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Asiatic Development Berhad • Annual Report 2006

ASIATIC DEVELOPMENT BERHAD
(34993-X)

annual report **2006**

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.

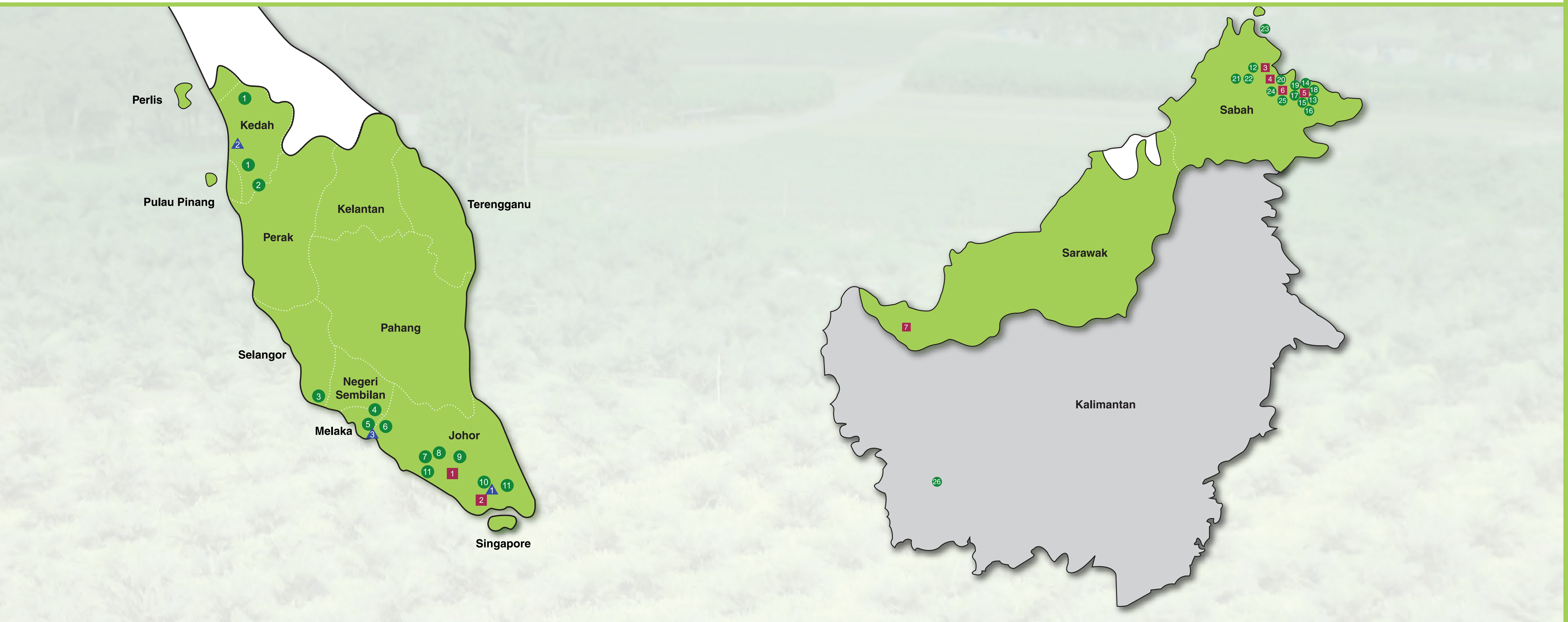
To enhance return on the company land bank through property development activities.

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

ASIATIC Bukit Sembilan Estate	1
ASIATIC Selama Estate	2
ASIATIC Sepang Estate	3
ASIATIC Tebong Estate	4
ASIATIC Cheng Estate	5
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ASIATIC Sri Gading Estate	7
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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting of the Company will be held at 26th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 20 June 2007 at 3.00p.m.

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2006 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 RM385,400 for the financial year ended 31 December 2006 (2005 : RM254,753). **(Resolution 3)**

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

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

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

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

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

SPECIAL BUSINESS

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

Ordinary Resolutions

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

   "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." **(Resolution 9)**

8. **Proposed renewal of the authority for the purchase of own shares**

"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 earnings 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 75,238,500 ordinary shares of RM0.50 each representing ten (10) per centum of the issued and paid-up share capital of the Company as at 3 May 2007. Based on the audited financial statements for the financial year ended 31 December 2006, the Company's retained earnings and share premium accounts were RM1,795.7 million and RM32.9 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." **(Resolution 10)**

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

By Order of the Board
TAN WOOI MENG
Secretary

Kuala Lumpur
29 May 2007

NOTES

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

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

(2) Ordinary Resolution 10, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten (10) per centum of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained earnings 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 2007 which is despatched together with the Company's 2006 Annual Report.

Statement Accompanying Notice of Annual General Meeting

Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of Bursa Malaysia Securities Berhad

1. The following are the Directors standing for re-election at the Twenty-Ninth Annual General Meeting of the Company:

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

   (i) Lt. Gen. (B) Dato'Abdul Ghani bin Abdullah
   (ii) Mr Quah Chek Tin

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

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

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

Corporate Diary

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

22 May
Announcement on the extension of the Joint Venture Agreements for oil palm cultivation in Kabupaten Ketapang, Republic of Indonesia.

29 May
Notice to shareholders of the Twenty-Eighth Annual General Meeting.

31 May
Announcement of the Consolidated Unaudited Results of the Group for the first quarter ended 31 March 2006.

20 June
Twenty-Eighth Annual General Meeting.

30 August
Announcement of the Consolidated Unaudited Results of the Group for the second quarter ended 30 June 2006.

Announcement of the Entitlement Date for the Interim Dividend in respect of the half year ended 30 June 2006.

23 November
Announcement of the Consolidated Unaudited Results of the Group for the third quarter ended 30 September 2006.

2007

28 February
Announcement of the Consolidated Results of the Group for the fourth quarter and the Audited Results for the financial year ended 31 December 2006.

Announcement of the proposed joint venture between Asiatic Centre For Genome Technology Sdn Bhd (formerly known as Cosmo-Lotus Sdn Bhd), a wholly-owned subsidiary of the Company, and Synthetic Genomics Inc.

24 April
Announcement of the Entitlement Date for the Proposed Final Dividend in respect of the financial year ended 31 December 2006 and the Twenty-Ninth Annual General Meeting.

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

Announcement of the second extension of the Joint Venture Agreements for oil palm cultivation in Kabupaten Ketapang, Republic of Indonesia.

DIVIDENDS

	Announcement	Entitlement Date	Payment
2005 Final – 3.75 sen less tax	22 February 2006	28 June 2006	19 July 2006
2006 Interim – 2.75 sen less tax	30 August 2006	29 September 2006	19 October 2006
2006 Proposed Final – 4.25 sen less tax	28 February 2007	25 June 2007	17 July 2007*

** Upon approval of shareholders at the Twenty-Ninth 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
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

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

Encik Abd Halim bin Abd Majid
Executive Vice President

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

Mr Tan Cheng Huat
Vice President/General Manager, West Malaysia

Mr Tang Hong Piau
Vice President/General Manager, Sabah

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

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Directors' Profile

Tan Sri Mohd Amin bin Osman (Malaysian, aged 79), 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 741,000 ordinary shares and has a share option to subscribe for 248,000 ordinary shares in the Company.

Dato' Baharuddin bin Musa (Malaysian, aged 70), 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, Fotronics Corporation Berhad and a number of other private limited companies.

Dato' Baharuddin holds 45,200 ordinary shares and has a share option to subscribe for 124,000 ordinary shares in the Company.

Tan Sri Lim Kok Thay (Malaysian, aged 55), 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, the Chairman and Chief Executive of Resorts World Bhd, the Executive Chairman of Genting International P.L.C., and the Chairman of Stanley Leisure plc.He is the Chairman 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 721,000 ordinary shares and has a share option to subscribe for 248,000 ordinary shares in the Company.

Lt. Gen. (B) Dato'Haji Abdul Jamil bin Haji Ahmad (Malaysian, aged 78), 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 63), 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 66), appointed on 14 February 1996, is an 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 55), appointed on 19 October 2001, is a Non-Independent Non-Executive Director. He also sits on the boards of Genting Berhad, Resorts World Bhd and Paramount Corporation Berhad. He holds a Bachelor of Science (Honours) Degree in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin (Malaysian, aged 59), 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 Resources, Commander of 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, Bintulu Port Holdings Berhad and Bandar Raya Developments Berhad.

Tan Sri Mohd Zahidi was made a member of Dewan Negara Perak, elected by DYMM Paduka Seri Sultan Perak on 25 November 2006 and also a Director of Yayasan Sultan Azlan Shah.

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 2006.

PERFORMANCE REVIEW

It is indeed gratifying that the Malaysian economy continued to achieve a healthy Gross Domestic Product growth of 5.9% in 2006 underpinned by robust domestic demand and continued strong exports.

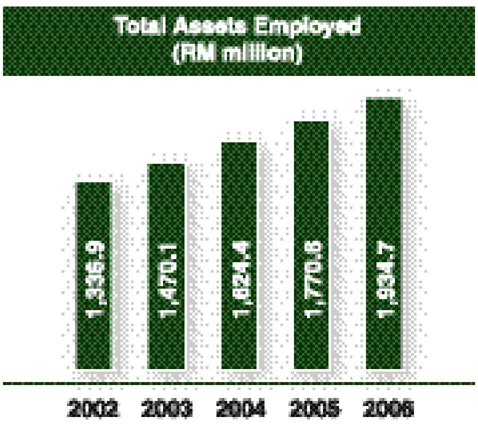
The Malaysian oil palm industry has registered an impressive performance with export earnings at a record RM31.8 billion, a jump of 11% from the previous year. The rapid expansion of the non-edible sector, especially new developments in biofuel had augured well for the industry. The consequent higher demand and the potential shortfall in supply with the onset of El Nino had a positive impact on the crude palm oil prices towards year end.

