**	677
- Other temporary differences	**144**	62	**(22)**	(66)
	8,548	554	**498**	2,326
At 31 December	**(17,059)**	(25,607)	**(338)**	(836)
Subject to income tax				
i) Deferred tax assets (before offsetting)				
- Property, plant and equipment	**2,645**	1,414	**-**	-
- Provision for Directors' retirement gratuities	**1,487**	1,461	**1,146**	1,123
- Property development costs	**2,416**	794	**-**	-
- Inventories	**1,420**	350	**-**	-
- Accruals	**2,405**	1,386	**200**	867
- Other temporary differences	**445**	302	**-**	24
	10,818	5,707	**1,346**	2,014
- Offsetting	**(4,568)**	(3,919)	**(939)**	(1,449)
Deferred tax assets (after offsetting)	**6,250**	1,788	**407**	565

18. DEFERRED TAXATION (Cont'd)

	Group		Company	
	2005	2004	**2005**	2004
ii) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(17,918)**	(20,703)	**(938)**	(1,446)
- Land held for property development	**(387)**	(423)	**-**	-
- Property development costs	**(4,747)**	(4,690)	**-**	-
- Inventories	**(695)**	(603)	**-**	-
- Other temporary differences	**(1)**	(3)	**(1)**	(3)
	(23,748)	(26,422)	**(939)**	(1,449)
- Offsetting	**4,568**	3,919	**939**	1,449
Deferred tax liabilities (after offsetting)	**(19,180)**	(22,503)	**-**	-
Subject to real property gains tax				
iii) Deferred tax liabilities				
- Property, plant and equipment	**(2,708)**	(3,363)	**(745)**	(1,401)
- Land held for property development	**(1,383)**	(1,491)	**-**	-
- Other temporary differences	**(38)**	(38)	**-**	-
Deferred tax liabilities	**(4,129)**	(4,892)	**(745)**	(1,401)

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:

	Group		Company	
	2005	2004	**2005**	2004
Unutilised tax losses	**378**	378	**-**	-
Property, plant and equipment	**926**	836	**-**	-
	1,304	1,214	**-**	-

19. INVENTORIES

	Group		Company	
	2005	2004	**2005**	2004
Produce stocks - at cost	**4,712**	2,905	**-**	343
Stores and spares - at cost	**4,979**	7,133	**477**	1,919
	9,691	10,038	**477**	2,262
Completed development properties				
- at cost	**111,016**	102,590	**-**	-
- at net realisable value	**89**	196	**-**	-
	111,105	102,786	**-**	-
	120,796	112,824	**477**	2,262

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005	2004	**2005**	2004
Current :				
Trade receivables	**36,495**	33,398	**1,704**	3,693
Less : Allowance for bad and doubtful debts	**(665)**	(1,233)	**-**	-
	35,830	32,165	**1,704**	3,693
Accrued billings in respect of property development	**14,999**	7,262	**-**	-
Income tax recoverable	**1,752**	3,030	**552**	-
Deposits	**2,024**	4,654	**555**	539
Prepayments	**702**	696	**194**	158
Other receivables	**19,022**	8,148	**11,176**	1,074
	74,329	55,955	**14,181**	5,464
Non-current :				
Amount due from an associate *(See Note 17)*	**1,977**	4,918	**1,977**	4,918
Other receivable	**15,000**	-	**15,000**	-
	16,977	4,918	**16,977**	4,918
	91,306	60,873	**31,158**	10,382

	Group		Company	
The maturity profile for non-current receivables is as follows:				
More than one year and less than two years	**11,977**	4,918	**11,977**	4,918
More than two years and less than five years	**5,000**	-	**5,000**	-
	16,977	4,918	**16,977**	4,918
Fair value for non-current receivables				
- Amount due from an associate	**1,977**	4,918	**1,977**	4,918
- Other receivable	**13,831**	-	**13,831**	-
	15,808	4,918	**15,808**	4,918

Credit terms offered by the Group range from 7 to 14 days *(2004 : 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 amounted to RM624,000 *(2004 : RM750,000).*

Included in other receivables of the Group is a secured housing loan of RM500,000 *(2004 : RM500,000)* granted to an executive director of the Company which carries interest at 4% per annum *(2004 : 4% per annum).*

The other receivable included in non-current portion represent amounts receivable in respect of additional compensation arising from freehold land previously acquired by the Government. The carrying amounts of long term receivables at the balance sheet date were not reduced to their estimated fair values as these amounts were awarded by High Court and the Directors are of the opinion that the amounts will be receivable in full on their due dates. The fair values of long term receivables were derived by discounting future contractual cash flows at the risk free rate over 3 years.

21. 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 2005 have maturity periods ranging between overnight and one month *(2004 : between overnight and one month).*

Short term investments of the Group and of the Company as at 31 December 2005 are deriving interest at weighted average interest rate of 2.89% per annum *(2004 : 2.64% per annum)* at the end of the financial year.