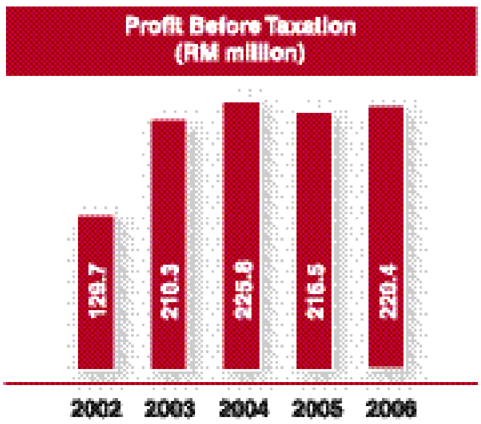
For the year under review, I am happy to report that the Group had performed satisfactorily, recording improved results largely due to continuing good performance of both the core business activities of the Group. The Group had posted a record high operating revenue of RM577 million and a consolidated pre-tax profit of RM220 million.

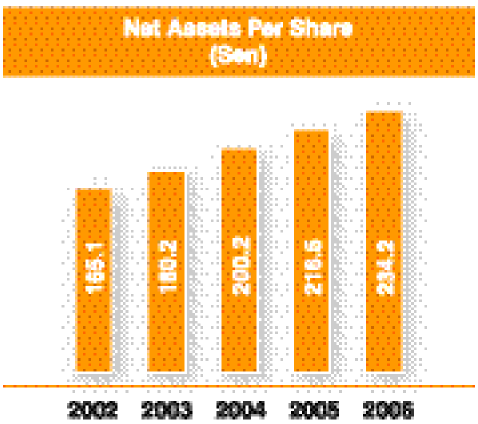
Despite the biological stress that loomed over the industry last year, the Plantation Division's fresh fruit bunches production increased, albeit nominally. In contrast, the achieved oil and kernel extraction rates were somewhat lower than the previous year. Overall, the strong crude palm oil price was pivotal to the Plantation Division's achievement of 10% higher revenue of RM486 million against RM442 million in 2005.

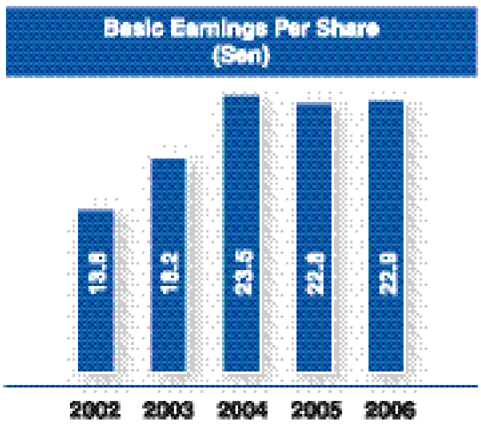
The year 2006 marked our maiden commencement of plantation activities in Indonesia. With the nurseries established, it is expected that some 4,000 hectares of the first parcel of land measuring 14,261 hectares would be fully planted with oil palm by end 2007. More areas will be progressively developed in the next few years, subject to having obtained relevant licences and approvals for the land. The Group is committed to its joint venture in Indonesia and will continue to work towards its success.

The property sector continued to face a challenging environment posed by a generally weak market sentiment and stock overhang. Nevertheless, our Property Division's performance is creditable, posting a 12% increase in revenue from the previous year to RM91 million.The Group's flagship development, Asiatic Indahpura, in Kulai maintained its position as the key revenue earner.









FINANCIAL HIGHLIGHTS

Year Ended 31 December	2006 RM'000	2005 RM'000	Change %
Operating revenue	**576,578**	522,720	+10
Profit before taxation	**220,425**	216,456	+2
Profit for the financial year	**173,218**	171,846	+1
Profit attributable to equity holders of the Company	**171,147**	169,797	+1
Equity attributable to equity holders of the Company	**1,757,363**	1,614,339	+9
Total assets employed	**1,934,735**	1,770,639	+9
Basic earnings per share (sen)	**22.9**	22.8	-
Net dividend per share (sen)	**5.1**	4.5	+13
Dividend cover (times)	**4.5**	5.1	-11
Net assets per share (sen)	**234.2**	216.5	+8
Return (after tax and minority interests) on average shareholders'equity (%)	**10.2**	11.0	-7

CORPORATE DEVELOPMENTS

On the corporate front, the Group has stepped into a new and exciting frontier with its entry into the biotechnology industry to ensure continued growth in the agriculture sector. This new activity is spearheaded by a wholly-owned subsidiary of the Company, Asiatic Centre for Genome Technology Sdn Bhd ("ACGT"). ACGT, established as a genomics science centre, has been awarded the BioNexus Status on 22 November 2006 by Malaysian Biotechnology Corporation Sdn Bhd, an agency under the purview of Ministry of Science, Technology and Innovation. On 28 February 2007, ACGT has entered into a joint venture agreement with Synthetic Genomic Solutions Inc. (formerly known as Synthetic Genomics Inc.), a renowned US based biotechnology company.

The significance of this venture lies in its research and development focus to produce planting materials that would increase yield and enhance value creation from the oil palm. In the long term, ACGT's initiatives would ensure not only that the Group's profit in the oil palm business is sustained but, more pertinently, that the oil palm industry continues to be a leader in terms of economic importance to the country.

DIVIDENDS

In its deliberation in recommending dividend payout, the Board of Directors is always mindful that while it endeavours to continue to reward shareholders with commensurable level of dividend payouts, it has to strike a balance between the payout and the retention of sufficient funds for investments, and future ventures and developments. As for now, with research and development activities expected to commence towards the end of the second quarter of this year, together with the progressive land development for oil palm cultivation project in Indonesia over the next few years, the Group is aware that its funding commitments are expected to be considerable in the coming years. Notwithstanding that, it is notable that the dividend payment over the last few years has been on an upward trend.

For the financial year 2006, an interim dividend of 2.75 sen less 28% income tax per ordinary share of 50 sen each, amounting to RM14.81 million, was paid to shareholders on 19 October 2006.The Board of Directors has recommended a final dividend of 4.25 sen less 27% income tax per ordinary share of 50 sen each. If approved by the shareholders at the forthcoming Twenty-Ninth Annual General Meeting, the total dividend for the year will amount to a total distribution of RM38.1 million, some 14% or RM4.6 million more than the RM33.5 million paid out for financial year 2005.

FUTURE PROSPECTS

For the forthcoming financial year, the fundamentals supporting the strong CPO price are still very much in play. Volatility in fossil fuel price and the Kyoto Protocol have spurred investments in biodiesel projects worldwide, are contributing factors to the already enlarged demand of CPO for food resulting from population growth and the increasing awareness of the trans-fatty acid issues. Moreover, prices of soyabean oil has risen as more farmers in the US have switched to corn to cater for increasing ethanol demand.

All these factors should fuel positive sentiments for the industry and the current CPO price rally should continue to lead to a strong performance for the Plantation Division in the near term.

Looking ahead, the Group expects to progress further in our Ketapang project, with approvals expected to be forthcoming in 2007 and more land cleared for planting.

The recently announced Iskandar Development Region ("IDR") is poised to be an exciting and dynamic phase of south Johor's economic development, and we foresee that Asiatic Indahpura, which is within the IDR, is well placed to benefit from this development. In the immediate term, the Property Division is cognisant that demand for residential properties will continue to be the main driver for the property sector. It will continue to target this sub-sector in its planning for new launches, and will step up its marketing efforts amidst escalating material prices and anticipated increase in lending rates. With the Property Division's proven track record in delivering quality products on time, I am confident that the Division is in a good position to forge ahead and will continue to contribute positively to the Group.

DIRECTORATE

Dato'Baharuddin bin Musa has, on 18 May 2007, indicated his desire in not seeking reappointment as a Director at the forthcoming AGM. He will also retire as Joint Chief Executive of the Company.

Dato' Baharuddin has with him nearly 22 years of dedicated service with the Asiatic Group, first as Joint Managing Director and subsequently redesignated as Joint Chief Executive. Prior to joining the Group in 1985, he was the Director of Development of Genting Berhad for 3 years.

Under his farsighted and prudent stewardship, Dato' has steered the Group from being a little known plantation company to becoming one that has a pride of place in the industry. He led the Group's plantation business expansion not only on Malaysian shores but also in its maiden foray into a neighbouring country. He also led the Group's diversification into the property development business. Dato'Baharuddin was also involved in the Group's new project in genomics, paving the way for one of the few companies in the private sector to take a role in developing the biotechnology industry in the country. Indeed, due to Dato's efforts, exciting times lie ahead for the Group.

In recording the above fond and irreplaceable memories, we would like to thank him for leading the Group to all its achievements and successes, and to what it is today. The Board and staff wish you happy retirement, continuous good health and long life.

APPRECIATION

On behalf of the Board, I would like to extend our appreciation and thanks to our shareholders, customers, business associates, and relevant government authorities for their continued trust, support and confidence in the Group. My gratitude is also extended to the management and staff for their continuous work dedication towards the advancement of the Group. Last but not least, my personal thanks to my fellow colleagues on the Board for their invaluable insights and wise counsel.

TAN SRI MOHD AMIN BIN OSMAN
Chairman
21 May 2007

Penyata Pengerusi

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan serta Penyata Kewangan bagi Syarikat dan anak-anak syarikat ("Kumpulan") untuk tahun berakhir 31 Disember 2006.

TINJAUAN PRESTASI

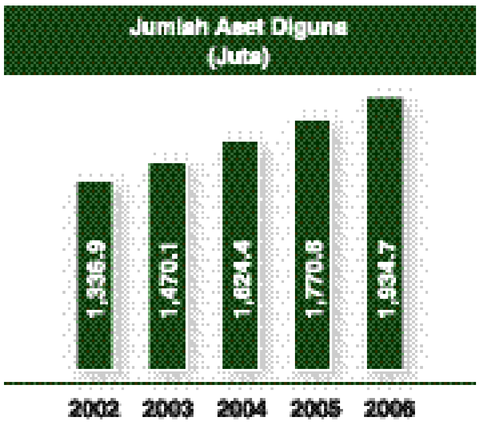
Pertumbuhan ekonomi Malaysia memang menggalakkan dengan mencapai pertumbuhan Keluaran Dalam Negara Kasar yang sihat sebanyak 5.9% pada tahun 2006, didorong oleh permintaan dalam negeri yang kukuh dan eksport yang kekal mantap.

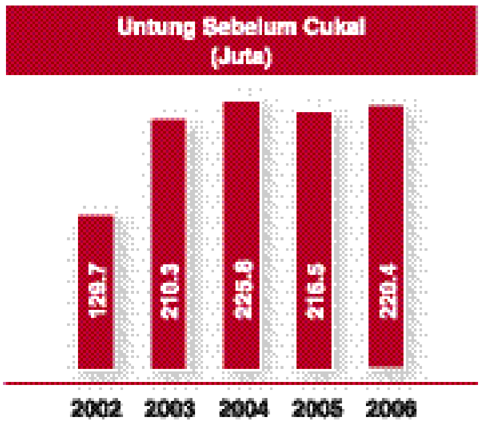
Industri minyak sawit di Malaysia telah mencatat satu prestasi yang mengkagumkan dengan perolehan eksport mencapai rekod RM31.8 bilion, iaitu meningkat sebanyak 11% daripada tahun lepas. Penggunaan minyak makan untuk maksud lain, terutamanya perkembangan pesat dalam 'biofuel' telah merangsangkan industri ini. Permintaan yang lebih tinggi dan kemungkinan kurangnya pengeluaran minyak ekoran fenomena El Nino telah mendatangkan kesan positif kepada harga minyak sawit mentah pada penghujung tahun.

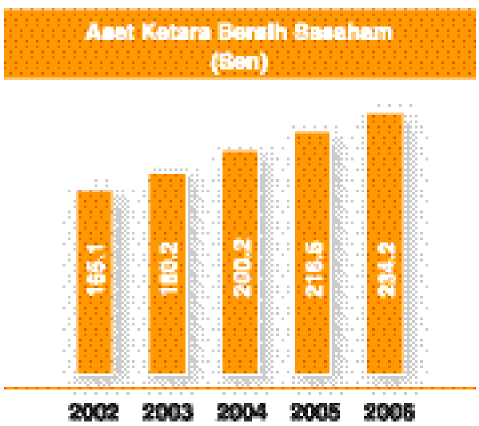
Saya dengan sukacitanya melaporkan bahawa bagi tahun yang ditinjau ini, Kumpulan telah mencatat pencapaian yang memuaskan, didorong terutamanya oleh prestasi cemerlang yang berterusan dalam kedua-dua kegiatan teras Kumpulan. Kumpulan telah mencatat satu paras rekod tertinggi dalam perolehan operasinya sebanyak RM577 juta dan keuntungan sebelum cukai yang disatukan sebanyak RM220 juta.

Walaupun wujud tekanan biologi yang melanda industri ini dalam tahun lepas, pengeluaran buah tandan basah Bahagian Perladangan telah meningkat, meskipun secara nominal. Sebaliknya, kadar pemerahan minyak dan isi yang dicapai adalah lebih rendah daripada tahun lepas. Secara keseluruhan, harga minyak sawit mentah yang kukuh adalah sebab utama kepada penambahan pendapatan Bahagian Perladangan sebanyak 10% kepada RM486 juta, berbanding RM442 juta dalam tahun 2005.

Tahun 2006 telah menyaksikan pengorakan langkah utama perladangan kita di Indonesia. Dengan terselesainya kerja-kerja semaian, adalah dijangkakan bahawa 4,000 hektar daripada bidang tanah pertama seluas 14,261 hektar akan dapat ditanam dengan kelapa sawit menjelang akhir tahun 2007. Lebih banyak lagi kawasan akan dibangunkan pada tahun-tahun mendatang, tertakluk kepada pemerolehan lesen-lesen dan kelulusan yang berkenaan ke atas kawasan-kawasan baru. Kumpulan berazam penuh terhadap usaha niaganya di Indonesia dan akan terus berusaha ke arah itu.







SOROTAN KEWANGAN

Tahun berakhir 31 Disember	2006 RM'000	2005 RM'000	Change %
Perolehan operasi	**576,578**	522,720	+10
Untung sebelum cukai	**220,425**	216,456	+2
Untung untuk tahun kewangan	**173,218**	171,846	+1
Untung bagi pemegang ekuiti Syarikat	**171,147**	169,797	+1
Ekuiti bagi pemegang ekuiti Syarikat	**1,757,363**	1,614,339	+9
Jumlah aset diguna	**1,934,735**	1,770,639	+9
Perolehan asas sesaham (sen)	**22.9**	22.8	-
Dividen bersih sesaham (sen)	**5.1**	4.5	+13
Liputan dividen (kali)	**4.5**	5.1	-11
Aset ketara bersih sesaham (sen)	**234.2**	216.5	+8
Pulangan (selepas cukai dan kepentingan minoriti) purata ekuiti pemegang saham (%)	**10.2**	11.0	-7

Sektor hartanah terus menghadapi persekitaran yang mencabar pada keseluruhan akibat sentimen pasaran yang lemah dan stok berlebihan. Walau bagaimanapun, prestasi Bahagian Hartanah masih memuaskan kerana perolehannya meningkat sebanyak 12% kepada RM91 juta berbanding tahun lepas. Projek pembangunan utama Kumpulan, Asiatic Indahpura di Kulai, kekal sebagai penyumbang utama kepada perolehan.

PEMBANGUNAN KORPORAT

Dari segi pembangunan korporat, Kumpulan mulai menceburi satu bidang baru yang memberangsangkan, iaitu industri bioteknologi.Ini adalah usaha pencapaian pertumbuhan yang berterusan dalam sektor pertanian. Kegiatan baru ini diterajui oleh sebuah anak syarikat milik penuh Syarikat kita, iaitu Asiatic Centre for Genome Technology Sdn Bhd ("ACGT"). ACGT yang ditubuhkan sebagai satu pusat sains 'genomics', telah dianugerahkan Status BioNexus pada 22 November 2006 oleh Malaysian Biotechnology Corporation Sdn Bhd, iaitu sebuah agensi di bawah naungan Kementerian Sains, Teknologi dan Inovasi. Pada 28 Februari 2007, ACGT telah memeterai satu perjanjian usaha sama dengan Synthetic Genomic Solutions Inc. (dahulu dikenali sebagai Synthetic Genomics Inc.), iaitu sebuah syarikat bioteknologi terkemuka berpusat di Amerika Syarikat ("AS").

Kepentingan usaha sama ini berlandas kepada penyelidikan dan pembangunan yang menumpu kepada pengeluaran bahan-bahan penanaman yang akan meningkatkan kadar hasil dan memperkukuh nilai hasil daripada minyak sawit. Dalam jangka panjang, usaha-usaha ACGT bukan sahaja akan membantu pengekalan keuntungan perniagaan minyak sawit bagi Kumpulan, tetapi yang lebih penting, industri minyak sawit akan terus menjadi industri utama dari segi kepentingan ekonomi negara.

DIVIDEN

Dalam pertimbangan untuk mencadangkan bayaran dividen, Lembaga Pengarah sentiasa sedar, dalam usahanya untuk terus memberi ganjaran kepada para pemegang saham dengan kadar bayaran dividen yang berpatutan, ia juga harus mengekalkan keseimbangan yang munasabah di antara dividen yang dibayar dengan dana yang diperlukan bagi pelaburan serta usaha niaga dan pembangunan di masa hadapan. Buat masa ini, dengan adanya aktiviti-aktiviti penyelidikan dan pembangunan yang dijangka berlangsung menjelang akhir suku kedua tahun ini, di samping pembangunan tanah secara berperingkat bagi projek di Indonesia untuk beberapa tahun akan datang, Kumpulan sedar dan berwaspada akan komitmen pembiayaan yang dijangka besar pada tahun-tahun akan datang. Walau bagaimanapun, adalah dimaklumkan bahawa bayaran dividen bagi tahun-tahun yang lepas menunjukkan trend meningkat.