22. BANK BALANCES AND DEPOSITS

	Group		**Company**	
	2005	2004	**2005**	2004
Deposits with licensed banks	**57,770**	38,093	**35,019**	16,765
Deposits with finance companies	**4,369**	3,415	**3,553**	2,330
Cash and bank balances	**3,397**	4,786	**3,235**	4,667
	65,536	46,294	**41,807**	23,762

The currency 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 per annum (%)**		**Currency Profile**		**Interest per annum (%)**	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
Ringgit Malaysia	**65,155**	45,908	**2.68**	2.46	**41,807**	23,762	**2.89**	2.67
US Dollars	**381**	386	**4.16**	2.25	**-**	-	**-**	-
	65,536	46,294			**41,807**	23,762		

The deposits of the Group and of the Company as at 31 December 2005 have maturity period of one month *(2004 : 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 RM14.3 million *(2004 : RM13.1 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.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2005	2004	**2005**	2004
Current:				
Trade payables	**29,991**	25,378	**2,068**	4,373
Accrual of property development expenditure	**13,029**	15,477	**-**	-
Deposits	**3,135**	5,102	**554**	364
Accrued expenses	**24,788**	19,466	**7,473**	8,154
Retention monies	**7,485**	5,148	**188**	257
Amount due to related companies	**13,656**	12,940	**-**	-
Other payables	**866**	1,067	**-**	-
	92,950	84,578	**10,283**	13,148
Non-current:				
Other payables	**4,120**	-	**4,120**	-
	97,070	84,578	**14,403**	13,148

The maturity profile for non-current payables is as follows:				
More than one year and less than two years	**2,708**	-	**2,708**	-
More than two years and less than five years	**1,412**	-	**1,412**	-
	4,120	-	**4,120**	-
Fair value of non-current payables	**3,733**	-	**3,733**	-

Credit terms available to the Group range from 30 to 90 days *(2004 : 30 to 90 days)* from date of invoice.

The amount due to related companies are unsecured and interest free.

The non-current payables represent consultancy fees payable for services rendered, due and payable on staggered basis. The fair values of non-current payables were derived by discounting future contractual cash flows at current market borrowing rates available for the Group with similar credit ratings.

24. HOLDING COMPANY AND OTHER RELATED COMPANIES

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

	Group		Company	
	2005	2004	**2005**	2004
Amount due to ultimate holding company	**729**	725	**729**	725
Amounts due to other related companies	**475**	792	**475**	792
	1,204	1,517	**1,204**	1,517
Amounts due from other related companies	**(16)**	-	**(9)**	-
	1,188	1,517	**1,195**	1,517

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

25. SHARE CAPITAL

	Company	
	2005	2004
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		
- 742,503,000 *(2004 : 741,724,000)*	**371,252**	370,862
Issue of shares		
- 3,055,000 *(2004 : 779,000)*	**1,527**	390
At end of the financial year		
- 745,558,000 *(2004 : 742,503,000)*	**372,779**	371,252

During the financial year, the Company issued a total of 3,055,000 new ordinary shares of 50 sen each fully paid at subscription prices of 92 sen and 145 sen per ordinary 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.

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.

25. **SHARE CAPITAL (Cont'd)**

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	Lapsed	At 31 December
			(Number of Options)				
Financial year ended 31.12.2005:							
11.11.2000	**11.11.2003 - 31.8.2010**	**92**	**1,786,000**	**-**	**(1,485,000)**	**-**	**301,000**
2.9.2002	**2.9.2005 - 31.8.2010**	**145**	**7,740,000**	**-**	**(1,570,000)**	**(180,000)**	**5,990,000**
1.12.2003	**1.12.2006 - 31.8.2010**	**165**	**5,780,000**	**-**	**-**	**(335,000)**	**5,445,000**
29.8.2005	**29.8.2008 - 31.8.2010**	**183**	**-**	**1,979,000**	**-**	**(13,000)**	**1,966,000**
			15,306,000	**1,979,000**	**(3,055,000)**	**(528,000)**	**13,702,000**

25. SHARE CAPITAL (Cont'd)

Date granted	Exercisable period	Subscription price (sen/share)	At 1 January	Offered and accepted	Exercised	Lapsed	At 31 December
			(Number of Options)				
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

	2005	2004
Number of share options vested at balance sheet date	**2,702,000**	1,786,000

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 2005	2004
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
January - March 2005	163 - 179	92	**180,000**	-
July - September 2005	171 - 234	92 - 145	**935,000**	-
October - December 2005	201 - 246	92 - 145	**1,940,000**	-
			3,055,000	779,000

	2005	2004
Ordinary share capital – at par	**1,527**	390
Share premium	**2,116**	327
Proceeds received on exercise of share options	**3,643**	717
Fair value at exercise date of shares issued	**6,400**	1,521

26. RESERVES

	Group		Company	
	2005	2004	**2005**	2004
Share premium	**28,269**	26,153	**28,269**	26,153
Revaluation reserve	**18,115**	18,115	**26,613**	26,613
Exchange differences	**288**	290	**-**	-
	46,672	44,558	**54,882**	52,766
Unappropriated profits	**1,210,444**	1,070,736	**879,624**	781,340
	1,257,116	1,115,294	**934,506**	834,106

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 RM369.1 million *(2004 : RM346.9 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 2005, under the Income Tax Act, 1967 and Income Tax (Amendment) Act, 1999, is sufficient to frank tax exempt dividend of approximately RM105.5 million *(2004 : RM105.5 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 RM405.0 million *(2004 : RM328.9 million).*

27. PROVISION FOR DIRECTORS' RETIREMENT GRATUITIES

	Group		Company	
	2005	2004	**2005**	2004
At 1 January	**5,218**	7,359	**4,012**	6,325
Charged to income statement	**160**	840	**147**	668
Paid during the financial year	**(66)**	(2,981)	**(66)**	(2,981)
At 31 December	**5,312**	5,218	**4,093**	4,012

28. ON GOING LITIGATION

The Company and Asiatic Tanjung Bahagia Sdn Bhd ("ATBSB"), 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").

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

There have been no changes to the status of the aforesaid litigation as at the date of this report.

29. CAPITAL COMMITMENTS

	Group		Company	
	2005	2004	**2005**	2004
Authorised capital expenditure not provided for in the financial statements:				
- contracted	**16,930**	14,521	**1,235**	2,667
- not contracted	**83,656**	59,818	**2,437**	4,328
	100,586	74,339	**3,672**	6,995
Analysed as follows:				
- Property, plant and equipment	**99,126**	74,339	**3,672**	6,995
- Investment in subsidiaries	**1,460**	-	**-**	-
	100,586	74,339	**3,672**	6,995

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) Acquisition of subsidiaries

On 7 June 2005, Mediglove Sdn Bhd, a wholly-owned subsidiary of the Company, acquired the following companies for a total cash consideration of RM22.75:

	Percentage of Equity Interest Acquired
Asiatic Equities (S'pore) Pte Ltd	100
Ketapang Holdings Pte Ltd	100
Sandai Maju Pte Ltd	100
Sri Kenyalang Pte Ltd	100
Sri Nangatayap Pte Ltd	100

All these subsidiaries are newly incorporated in the Republic of Singapore. The acquisition of the aforesaid new subsidiaries do not have any material effect on the Group's profit for the current financial year.

b) Proposed Joint Venture for oil palm cultivation of approximately 98,300 hectares in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia

On 8 June 2005, the above newly acquired subsidiaries had entered into 5 separate Joint Venture Agreements for the cultivation of oil palm on approximately 98,300 hectares of land in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia ("the Land") ("the Proposed Joint Venture"). As at the date of this report, other than the approval from Bank Negara Malaysia which was received on 1 September 2005, the Proposed Joint Venture is subject to the following conditions being fulfilled within 12 months from the date of the Joint Venture Agreements or such period as may be mutually extended by parties to the said agreements:

i) the letter of confirmation from the local government of Kabupaten Ketapang on the Proposed Joint Venture;

ii) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board in Indonesia;

iii) the issuance of the Hak Guna Usaha certificates or Rights/Titles to Cultivate the Land;

iv) due diligence study on the Land and the Joint Venture Companies; and

v) any other approvals, licenses and permits required for the Proposed Joint Venture.

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

The Company and certain wholly-owned subsidiaries had on 18 February 2004 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 objective 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 Proposed Exercise was completed for the transfer of all the Sabah estates and the transfer of a palm oil mill together with all plant, machinery, equipment and furniture on 1 January 2005.

For the estates located in West Malaysia, other than as disclosed below, final approvals for the transfer of estates in Perak, Negeri Sembilan, Selangor, Melaka and Johor to Asiatic Plantations (WM) Sdn Bhd ("APSB") have been obtained and the transfer of plantation assets were completed on 1 January 2006.

The transfer of plantation assets for two estates measuring approximately 7,777 acres located in West Malaysia have yet to be completed as the approvals of the State Authorities/Estate Land Boards have yet to be obtained as at the date of this report.