Bagi tahun kewangan 2006, dividen interim sebanyak 2.75 sen sesaham biasa bernilai tara 50 sen, tolak cukai pendapatan sebanyak 28%, berjumlah RM14.81 juta telah dibayar kepada para pemegang saham pada 19 Oktober 2006. Lembaga Pengarah telah mencadangkan dividen akhir sebanyak 4.25 sen sesaham biasa bernilai tara 50 sen, tolak cukai pendapatan sebanyak 27%. Jika diluluskan oleh para pemegang saham pada Mesyuarat Agung Tahunan Ke-Dua

Puluh Sembilan yang akan datang, jumlah dividen untuk tahun ini adalah sebanyak RM38.1 juta, iaitu meningkat sebanyak 14% atau RM4.6 juta berbanding dengan RM33.5 juta dibayar bagi tahun kewangan 2005.

PROSPEK MASA DEPAN

Bagi tahun kewangan mendatang, sokongan asas bagi harga minyak sawit mentah yang kukuh masih kekal. Harga minyak fosil yang turun naik dan 'Kyoto Protocol', mendorong pelaburan dalam projek biodiesel di seluruh dunia. Faktor-faktor ini menyumbang kepada penambahan permintaan minyak sawit mentah yang sudah pun meningkat akibat daripada pertumbuhan penduduk dan kesedaran yang meningkat terhadap isu-isu 'trans-fatty acid'. Di samping itu, harga minyak kacang soya juga meningkat kerana lebih banyak petani di AS telah menukar kepada penanaman jagung untuk memenuhi permintaan alkohol. Kesemua faktor ini dijangka membawa sentimen-sentimen yang positif terhadap industri ini dan harga minyak sawit mentah yang kukuh kini dijangka akan terus membantu Bahagian Perladangan mencatat pencapaian segar pada masa depan yang terdekat ini.

Meninjau ke hadapan, Kumpulan menjangka projek Ketapang akan berkembang lagi, dengan kelulusan-kelulusan dijangka akan diperolehi pada tahun 2007 dan lebih banyak lagi tanah disediakan untuk penanaman.

Projek Wilayah Pembangunan Iskandar ("IDR") yang diumumkan baru-baru ini akan menjadi satu fasa yang memberangsang dan dinamik dalam pembangunan ekonomi selatan Johor. Kami menjangka Asiatic Indahpura yang berada di dalam IDR, akan mendapat manfaat daripada projek ini. Dalam jangka terdekat, Bahagian Hartanah sedar bahawa permintaan terhadap hartanah kediaman akan kekal menjadi pendorong kepada sektor hartanah dan kerana itu terus menumpu kepada sub-sektor ini dalam perancangannya. Di samping itu, usaha-usaha pemasaran akan ditingkatkan sungguh pun dalam keadaan di mana harga bahan mentah melambung naik dan kadar pinjaman dijangka meningkat. Dengan rekod cemerlang penyerahan produk yang berkualiti dalam masa yang dijanjikan, saya yakin Bahagian ini berada dalam kedudukan yang baik untuk terus berkembang dan memberi sumbangan positif kepada Kumpulan.

LEMBAGA PENGARAH

Pada 18 Mei 2007, YBhg. Dato' Baharuddin bin Musa telah menyuarakan hasrat beliau agar tidak dilantik semula sebagai Pengarah pada Mesyuarat Agung Tahunan yang akan datang. Beliau juga akan bersara sebagai Ketua Eksekutif Bersama Syarikat.

YBhg.Dato'Baharuddin telah memberi khidmat yang sungguh berdedikasi hampir 22 tahun kepada Kumpulan Asiatic, mula-mulanya sebagai Pengarah Urusan Bersama, kemudiannya sebagai Ketua Eksekutif Bersama. Sebelum menyertai Kumpulan pada tahun 1985, beliau bertugas sebagai Pengarah Pembangunan Genting Berhad selama 3 tahun.

Di bawah pengawasan beliau yang berpadangan jauh dan arif, Dato' telah memimpin Kumpulan maju berkembang daripada sebuah syarikat perladangan yang tidak berapa dikenali, kepada sebuah syarikat yang disegani dalam industri ini. Beliau juga memimpin perkembangan perniagaan perladangan Kumpulan bukan sahaja di Malaysia tetapi juga dalam penglibatan sulungnya di negara jiran. Beliau juga mengetuai pempelbagaian kegiatan perniagaan Syarikat iaitu dalam pembangunan hartanah.YBhg. Dato'Baharuddin turut memainkan peranan dalam projek baru, iaitu projek 'genomics'. Projek ini menjadikan Kumpulan kita satu dari hanya sedikit syarikat sektor swasta yang terlibat dalam bioteknologi di negara ini. Sememangnya, hasil daripada usaha Dato', masa yang memberangsangkan berada di hadapan bagi Kumpulan.

Di samping memaktubkan kenangan mesra yang tidak terganti ini, kami mengucapkan terima kasih kepada Dato' kerana memimpin Kumpulan dengan penuh pencapaian dan kejayaan seperti yang terzahir pada hari kini. Lembaga Pengarah dan kakitangan mengucapkan selamat bersara, semoga sentiasa sihat dan panjang umur.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin merakamkan penghargaan dan terima kasih kepada para pemegang saham, pelanggan, sekutu niaga, dan pihak berkuasa berkenaan atas kepercayaan, sokongan dan keyakinan berterusan mereka kepada Kumpulan. Saya juga mengucapkan terima kasih kepada pihak pengurusan dan kakitangan atas kerja berdedikasi yang berterusan terhadap pembangunan Kumpulan. Akhir kata, saya mengucapkan terima kasih kepada rakan sejawat saya di dalam Lembaga Pengarah atas pandangan bernilai dan nasihat arif mereka.

TAN SRI MOHD AMIN BIN OSMAN
Pengerusi
21 Mei 2007

主席文告

本人謹代表董事部欣然提呈本公司及其子公司(簡稱‘本集團’)截至2006年12月31日的常年報告及已審核的財政報告。

業績回顧

在國內需求蓬勃與出口成長持續強勁的激勵下，馬來西亞於2006年的國民生產總值持續取得5.9%的穩健成長，表現令人激賞。

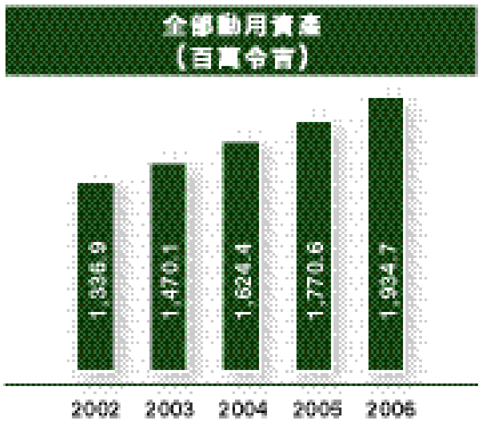
馬來西亞的油棕業表現出色，出口收益創下三百一十八億令吉新高，比前一年增長了11%。非食用油領域的發展神速，尤其是新開發的生物燃料將有利於油棕業發展。隨之而來的需求增長，加上厄爾尼諾氣候現象的影響，都可能導致供應短缺，進而推高接近年杪的棕油價格。

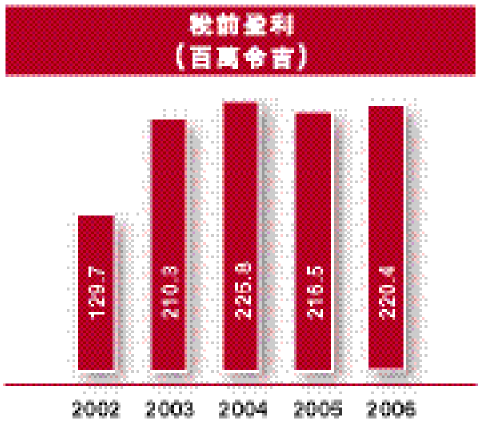
回顧這一年來的表現，本人謹此報告本集團取得相當令人滿意的業績表現，兩項核心業務持續表現良好使業績有所進步。本集團營運收入創下新高水平，達五億七千七百萬令吉，而綜合稅前盈利則達二億二千萬令吉。

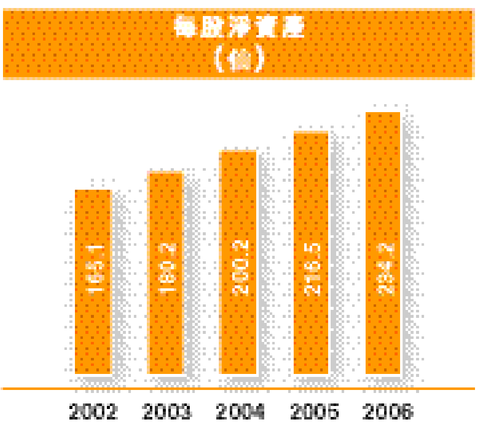
儘管油棕業去年受到生物性壓力所影響，種植組的新鮮棕櫚果串產量仍微幅增加。相比之下，原棕油與棕仁榨取率則低於前一年。整體而言，強勁的原棕油價格走勢是種植組表現提升的關鍵，使種植組收入增長10%，達四億八千六百萬令吉，而2005年收入則為四億四千二百萬令吉。

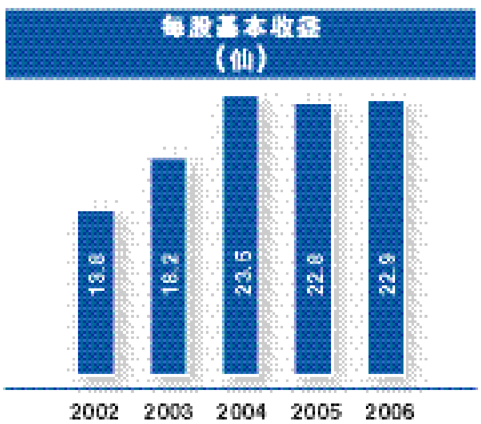
我們於2006年開始印尼的種植業務。在設立育苗中心后，首批佔地約14,261公頃地段中的4,000公頃將於2007年杪全面種植油棕。未來幾年，若能取得相關執照與土地批准，我們將陸續開發更多地區。本集團認真看待此項聯營計畫，並持續努力以確保這項計畫取得成功。

產業領域則繼續充滿挑戰，市場普遍保持疲弱，而且面對滯銷問題。然而，我們的產業組表現相當不俗，收入比前一年增加12%至九千一百萬令吉。本集團的旗艦發展計畫，即吉來的億美城(Asiatic Indahpura)仍然是主要收入的貢獻來源。









財政重點

截至12月31日	2006年 令吉'000	2005年 令吉'000	相差 %
營運收入	576,579	522,720	+10
稅前盈利	220,425	216,456	+2
年度盈利	173,219	171,846	+1
歸股東盈利	171,147	169,797	+1
歸股東利益	1,757,363	1,614,339	+9
全部動用資產	1,934,735	1,770,639	+9
每股基本收益(仙)	22.9	22.8	-
每股淨股息(仙)	5.1	4.5	+13
股息支付率(倍)	4.5	5.1	-11
每股淨資產(令吉)	234.2	216.5	+8
平均股東股權 (在扣稅及扣稅少數股東利益後) 的回酬(%)	10.2	11.0	-7

企業發展

在企業發展方面，本集團踏足令人振奮的全新領域，透過進軍生物科技行業確保農業領域持續成長。新業務由獨資子公司Asiatic Centre for Genome Technology Sdn. Bhd.（簡稱"ACGT"）負責經營。作為一家基因科學中心，ACGT於2006年11月22日獲得科學工藝與革新部屬下馬來西亞生物科技機構私人有限公司頒發BioNexus地位。ACGT於2007年2月28日與著名的美國生物科技公司Synthetic Genomic Solutions Inc.（前名為Synthetic Genomics Inc.）簽署聯營協議。

這項計畫之重大意義在於專注研究開發能提高生產率並提升油棕價值的種植材料。長期而言，ACGT的努力不僅可確保本集團油棕業務的獲利能力，也有助於油棕業繼續在國家經濟方面扮演舉足輕重的角色。

股息

在股息派發方面，董事部除了衡量以可觀股息獎賞股東，也盡力在派息、預留充足資金作為未來投資以及業務擴展用途方面取得良好平衡。目前而言，鑒於我們將從今年第二季秒開始展開研發活動，再加上未來幾年將在印尼陸續開發土地種植油棕，本集團意識到未來幾年顯著的財務承擔。然而值得注意的是，過去幾年的股息付款已呈現上揚趨勢。

在2006財政年所派發的中期股息為每一50仙普通股享有2.75仙股息, 但須扣除28%所得稅。這筆總額達一千四百八十一萬令吉的股息已於2006年10月19日支付給股東。董事部建議派發的終期股息為每一50仙普通股4.25仙股息, 但須扣除27%所得稅）。若獲得來臨第29屆股東大會批准，本年度的股息總額將高達三千八百一十萬令吉，比2005財政年派發的三千三百五十萬令吉，約高出14%或四百六十萬令吉。

未來展望

在來臨的財政年裏，支撐原棕油強勁價格走勢的基本因素仍然存在。由於人口增長，以及對反式脂肪課題的意識提升，已經導致食用原棕油的需求不斷增長。而石油價格波動不定以及京都條約等因素則激勵全球的生物柴油投資活

動，致使棕油在非食用用途方面的需求進一步加強。此外，越來越多美國農夫基於乙醇需求提升，而轉向種植玉米，令大豆油價格隨之上漲。這些因素都有利於種植業，而目前原棕油強勁的價格走勢，將在短期內，帶領種植組取得卓越表現。

放眼未來，本集團預期將進一步推展Ketapang計畫。有關批准有望在2007年落實，屆時將陸續開發更多地區並進行種植工作。

最近宣佈的依斯干達發展特區(簡稱“IDR”)將引領柔佛州經濟朝向蓬勃的發展階段。我們相信坐落在IDR範圍內的優美城將有望從中受惠。中期而言，產業組相信住宅產業的持續需求是產業領域的主要動力，在未來的推展規劃，瞄準這塊次領域，並提升行銷策略，以面對原料價格逐漸升高與貸款利率提升的挑戰。產業組具備能準時交出高品質產品的良好口碑。因此我有信心，這個組別未來能以良好的姿態繼續為本集團作出正面貢獻。

董事部

拿督Baharuddin bin Musa已表明無意在來屆股東大會尋求連任董事。他也將辭去本公司聯合首席執行員一職。

拿督Baharuddin已在亞地種植集團忠誠地服務將近二十二年，首先出任聯合董事經理，隨後調任聯合首席執行員。在1985年加盟本集團之前，他曾擔任雲頂有限公司的開發董事長達三年之久。

憑著高瞻遠矚與謹慎穩健的領導作風，拿督引領本集團從一家鮮為人知的種植公司，發展成為該行業中的佼佼者。他不僅協助本集團擴充馬來西亞的種植業務，也首度進軍鄰國種植業。他也帶領本集團投入產業發展領域，使業務更為多元化。拿督Baharuddin 也參與本集團開發基因新企劃案，使本集團成為領先參與開發國內生物科技行業的少數私人企業之一。拿督的一番努力，讓本集團業務開始步入一個令人振奮的發展階段。

記取以上難忘的美好回憶，我們謹此感謝拿督的英明領導，讓本集團取得今日的成就和發展規模。董事部與員工祝願您退休愉快，健康長壽。

致謝

本人謹代表董事部衷心感激股東、客戶、商業伙伴與相關政府當局持續給予本集團的信任、支持與信心。本人也要感謝管理層與員工的辛勤苦幹，助本集團業務蒸蒸日上，並對董事同仁所給予的寶貴意見和精明指點致以萬分謝意。

TAN SRI MOHD AMIN BIN OSMAN
主席
2007年5月21日

Review of Operations

PLANTATION

The year under review saw the oil palm industry enjoying relatively good prices for its products. Unlike the previous year, crude palm oil ("CPO") prices in 2006 was on an uptrend especially towards the last quarter of the year when prices beyond RM1,800 per tonne were registered. Backed by the bullish commodity price, the Plantation Division continued to record yet another year of profitable performance. The Division's revenue of RM486 million, which is a 10% improvement from the preceding year, accounted for a significant 84% of the Group's total revenue of RM577 million, thus maintaining its position as the dominant earner of the Group.

Invariably, the sharp rally was driven by various demand and supply factors. With the world population becoming more health and environmental conscious, and the inevitable depletion of fossil oil, the burgeoning demand for CPO to feed the food, biodiesel and oleochemicals industries has been triggered.In addition, the United States of America, in its plan to increase corn acreage at the expense of soyabean, has resulted in soaring soyabean oil prices, which on the other hand had spurred the demand for CPO as a substitute. The surge in demand for CPO, which translated into an increase by 7% in exports of Malaysian CPO over 2005, has far outpaced the supply of CPO. Fuelled by the positive market sentiments, the Group had achieved an average CPO selling price of RM1,520 per tonne, a 9% increased from the previous year.

In contrast, palm kernel ("PK") prices had softened mainly due to lower lauric oil prices consequent to the recovery in world coconut oil production, as well as weak export and high stocks in the early months of 2006. In tandem with this, the Group registered a lower average PK selling price of RM897 per tonne against RM1,017 per tonne achieved in 2005.

A noteworthy achievement is the continual increase, although marginal for the year under review, in fresh fruit bunches ("FFB") harvested by the Group in spite of some setbacks due principally to what is termed by the industry a "biological stress" year, and the unforeseen unfavourable wet weather conditions. Aided by the increase in FFB production from 1,099,285 tonnes previously to 1,132,026 tonnes in the year under review, coupled with the higher CPO selling price, the Division posted a commendable pre-tax profit of RM195 million, 13% higher over 2005.However, the Group's average yield per mature hectare declined to 21.4 tonnes against the 22.1 tonnes achieved in previous year. Though our estates in Peninsular Malaysia registered an average yield per mature hectare of 23.3 tonnes, a notable improvement of 8% from that achieved in 2005, the increase was more than offset by the drop in yield in Sabah estates which had suffered a slight setback mainly due to the dilution effect of new mature areas, particularly the Asiatic Indah and Asiatic Permai Estates, as well as the wetter weather conditions in Sabah during the early months of the year.

Aside from the lower yield, crop loss due to disruption to evacuation activities caused by the wet weather, which brought along incessant rain, had affected the Group's oil and kernel extraction rates. Amidst this, the Group's oil and kernel extraction rates of 20.52% and 4.91% respectively were marginally lower compared to 20.98% and 5.07% respectively which were achieved in the preceding year.