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**	
	2005	2004	**2005**	2004	**2005**	2004
Income Statement						
Revenue	**-**	-	**93,074**	163,421	**93,074**	163,421
Cost of sales	**-**	-	**(31,589)**	(63,213)	**(31,589)**	(63,213)
Gross profit	**-**	-	**61,485**	100,208	**61,485**	100,208
Other income	**22,227**	31,398	**84,433**	1,759	**106,660**	33,157
Expenses	**(13,004)**	(17,555)	**(8,015)**	(11,135)	**(21,019)**	(28,690)
Profit before taxation	**9,223**	13,843	**137,903**	90,832	**147,126**	104,675
Taxation	**(2,557)**	(3,226)	**(14,184)**	(23,470)	**(16,741)**	(26,696)
Net profit for the year	**6,666**	10,617	**123,719**	67,362	**130,385**	77,979
Cash flows						
Operating activities	**(56,415)**	(82,726)	**35,269**	66,650	**(21,146)**	(16,076)
Investing activities	**111,011**	(49,409)	**6,891**	(1,173)	**117,902**	(50,582)
Financing activities	**(28,458)**	(24,674)	**-**	-	**(28,458)**	(24,674)
Total cash flows	**26,138**	(156,809)	**42,160**	65,477	**68,298**	(91,332)
Balance Sheet						
Non-current assets	**167,180**	167,479	**234,685**	286,205	**401,865**	453,684
Current assets	**1,109,611**	978,738	**13,733**	7,212	**1,123,344**	985,950
Total assets	**1,276,791**	1,146,217	**248,418**	293,417	**1,525,209**	1,439,634
Current liabilities	**201,665**	216,412	**7,301**	12,451	**208,966**	228,863
Non-current liabilities	**4,093**	4,012	**4,865**	1,401	**8,958**	5,413
Total liabilities	**205,758**	220,424	**12,166**	13,852	**217,924**	234,276
Net assets	**1,071,033**	925,793	**236,252**	279,565	**1,307,285**	1,205,358

32. 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	
	2005	2004
(a) (i) Progress payments made by a wholly-owned subsidiary, Asiatic Land Development Sdn Bhd ("ALDSB") to the constructor, Kien Huat Development Sdn Bhd ("KHD"), 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 RM1,829,300 *(2004 : RM1,505,900).*	**47,881**	40,857
(ii) Project management fee payable by ALDSB to the Project Manager, KHD Management Sdn Bhd, a wholly-owned subsidiary of KHD, for the management of its properties development project in Melaka.	**529**	-
	48,410	40,857
b) Amount payable for the following services rendered:		
(i) Provision of information technology and system implementation services and rental of equipment by eGenting Sdn Bhd and Genting Information Knowledge Enterprise Sdn Bhd to the Company; and	**1,513**	1,191
(ii) Provision of management services for the implementation of the co-brand card issuer program (Asiatic Lifestyle WorldCard) by Genting WorldCard Services Sdn Bhd to ALDSB,	**114**	-
all of which are indirect subsidiaries of Genting Berhad, the Company's immediate and ultimate holding company.	**1,627**	1,191

33. SUBSIDIARIES AND ASSOCIATES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2005	2004		
Direct Subsidiaries				
Asiatic SDC Sdn Bhd	**100**	100	Malaysia	Plantation
AR Property Development Sdn Bhd	**100**	100	Malaysia	Plantation
Asiatic Plantations (WM) Sdn Bhd	**100**	100	Malaysia	Plantation
Asiatic 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

33. SUBSIDIARIES AND ASSOCIATES (Cont'd)

		Effective Percentage of Ownership 2005	2004	Country of Incorporation	Principal Activities
	Direct Subsidiaries (Cont'd)				
	Asiatic Oil Mills (WM) 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
	Asiatic Properties Sdn Bhd	**100**	100	Malaysia	Property investment
	Amalgamated Rubber (Penang) Sdn Bhd	**100**	100	Malaysia	Investments
	Mediglove 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
	Glugor Development Sdn Bhd	**100**	100	Malaysia	Dormant
	Asiatic Green Tech Sdn Bhd	**100**	100	Malaysia	Dormant
	Plantation Latex (Malaya) 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
	Wawasan Land Progress Sdn Bhd	**100**	100	Malaysia	Plantation
	Sawit Sukau Usahasama Sdn Bhd	**56**	56	Malaysia	Plantation
	Asiatic Indahpura Development Sdn Bhd	**100**	100	Malaysia	Property development
	Asiatic Golf Course (Sg. Petani) Bhd	**100**	100	Malaysia	Golf course operation
+	Asiatic Overseas Limited	**100**	100	Isle of Man	Investments
+	Azzon Limited	**100**	100	Isle of Man	Investments

33. SUBSIDIARIES AND ASSOCIATES (Cont'd)

		Effective Percentage of Ownership 2005	2004	Country of Incorporation	Principal Activities
	Trushidup Plantations Sdn Bhd	**100**	100	Malaysia	Dormant
	Dianti Plantations Sdn Bhd	**100**	100	Malaysia	Dormant
	Cengkeh Emas Sdn Bhd	**100**	100	Malaysia	Dormant
	Kituva Plantations Sdn Bhd	**100**	100	Malaysia	Dormant
	Asiatic Awanpura Sdn Bhd	**100**	100	Malaysia	Pre-operating
*	Asiatic Equities (S'pore) Pte Ltd	**100**	-	Singapore	Pre-operating
*	Ketapang Holdings Pte Ltd	**100**	-	Singapore	Pre-operating
*	Sandai Maju Pte Ltd	**100**	-	Singapore	Pre-operating
*	Sri Kenyalang Pte Ltd	**100**	-	Singapore	Pre-operating
*	Sri Nangatayap Pte Ltd	**100**	-	Singapore	Pre-operating
	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 firms other than the auditors of the Company.*

Statement on Directors' Responsibility

Pursuant to Paragraph 15.27 (a) of the Listing Requirements of 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 MASB 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 2005.

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 22 February 2006.

Statutory Declaration

Pursuant to Section 169 (16) of the Companies Act, 1965

I, **CHEAH CHING MOOI**, 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 33 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	)	
CHEAH CHING MOOI, at KUALA LUMPUR on	)	**CHEAH CHING MOOI**
22 February 2006.	)	

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 33 to 75. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We 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 Companies Act, 1965 and MASB 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 2005 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 33 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

ERIC OOI LIP AUN
(No. 1517/06/06 (J))
Partner of the firm

Kuala Lumpur
22 February 2006

List of Group Properties

As at 31 December 2005

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 2005 (RM'000)
PENINSULAR MALAYSIA								
A NORTH								
1. ASIATIC Bukit Sembilan Estate, Baling/ Sg. Petani/Jitra, Kedah	Freehold		1,314	131		10	1981*	60,211
2. ASIATIC Selama Estate, Serdang & Kulim, Kedah/Selama, Perak	Freehold		1,852				1981*	23,892
B CENTRAL								
3. ASIATIC Sepang Estate, Sepang & Ulu Langat, Selangor	Freehold		666				1981*	13,884
4. ASIATIC Tebong Estate, Jasin & Alor Gajah, Melaka / Tampin & Kuala Pilah, Negeri Sembilan	Freehold		2,321				1981*	29,446
5. ASIATIC Cheng Estate, Melaka Tengah, Alor Gajah & Kuala Linggi, Melaka	Freehold		793	6			1981*	23,963
6. ASIATIC Tanah Merah Estate, Tangkak, Johor	Freehold		1,802				1981*	25,424
C. SOUTH								
7. ASIATIC Sri Gading Estate, Batu Pahat, Johor	Freehold		3,660				1983	65,941
8. ASIATIC Sungei Rayat Estate, Batu Pahat, Johor	Freehold		1,707				1983	29,411
9. ASIATIC Sing Mah Estate, Air Hitam, Johor	Freehold		669			25	1983	12,796
10. ASIATIC Kulai Besar Estate, Kulai / Simpang Renggam, Johor	Freehold		2,802	115		16	1983	359,975
11. ASIATIC Setiamas Estate, Kulai & Batu Pahat, Johor	Freehold		149	88			1996	81,513
SABAH								
12. ASIATIC Sabapalm Estate, Labuk Valley, Sandakan	Leasehold	2085, 2887	4,360			35	1991	41,820
13. ASIATIC Tanjung Estate, Kinabatangan	Leasehold	2086, 2096	4,345			11	1988, 2001	43,001
14. ASIATIC Bahagia Estate, Kinabatangan	Leasehold	2085, 2086	4,548				1988, 2003	48,532
15. ASIATIC Tenegang Estate, Kinabatangan	Leasehold	2088	4,047				1990	34,544
16. ASIATIC Landworthy Estate, Kinabatangan	Leasehold	2083	4,039				1992	36,509
17. ASIATIC Layang Estate, Kinabatangan	Leasehold	2090	1,683				1993	19,708
18. ASIATIC Jambongan Estate, Beluran	Leasehold	2033 - 2100	3,711				2001 - 2004	36,459
19. ASIATIC Indah & ASIATIC Permai Estates, Kinabatangan	Leasehold	2096	8,830				2001	106,375
20. ASIATIC Mewah Estate, Kinabatangan	Leasehold	2083 - 2890	5,611			9	2002	119,193
21. ASIATIC Sekong & ASIATIC Suan Lamba Estates, Kinabatangan	Leasehold	2022 - 2098	6755			9	2004	187,170
OTHER PROPERTIES OWNED								
22. Bangi Factory, Selangor	Leasehold	2086	12,140 (sq.m)			24	1990	2,453
23. ASIATIC Regional Office, Wisma Asiatic Sandakan, Sabah	Leasehold	2100	2,023 (sq.m)			3	2004	3,012
24. Residential Bungalows, Sandakan, Sabah	Leasehold	2887	1,206 (sq.m)			21	1991	153
25. Asiatic Vegetable Oils Refinery, Sandakan, Sabah	Leasehold	2080	8				1992	2,230
PROPERTIES MANAGED								
26. Bundoora Estate, Ulu Yam, Selangor	Freehold		105					
27. Serian Palm Oil Mill, Serian, Sarawak	Leasehold	2054	31			9		