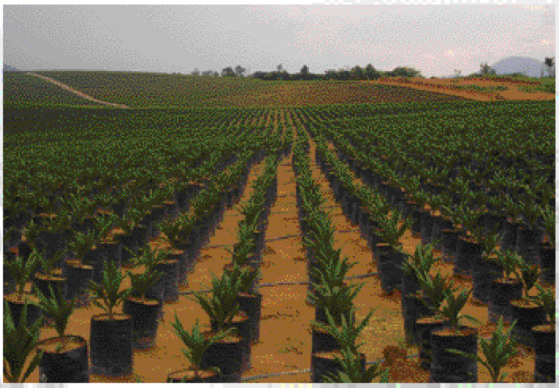
The Group's total oil mill intake, inclusive of third party crops, of 1,220,154 tonnes is 2% less than that in the previous year. Correspondingly, CPO production of 250,307 tonnes was a decline of 4% compared to 2005. Kernel production similarly saw a decrease from 62,864 tonnes produced last year to 59,833 tonnes in the year under review.

Asiatic Ayer Item Oil Mill continued to successfully obtained renewal for its ISO 9001:2000 Quality Management System status which was previously accredited by SIRIM in October 2002.

Following the historic signing of the joint venture agreements for the development of jungle land near Ketapang, Kalimantan Barat in June 2005, both the Group and its Indonesian partner have been working closely to ensure that the necessary permits and approvals required from both countries are obtained for the land acquisition.

During the year under review, one of the joint venture companies has successfully completed the land socialisation and compensation stage for the first tranche of land measuring some 14,261 hectares. With that, site preparation on some 30 hectares for the establishment of the first pre-nursery and main nursery sites had commenced in early May 2006 and successfully completed in June 2006.As at year end, more than 40% of the seeds sown have been transplanted from the pre-nursery to main nursery to cater for the planting of Phase 1 scheduled in 2007.In line with the planting programme, plans are well underway to commence land clearing for oil palm cultivation by early 2007.

With the first nurseries well established and completed, Management had proceeded with site preparation on another 48 hectares. Works for the nurseries, which had commenced in October 2006, was completed in late November the same year. As at year end, transplanting is still on-going and progressing well, and is expected to complete as scheduled.



Inaugural commencement of activities in Ketapang, Kalimantan Barat, Republic of Indonesia
(from top)
- *Nursery site selection*
- *Arrival of machineries to kick start land clearing works*
- *First pre-nursery*
- *First nursery*

Loose fruit collection

Sifting of loose fruit using the vibrating separator prior to sending to oil mills for processing

Since the last annual report, another 1,216 hectares have been planted with oil palm in Asiatic Jambongan Estate during the year. As at year end, the total area planted was approximately 3,067 hectares. In view of the estate's isolated location, plans for the construction of an oil mill is also in the pipeline to process the crop production.

On the Tongod new development area, about 5,000 hectares in Asiatic Indah and Asiatic Permai Estates have come under the "newly-mature area" during the year, contributing some 34,352 tonnes of FFB. The remaining planted areas of 983 hectares will mature by first half of 2007.

As reported in the last annual report, the lawsuit instituted by certain individuals claiming native customary rights over some 2,634 hectares in Asiatic Permai Estate, remains status quo. Nevertheless, we continue to actively pursue 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 a total of 225,436 tonnes of FFB, which is 13,439 tonnes or 6% lower than previous year. The 60 tonnes per hour oil mill performed satisfactorily achieving average oil and kernel extraction rates of 22.01% and 4.71% respectively, translating into an increase of 3% and 8% respectively as compared to that of previous year.

Mechanisation of some estate operations

Asiatic Indahpura – Iris show house and interior

PROPERTY

Year 2006 was a particularly challenging period for property developers as they grappled with a lull in property sales in all sectors of the market. This was brought about by a weak market sentiment where consumers adopted a wait-and-see attitude as a result of the spillover effects of increases in fuel prices, interest rates and utility tariffs, lacklustre stock market (except for the last part of the year) and creeping inflation. The residential property sub-sector, despite suffering a glut in some category of residential properties continued to be the most active sub-sector in the market whilst properties in good locations continued to sell, albeit at a slower pace.

Notwithstanding the difficult market condition, the Division turned in a commendable performance with revenue of RM90.5 million and pre-tax profit of RM12.9 million, a growth of 12% and 48% respectively compared to 2005.

Asiatic Indahpura, the Group's key revenue driver in Kulai, Johor achieved total sales of RM64.9 million, which were mainly derived from its newly launched double-storey and single-storey terrace houses that contributed a combined sales of RM34.1 million.

Aside from sale of properties, Asiatic Indahpura's Car City also did well whereby the year under review saw the Division expand its Car City development by completing a further 6 units of car service centres in addition to the existing 5 car showrooms and 4 service centres.

Over in Asiatic Cheng Perdana, Melaka, the Group's maiden project now at the tail end of development, continued to generate good revenue with RM10.2 million in sales. The sales were mainly derived from its single-storey terrace houses under construction wherein sales of some RM7.6 million was achieved.

Asiatic Indahpura – Semi-detached houses by the lake

Asiatic Indahpura – Completed Foon Yew School Hall (left) and dual frontage shopoffices (right)

Elsewhere in Asiatic Permaipura, Kedah, the Division focused its efforts to clear the inventories as the local market there remained slow. For the golf course operations, the Permaipura Golf and Country Club ("PGCC") performed fairly well in spite of competitions from other clubs. PGCC continued its marketing efforts to boost members' patronage and encourage tournament packages to attract more local and foreign golfers to the club during the year under review.

The Group's joint venture project with TPM Technopark Sdn Bhd (formerly Johor Corporation Berhad) i.e. the Sri Gading Industrial Estate, registered a small pre-tax loss of RM0.07 million in 2006 as the nation's industrial sub-sector continued to be beleaguered with issues of an overhang and slowing demand, particularly in Johor.

For the year under review, the Government compulsorily acquired approximately 59.14 hectares of the Group's land for infrastructure and public projects.

Some of the activities organised at Asiatic Indahpura during the year - Asiatic Property and Car Carnival 2006 (top) and Badminton Championship (below)

Participants at the 26th Management Conference

HUMAN RESOURCE

As the Group charts expansion in its business operations in recent years, especially in the plantation sector, its total manpower has also been on a rise from 4,847 five years ago to an enlarged workforce strength of 7,560 at year end. Embodied in the Asiatic Vision that *"…people are the key to achieving the company's vision…",* the philosophy of the Group is to ensure that its human resource is continuously trained and developed, as well as motivated to meet various challenges that are synonymous with growth.Over and above that, the Group also recognises that equal emphasis has to be accorded to attract and retain talent to ensure uninterrupted business growth and sustainability.

To manage the present and future manpower requirements against the supply of available talent in the market, the Group has taken the initiative to organise interviews at the local universities and institutions of higher learning for permanent employment. Another approach adopted by the Group in its recruitment strategy to meet our manpower requirement is to provide industrial training to students from universities and institutions of higher learning and if competent, offered employment within the Group upon their graduation.

Numerous internal and external conferences and programmes were organised for all levels of employees during the year. The 26th Management Conference - "Action Plans To Raise Yield" was held in July 2006 in Chiangmai, Thailand. The conference was attended by directors and senior executives of the Group to share their experiences and strategies on estate and palm oil mill operations and management in order to be competitive in the industry. Later in the year in November, a conference was also organised for assistant managers in Melaka where participants deliberated on ways and means to enhance the Group's operational effectiveness to achieve higher productivity.

With the emphasis on the importance of leadership and team building, the Group continued to send the executives to attend the Outward Bound Schools at Lumut, Perak, and Kinarut, Sabah. In addition, courses and talks of various themes, ranging from self-improvement and motivation, to effective problem solving and decision making were attended by relevant employees.

In its commitment towards maintaining family values and interaction among employees, a company trip to Bukit Merah Laketown Resort, Perak was organised in December 2006.

A total of 74 employees were honoured with the long service awards in recognition of their loyalty and dedicated services to the Group.

Environment Conservation & Sustainable Development

As the Group views that its investment in the plantation business is for the long run, it is therefore crucial that long-term productivity from the estates is sustained.The approach to achieving this is not only with the efficient management of the Group's resources but also lies with the well-being of the environment it operates in. In its efforts to attain high yields and product quality, the Group is constantly striving to promote environmental awareness in its daily activities aimed at conservation and sustainability.

Within our plantations, the Group, in its commitment to environmental conservation and sustainable development, continues its close monitoring to ensure that the good agronomic practices of the Group are observed. It is noteworthy to emphasise that whilst these efforts are an ongoing process, we are also always on the lookout for enhanced innovations or new practices of oil palm operations that can be pursued and adopted. Amongst the various practices adopted by the Group's estates are the zero burning technique in land development and replanting, and establishing legume cover crops and construction of terraces and planting platforms to prevent soil erosion and degradation. Planting of beneficial plants and the erection of nest boxes to facilitate breeding of barn owls are biological and integrated pest management practices that reduce dependency on usage of pesticides. As for the oil mills, in its efforts to reduce the consumption of fossil fuel, mesocarp fibre and palm kernel shells are used as feedstock for power generation and boiler fuel. Empty fruit bunches are also recycled for application in the field whilst palm oil mill effluents are treated to reduce biochemical oxygen demand in finished effluents.

On the international front, the Group is a member of the Roundtable on Sustainable Palm Oil ("RSPO"), which 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.

During the year, the Group continued to work closely with the World Wide Fund for Nature Malaysia ("WWF Malaysia") in their "Partners for Wetlands" programme. The programme which saw its Memorandum of Understanding ("MOU") being renewed in May 2006, subsequent to the earlier MOU's expiry, underlines the Group's care and concern for the environment. Under the new MOU, the Group has

MOU signing ceremony with our partners for the tree planting programme

dedicated a larger area of approximately 86.5 hectares from the previous 55 hectares for the programme which is aimed at, amongst others, the rehabilitation and restoration of riverine and wetland habitats as wildlife sanctuary and conservation of biodiversity.

In addition to this, a total of some 175 hectares of land in our Asiatic Bahagia and Asiatic Tanjung Estates, which were unsuitable for oil palm cultivation, were converted into laudable use. Preserved in their natural state, these areas were turned into wildlife sanctuaries more than 10 years ago, and remain to this day a 'home' to a host of wild animals indigenous to the area, including orang utans, monkeys, and birds of varying species.

Flood-tolerant tree species growing well along the riverine reserve (insert). (Large picture [courtesy of WWF Malaysia] shows areas along Sg Tenegang Besar before initiatives of "Partners for Wetlands")

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
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	4
Mr Quah Chek Tin	3
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	4

(ii) Board Balance

During the financial year, the Board had eight members, two executive Directors and six non-executive Directors. Three of the six non-executive Directors are independent non-executive Directors. The Directors have wide ranging experience and all have occupied or currently occupy senior positions in the public and/or private sectors. The independent non-executive Directors provide a strong independent element on the Board with 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.

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 attended by the Directors in 2006:

- The 2007 Budget
- Action Plans To Raise Yield
- Succession Planning For Success
- The Monaco Experience In Creating a Luxury Destination: Lesson from Europe
- Information Security For Board Members, Directors and Senior Management
- Technology, Entertainment and Design Conference
- IAS 41 : Agriculture
- Financial Reporting Standards
- The Future We Will Change
- Improving Board Directors' Performance, Leadership & Governance
- High Performance Leadership
- Growth, Globalisation, Sustainability - Preserving Core Value

(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 once during the financial year.

Details of the Directors' remuneration are set out on pages 61 and 62 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 Financial Reporting Standards, MASB Approved Accounting Standards for Entities Other Than Private Entities 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 flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 87 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 37 to the financial statements under "Significant Related Party Disclosures" on page 84 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

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2006

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
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	* 5
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

* 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 2006

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 2006;

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 2005; and

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

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 the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Directors ("the Board") hereby acknowledges their responsibilities 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 Asiatic Group of Companies' ("the Group") 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 Group level.

The Risk and Business Continuity Management Committee ("The RBCMC") comprises senior management of the Group and is chaired by the Chief Financial Officer. The RBCMC is tasked with the responsibility for formulating the risk management policy and the review of the system of internal control. The Heads of Divisions and Departments are required to issue a letter of assurance on a semi annual basis to confirm that the risk reports and risk profiles have been reviewed and action plans being implemented are monitored.

The RBCMC meets 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. Reports are then presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board.

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 considers business continuity management as an integral part of the Group's risk management process. In this respect, the Group has commenced implementation of business continuity plans to minimise business disruptions either due to failure of critical IT systems and/or operational process.

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 2006.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company following the completion of the Group Rationalisation Exercise *(See Note 36)* during the financial year. Previously, the Company was 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 38 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, except as disclosed above.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation	220,425	924,285
Taxation	(47,207)	338
Profit for the financial year	173,218	924,623

DIVIDENDS

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

(i) a final dividend of 3.75 sen less 28% tax per ordinary share of 50 sen each amounting to RM20,164,005 in respect of the financial year ended 31 December 2005 was paid on 19 July 2006; and

(ii) an interim dividend of 2.75 sen less 28% tax per ordinary share of 50 sen each amounting to RM14,805,985 in respect of the financial year ended 31 December 2006 was paid on 19 October 2006.

The Directors recommend payment of a final dividend of 4.25 sen less 27% 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 RM23,310,230.

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 4,864,000 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	229,000
145	3,733,000
165	902,000
	4,864,000

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 29 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 *

**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 corporation as set out below:

INTEREST IN THE COMPANY

Shareholdings in the names of Directors	**1.1.2006**	**Acquired/ (Disposed)**	**31.12.2006**
		(Number of ordinary shares of 50 sen each)	
Tan Sri Mohd Amin bin Osman	164,000	577,000	741,000
Dato' Baharuddin bin Musa	813,000	501,000/(768,800)	545,200
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	**1.1.2006**	**Offered/(Exercised)**	**31.12.2006**
		(Number of unissued ordinary shares of 50 sen each)	
Tan Sri Mohd Amin bin Osman	825,000	(577,000)	248,000
Dato' Baharuddin bin Musa	625,000	(501,000)	124,000
Tan Sri Lim Kok Thay	825,000	-	825,000

INTEREST IN GENTING BERHAD, THE ULTIMATE HOLDING COMPANY

Shareholdings in the names of Directors	**1.1.2006**	**Acquired/ (Disposed)**	**31.12.2006**
		(Number of ordinary shares of 50 sen each)	
Tan Sri Mohd Amin bin Osman	134,000	63,000	197,000
Tan Sri Lim Kok Thay	3,433,800	(1,500,000)	1,933,800
Mr Quah Chek Tin	1,000	63,000/(63,000)	1,000

Shareholdings in which the Director is deemed to have an interest	**1.1.2006**	**Acquired/ (Disposed)**	**31.12.2006**
		(Number of ordinary shares of 50 sen each)	
Dato' Baharuddin bin Musa	3,000	-	3,000

Share Option in the names of Directors	1.1.2006	Offered/(Exercised)	31.12.2006
	(Number of unissued ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	374,000	(63,000)	311,000
Tan Sri Lim Kok Thay	1,000,000	-	1,000,000
Mr Quah Chek Tin	374,000	(63,000)	311,000

INTEREST IN RESORTS WORLD BHD, A RELATED COMPANY

Shareholdings in the names of Directors	1.1.2006	Acquired/ (Disposed)	31.12.2006
	(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	1.1.2006	Offered/(Exercised)	31.12.2006
	(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	1.1.2006	Acquired/(Disposed)	31.12.2006
	(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	1.1.2006	Acquired/(Disposed)	31.12.2006
	(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	1.1.2006	Offered/(Exercised)	31.12.2006
	(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 corporation.

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

Tan Sri Mohd Amin bin Osman, Dato' Baharuddin bin Musa 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 35 to 86, 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 2006 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 MASB Approved Accounting Standards for Entities Other Than Private Entities 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
28 February 2007

Income Statements

For The Financial Year Ended 31 December 2006

Amounts in RM'000 unless otherwise stated

	Note(s)	Group		Company	
		2006	2005 Restated	**2006**	2005 Restated
Revenue	*5&6*	**576,578**	522,720	**49,551**	111,132
Cost of sales	*7*	**(309,350)**	(282,885)	**(2,391)**	(31,589)
Gross profit		**267,228**	239,835	**47,160**	79,543
Other income		**15,426**	37,175	**894,220**	88,602
Selling and distribution costs		**(32,095)**	(29,959)	**(360)**	(4,772)
Administration expenses		**(22,420)**	(20,547)	**(16,115)**	(12,664)
Other expenses		**(9,539)**	(12,809)	**(620)**	(3,583)
Profit from operations		**218,600**	213,695	**924,285**	147,126
Share of results in associates		**1,825**	2,761	**-**	-
Profit before taxation	*5,8&9*	**220,425**	216,456	**924,285**	147,126
Taxation	*12*	**(47,207)**	(44,610)	**338**	(16,751)
Profit for the financial year		**173,218**	171,846	**924,623**	130,375
Attributable to:					
Equity holders of the Company		**171,147**	169,797	**924,623**	130,375
Minority interests		**2,071**	2,049	**-**	-
		173,218	171,846	**924,623**	130,375
Earnings per share for profit attributable to the equity holders of the Company:					
- basic (sen)	*13*	**22.91**	22.84		
- diluted (sen)	*13*	**22.69**	22.75		
Gross dividends per share (sen)	*14*	**7.00**	6.25		

The notes set out on pages 44 to 86 form part of these financial statements.