Plantation · Permaipura Golf & Country Club · Mill · Vacant Land · Office · Asiatic Indahpura Sports City

Property Development · Unplanted Agricultural Land · Factory · Residential Bungalow · Asiatic Indahpura Car City

Ten-Year Summary

FINANCIAL

RM'000	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Revenue	522,720	514,667	490,818	296,099	199,863	230,783	446,811	351,304	313,316	195,805
Profit before taxation	217,533	226,624	211,441	130,455	87,149	69,885	272,841	165,004	102,382	68,564
Taxation	(43,675)	(49,453)	(61,988)	(27,451)	(14,282)	(13,858)	250	(40,957)	(27,405)	(22,789)
Profit after taxation	173,858	177,171	149,453	103,004	72,867	56,027	273,091	124,047	74,977	45,775
Profit attributable to shareholders	171,809	174,571	135,250	102,008	71,999	55,154	266,460	125,002	75,240	45,767
Issued capital	372,779	371,252	370,862	370,668	370,668	370,668	370,668	370,668	370,668	370,668
Unappropriated profit	1,210,444	1,070,736	922,533	809,750	727,054	670,907	639,241	396,435	292,386	237,885
Other reserves	46,672	44,558	43,254	43,309	43,360	43,575	46,716	47,047	55,760	46,519
Shareholders' equity	1,629,895	1,486,546	1,336,649	1,223,727	1,141,082	1,085,150	1,056,625	814,150	718,814	655,072
Minority interests	10,634	9,898	9,227	12,504	11,516	10,683	21,316	14,718	18,114	10,855
Long term borrowings	-	-	-	5,388	5,388	5,388	5,388	5,388	5,388	5,388
Deferred taxation	23,309	27,395	28,172	21,040	14,523	13,550	17,457	16,851	17,024	16,984
Provision for directors' retirement gratuities	5,312	5,218	4,378	6,529	5,577	5,485	5,091	4,446	4,227	3,795
Other payables	4,120	-	-	-	-	-	-	-	-	-
Capital Employed	1,673,270	1,529,057	1,378,426	1,269,188	1,178,086	1,120,256	1,105,877	855,553	763,567	692,094
Property, plant and equipment	1,022,312	989,716	759,502	719,921	560,638	492,008	502,789	500,497	507,689	507,860
Land held for property development	225,427	232,565	236,116	247,474	247,794	250,064	231,246	221,170	190,119	170,293
Associates	12,864	11,919	11,672	9,810	9,671	1,199	2,184	8,717	10,087	7,416
Investments	-	-	653	289	289	289	638	1,438	2,014	2,014
Long term receivables	16,977	4,918	4,917	5,897	6,877	18,781	18,854	19,231	17,305	17,176
Deferred taxation	6,250	1,788	2,011	3,432	-	-	-	-	-	-
	1,283,830	1,240,906	1,014,871	986,823	825,269	762,341	755,711	751,053	727,214	704,759
Net current assets/ (liabilities)	389,440	288,151	363,555	282,365	352,817	357,915	350,166	104,500	36,353	(12,665)
Employment of capital	1,673,270	1,529,057	1,378,426	1,269,188	1,178,086	1,120,256	1,105,877	855,553	763,567	692,094
Basic earnings per share (sen)	23.1	23.5	18.2	13.8	9.7	7.4	35.9	16.9	10.1	6.2
Net dividend per share (sen)	4.5	4.0	3.2	3.0	2.5	2.2	3.6	3.2	2.8	2.8
Dividend cover (times)	5.1	5.9	5.6	4.6	3.9	3.4	10.0	5.2	3.6	2.2
Current ratio	5.0	4.0	5.0	5.2	3.8	5.4	4.3	1.8	1.2	0.9
Net tangible assets per share (sen)	218.6	200.2	180.2	165.1	153.9	146.4	142.5	109.8	97.0	88.4
Return (after tax and minority interests) on average shareholders' equity (%)	11.0	12.4	10.6	8.6	6.5	5.2	28.5	16.3	11.0	7.1
Market share price										
- highest (RM)	2.49	2.28	1.97	1.61	1.28	1.52	1.60	1.55	3.18	3.16
- lowest (RM)	1.60	1.66	1.14	1.12	0.80	0.80	1.01	0.76	0.88	2.16

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

Operations

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
OIL PALM										
FFB Production (T)	1,099,285	978,693	864,603	707,863	700,275	655,366	574,359	472,962	481,696	415,813
Yield Per Mature Hectare (T)	22.1	21.7	22.5	20.9	21.4	20.2	18.5	16.8	18.8	17.4
Average Selling Prices										
Crude Palm Oil (RM/T)	1,398	1,600	1,568	1,352	883	1,000	1,445	2,321	1,370	1,209
Palm Kernel (RM/T)	1,017	1,068	748	665	438	703	1,071	1,103	770	805
RUBBER										
Production ('000 kg)	-	-	-	-	830	1,457	1,729	1,826	2,141	2,416
Yield Per Mature Hectare (kg)	-	-	-	-	1,526	1,591	1,420	1,201	1,171	1,197
Average Selling Prices of All Grades (Sen/kg)	-	-	-	-	182	223	209	250	246	332

Land Areas

HECTARES	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Oil Palm										
Mature	51,068	48,630	38,816	37,145	32,683	32,605	31,625	29,095	26,166	24,008
Immature	7,250	7,951	9,894	9,139	6,076	4,765	4,331	6,581	9,483	10,793
	58,318	56,581	48,710	46,284	38,759	37,370	35,956	35,676	35,649	34,801
Rubber										
Mature	-	-	-	-	750	1,291	1,582	1,830	2,304	2,704
Immature	-	-	-	-	-	-	-	-	32	52
	-	-	-	-	750	1,291	1,582	1,830	2,336	2,756
Durians & Others										
Mature	-	-	-	10	10	10	-	-	-	-
Immature	-	-	-	-	-	-	10	34	34	34
	-	-	-	10	10	10	10	34	34	34
TOTAL PLANTED AREA	**58,318**	**56,581**	**48,710**	**46,294**	**39,519**	**38,671**	**37,548**	**37,540**	**38,019**	**37,591**
Unplanted Agricultural Land/ Clearing In Progress	4,665	6,571	12,276	8,394	9,019	-	1,235	1,558	1,208	1,773
Labour Lines, Buildings, Infrastructure etc.	2,681	2,516	2,243	2,425	1,863	1,923	1,857	1,786	1,735	1,695
Property Development	340	348	359	364	364	407	412	487	515	665
TOTAL TITLED AREA	**66,004**	**66,016**	**63,588**	**57,477**	**50,765**	**41,001**	**41,052**	**41,371**	**41,477**	**41,724**

Analysis of Shareholdings

as at 2 May 2006

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	81	0.53	1,317	-
100 - 1,000	5,488	35.66	5,269,974	0.71
1,001 - 10,000	8,465	55.00	33,884,254	4.54
10,001 - 100,000	1,131	7.35	32,684,033	4.38
100,001 to less than 5% of issued shares	219	1.42	196,816,722	26.37
5% and above of issued shares	6	0.04	477,717,700	64.00
Total	**15,390**	**100.00**	**746,374,000**	**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. Genting Berhad	85,171,000	11.41
2. Genting Berhad	80,000,000	10.72
3. Genting Berhad	80,000,000	10.72
4. Genting Berhad	80,000,000	10.72
5. Genting Berhad	80,000,000	10.72
6. Lembaga Tabung Angkatan Tentera	72,546,700	9.72
7. Employees Provident Fund Board	14,612,400	1.96
8. Citigroup Nominees (Asing) Sdn Bhd *Bear Stearns Securities Corp For Third Avenue Global Value Fund LP*	10,892,100	1.46
9. Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)*	9,253,600	1.24
10. Lembaga Tabung Haji	8,394,000	1.12
11. Genting Equities (Hong Kong) Limited	7,139,000	0.96
12. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Islamic Equity Fund*	4,246,100	0.57
13 Citigroup Nominees (Asing) Sdn Bhd *CBNY For DFA Emerging Markets Fund*	3,959,500	0.53
14. SBB Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	3,647,900	0.49
15. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Dividend Select Fund*	3,543,500	0.47
16. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Equity Fund*	3,200,600	0.43
17. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Growth Fund*	3,158,500	0.42
18. Crescendo Overseas Corporation Sdn Bhd	3,000,000	0.40
19. Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100)*	2,917,800	0.39
20. Citigroup Nominees (Tempatan) Sdn Bhd *ING Insurance Berhad (INV-IL PAR)*	2,813,900	0.38

Analysis of Shareholdings

as at 2 May 2006 (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
21. SBB Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Amanah Pencen*	2,668,900	0.36
22. Ke-Zan Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte. Ltd. For Exquisite Holdings Limited*	2,600,000	0.35
23. Citigroup Nominees (Asing) Sdn Bhd *GSI For North Of South Capital LLP*	2,563,000	0.34
24. Universal Trustee (Malaysia) Berhad *SBB High Growth Fund*	2,330,200	0.31
25. Citigroup Nominees (Asing) Sdn Bhd *CBNY For DFA Emerging Markets Small Cap Series*	2,323,500	0.31
26. BHLB Trustee Berhad *Public Focus Select Fund*	2,289,900	0.31
27. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Savings Fund*	2,215,300	0.30
28. Kian Hoe Plantations Berhad	2,024,000	0.27
29. Cimsec Nominees (Asing) Sdn Bhd *CIMB For Maimoon Omar @ Moonyra Baharuddin (PB)*	2,018,000	0.27
30. Universal Trustee (Malaysia) Berhad *SBB Retirement Balanced Fund*	2,013,200	0.27
Total	**581,542,600**	**77.92**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS
as at 2 May 2006

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Indirect/ Deemed Interest	% of Issued Capital
Genting Berhad	406,895,000	54.52	7,249,000*	0.97
Lembaga Tabung Angkatan Tentera	73,346,700	9.83	-	-
Kien Huat Realty Sdn Bhd	-	-	406,895,000^	54.52
Parkview Management Sdn Bhd	-	-	406,895,000^	54.52

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

Analysis of Shareholdings

as at 2 May 2006 (cont'd)

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 2 MAY 2006

INTEREST IN THE COMPANY

	No. of Shares			
Name	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman	164,000	0.0220	-	-
Dato' Baharuddin bin Musa	113,000	0.0151	-	-
Tan Sri Lim Kok Thay	144,000	0.0193	-	-
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	10,000	0.0013	-	-

INTEREST IN RELATED CORPORATIONS

Genting Berhad, the ultimate holding company

	No. of Shares			
Name	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman	134,000	0.0190	-	-
Dato' Baharuddin bin Musa	-	-	3,000#	0.0004
Tan Sri Lim Kok Thay	3,433,800	0.4868	-	-
Mr Quah Chek Tin	1,000	0.0001	-	-

Note : # Deemed interested through Bemy Sdn Bhd

Resorts World Bhd, a related company

	No. of Shares			
Name	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

	No. of Shares			
Name	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 P.L.C., a related corporation

	No. of Shares			
Name	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Lim Kok Thay	20,000	0.0004	-	-

ASIATIC DEVELOPMENT BERHAD
(34993-X)

FORM OF PROXY

(Before completing the form, please refer to the notes overleaf)

"A" I/We ______________________________ NRIC No./Co. No.: ______________
(FULL NAME IN BLOCK CAPITALS)

of ____
(ADDRESS)

being a member of ASIATIC DEVELOPMENT BERHAD hereby appoint

______________________________ NRIC No.: ______________
(FULL NAME)

of ____
(ADDRESS)

or failing him ______________________________ NRIC No.: ______________
(FULL NAME)

of ____
(ADDRESS)

or failing him, *the CHAIRMAN OF THE MEETING as *my/our first proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 20 June 2006 at 3.00 p.m. and at any adjournment thereof.

"B" Where it is desired to appoint a second proxy this section must also be completed, otherwise it should be deleted.

I/We ______________________________ NRIC No./Co. No.: ______________
(FULL NAME IN BLOCK CAPITALS)

of ____
(ADDRESS)

being a member of ASIATIC DEVELOPMENT BERHAD hereby appoint

______________________________ NRIC No.: ______________
(FULL NAME)

of ____
(ADDRESS)

or failing him ______________________________ NRIC No.: ______________
(FULL NAME)

of ____
(ADDRESS)

or failing him, *the CHAIRMAN OF THE MEETING as *my/our second proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 20 June 2006 at 3.00 p.m. and at any adjournment thereof.

The proportions of my/our holdings to be represented by my/our proxies are as follows:

First Proxy **"A"**	%
Second Proxy **"B"**	%
	100%

In case of a vote taken by a show of hands *First Proxy **"A"** / Second Proxy **"B"** shall vote on my/our behalf.

My/our proxies shall vote as follows:

ORDINARY RESOLUTIONS		First Proxy "A"		Second Proxy "B"	
		For	Against	For	Against
To receive and adopt the Audited Financial Statements	Resolution 1				
To sanction the declaration of a final dividend	Resolution 2				
To approve Directors' fees	Resolution 3				
To re-elect Directors pursuant to Article 99 of the Articles of Association of the Company: i. Tan Sri Lim Kok Thay ii. Encik Mohd Din Jusoh	 Resolution 4 Resolution 5				
To re-elect Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin as a Director pursuant to Article 104 of the Articles of Association of the Company	Resolution 6				
To re-appoint _______________ as a Director in accordance with 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	 Resolution 7 Resolution 8				
To re-appoint Auditors	Resolution 9				
To empower Directors to issue and allot shares up to 10% of total issued and paid-up capital	Resolution 10				
To renew the authority for the purchase of own shares up to 10% of total issued and paid-up capital	Resolution 11				

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote or abstain from voting at his/their discretion.)

Signed this ________ day of __________________ 2006

No. of Shares held	

____

Signature of Member

* Delete if inapplicable

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.*

In the case of a corporation, this form must be either under seal or signed by a duly authorised officer or attorney.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(1) Ordinary Resolution 10, 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 next Annual General Meeting of the Company.

(2) Ordinary Resolution 11, 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 29 May 2006 which is despatched together with the Company's 2005 Annual Report.