Balance Sheets

As At 31 December 2006

Amounts in RM'000 unless otherwise stated

	Note(s)	Group		Company	
		2006	2005 Restated	**2006**	2005 Restated
ASSETS					
Non-current assets					
Property, plant and equipment	*15*	**616,870**	583,535	**5,687**	133,314
Land held for property development	*16*	**226,253**	225,427	**-**	-
Investment properties	*17*	**10,874**	9,065	**-**	-
Biological assets	*18*	**445,512**	429,712	**-**	91,857
Subsidiaries	*19*	**-**	-	**192,187**	157,187
Associates	*20*	**12,961**	12,864	**2,123**	2,123
Long term investments	*21*	**32,653**	-	**-**	-
Long term receivables	*25*	**5,000**	16,977	**5,000**	16,977
Deferred tax assets	*22*	**5,669**	6,250	**1,033**	345
Current assets					
Property development costs	*16*	**104,134**	111,382	**-**	-
Land held for sale	*23*	**-**	-	**1,290**	-
Inventories	*24*	**114,926**	120,796	**14**	477
Trade and other receivables	*25*	**97,422**	74,329	**22,371**	14,181
Amounts due from subsidiaries	*19*	**-**	-	**1,881,174**	973,426
Amount due from other related companies	*26*	**4**	16	**-**	9
Amounts due from associates	*20*	**1,094**	683	**665**	683
Short term investments	*27*	**121,184**	114,067	**104,651**	92,761
Bank balances and deposits	*28*	**140,179**	65,536	**108,783**	41,807
		578,943	486,809	**2,118,948**	1,123,344
Total assets		**1,934,735**	1,770,639	**2,324,978**	1,525,147
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	*29*	**375,211**	372,779	**375,211**	372,779
Reserves	*30*	**1,382,152**	1,241,560	**1,829,155**	934,444
		1,757,363	1,614,339	**2,204,366**	1,307,223
Minority interests		**11,392**	10,634	**-**	-
Total Equity		**1,768,755**	1,624,973	**2,204,366**	1,307,223
Non-current liabilities					
Other payables	*31*	**17,220**	4,120	**1,628**	4,120
Provision for directors' retirement gratuities	*32*	**5,566**	5,312	**4,303**	4,093
Deferred tax liabilities	*22*	**41,088**	38,865	**5**	745
		63,874	48,297	**5,936**	8,958
Current liabilities					
Trade and other payables	*31*	**94,922**	92,950	**7,350**	10,283
Amount due to ultimate holding company	*26*	**638**	729	**638**	729
Amount due to subsidiaries	*19*	**-**	-	**105,439**	197,479
Amount due to other related companies	*26*	**1,249**	475	**1,249**	475
Taxation		**5,297**	3,215	**-**	-
		102,106	97,369	**114,676**	208,966
Total liabilities		**165,980**	145,666	**120,612**	217,924
Total equity and liabilities		**1,934,735**	1,770,639	**2,324,978**	1,525,147
NET ASSETS PER SHARE (RM)		**2.34**	2.17		

The notes set out on pages 44 to 86 form part of these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2006

Amounts in RM'000 unless otherwise stated

	Attributable to equity holders of the Company								
	Share Capital	Share Premium	Revaluation Reserve	Reserve on Exchange Differences	Option Reserve	Retained Earnings	Total	Minority Interests	Total Equity
Group									
Balance at 1 January 2006									
As previously stated	372,779	28,269	18,115	288	-	1,210,444	1,629,895	10,634	1,640,529
Prior year adjustments *(see Note 3)*	-	-	-	-	-	(15,556)	(15,556)	-	(15,556)
Restated balances	372,779	28,269	18,115	288	-	1,194,888	1,614,339	10,634	1,624,973
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(40)	-	-	40	-	-	-
Net loss not recognised in income statement - exchange difference	-	-	-	(643)	-	-	(643)	-	(643)
Net income/(expense) recognised directly in equity	-	-	(40)	(643)	-	40	(643)	-	(643)
Profit for the financial year	-	-	-	-	-	171,147	171,147	2,071	173,218
Total recognised income and expense for the year	-	-	(40)	(643)	-	171,187	170,504	2,071	172,575
Employees share option scheme									
- Shares issued *(see Note 29)*	2,432	4,679	-	-	-	-	7,111	-	7,111
- Options granted *(see Note 3 and 9)*	-	-	-	-	379	-	379	-	379
Minority interest arising on business combination	-	-	-	-	-	-	-	120	120
Minority interests' share of dividend paid	-	-	-	-	-	-	-	(1,433)	(1,433)
Appropriation:									
- Final dividend paid for financial year ended 31 December 2005 (3.75 sen less 28% tax) *(See Note 14)*	-	-	-	-	-	(20,164)	(20,164)	-	(20,164)
- Interim dividend paid for financial year ended 31 December 2006 (2.75 sen less 28% tax) *(See Note 14)*	-	-	-	-	-	(14,806)	(14,806)	-	(14,806)
	-	-	-	-	-	(34,970)	(34,970)	-	(34,970)
Balance at 31 December 2006	375,211	32,948	18,075	(355)	379	1,331,105	1,757,363	11,392	1,768,755

The notes set out on pages 44 to 86 form part of these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2006 (Cont'd)

Amounts in RM'000 unless otherwise stated

	Attributable to equity holders of the Company							
	Share Capital	**Share Premium**	**Revaluation Reserve**	**Reserve on Exchange Differences**	**Retained Earnings**	**Total**	**Minority Interests**	**Total Equity**
Group								
Balance at 1 January 2005								
As previously stated	371,252	26,153	18,115	290	1,070,736	1,486,546	9,898	1,496,444
Prior year adjustments *(see Note 3)*	-	-	-	-	(13,544)	(13,544)	-	(13,544)
Restated balances	371,252	26,153	18,115	290	1,057,192	1,473,002	9,898	1,482,900
Net loss not recognised in income statement - exchange difference	-	-	-	(2)	-	(2)	-	(2)
Net expense recognised directly in equity	-	-	-	(2)	-	(2)	-	(2)
Profit for the financial year	-	-	-	-	169,797	169,797	2,049	171,846
Total recognised income and expense for the year	-	-	-	(2)	169,797	169,795	2,049	171,844
Issue of shares *(see Note 29)*	1,527	2,116	-	-	-	3,643	-	3,643
Minority interests' share of dividend paid	-	-	-	-	-	-	(1,313)	(1,313)
Appropriation:								
- Final dividend paid for financial year ended 31 December 2004 (3.5 sen less 28% tax)	-	-	-	-	(18,716)	(18,716)	-	(18,716)
- Interim dividend paid for financial year ended 31 December 2005 (2.5 sen less 28% tax) *(See Note 14)*	-	-	-	-	(13,385)	(13,385)	-	(13,385)
	-	-	-	-	(32,101)	(32,101)	-	(32,101)
Balance at 31 December 2005	372,779	28,269	18,115	288	1,194,888	1,614,339	10,634	1,624,973

Statements of Changes in Equity

For The Financial Year Ended 31 December 2006 (Cont'd)

Amounts in RM'000 unless otherwise stated

		Non-Distributable			*Distributable*	
	Share Capital	**Share Premium**	**Revaluation Reserve**	**Option Reserve**	**Retained Earnings**	**Total**
Company						
Balance at 1 January 2006						
As previously stated	372,779	28,269	26,613	-	879,624	1,307,285
Prior year adjustments *(see Note 3)*	-	-	-	-	(62)	(62)
Restated balances	372,779	28,269	26,613	-	879,562	1,307,223
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(26,509)	-	26,509	-
Net expense recognised directly in equity	-	-	(26,509)	-	26,509	-
Profit for the financial year	-	-	-	-	924,623	924,623
Total recognised income and expense for the year	-	-	(26,509)	-	951,132	924,623
Employees share option scheme						
- Shares issued *(see Note 29)*	2,432	4,679	-	-	-	7,111
- Option granted *(see Note 3 and 9)*	-	-	-	379	-	379
Appropriation:						
- Final dividend paid for financial year ended 31 December 2005 (3.75 sen less 28% tax) *(See Note 14)*	-	-	-	-	(20,164)	(20,164)
- Interim dividend paid for financial year ended 31 December 2006 (2.75 sen less 28% tax) *(See Note 14)*	-	-	-	-	(14,806)	(14,806)
	-	-	-	-	(34,970)	(34,970)
Balance at 31 December 2006	375,211	32,948	104	379	1,795,724	2,204,366

The notes set out on pages 44 to 86 form part of these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2006 (Cont'd)

Amounts in RM'000 unless otherwise stated

		Non-Distributable		*Distributable*	
	Share Capital	**Share Premium**	**Revaluation Reserve**	**Retained Earnings**	**Total**
Company					
Balance at 1 January 2005					
As previously stated	371,252	26,153	26,613	781,340	1,205,358
Prior year adjustments *(See Note 3)*	-	-	-	(52)	(52)
Restated balances	371,252	26,153	26,613	781,288	1,205,306
Profit for the financial year	-	-	-	130,375	130,375
Issue of shares *(see Note 29)*	1,527	2,116	-	-	3,643
Appropriation:					
- Final dividend paid for financial year ended 31 December 2004 (3.5 sen less 28% tax)	-	-	-	(18,716)	(18,716)
- Interim dividend paid for financial year ended 31 December 2005 (2.5 sen less 28% tax) *(See Note 14)*	-	-	-	(13,385)	(13,385)
	-	-	-	(32,101)	(32,101)
Balance at 31 December 2005	372,779	28,269	26,613	879,562	1,307,223

The notes set out on pages 44 to 86 form part of these financial statements.

Cash Flow Statements

For The Financial Year Ended 31 December 2006

Amounts in RM'000 unless otherwise stated

	Note(s)	Group		Company	
		2006	2005 Restated	**2006**	2005 Restated
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**220,425**	216,456	**924,285**	147,126
Adjustments for:					
Depreciation of property, plant and equipment		**18,619**	17,338	**345**	1,731
Depreciation of investment properties		**320**	450	**-**	-
Amortisation of biological assets		**7**	8	**-**	-
Property, plant and equipment written off		**508**	470	**4**	17
Bad debts written off		**849**	483	**-**	-
Provision for Directors' retirement gratuities		**254**	160	**210**	147
Allowance for doubtful debts		**106**	56	**-**	-
Gain on disposal of property, plant and equipment		**(83)**	(182)	**(21)**	(104)
Share-based payment expenses		**379**	-	**141**	-
Share of results in associates		**(1,825)**	(2,761)	**-**	-
Interest income		**(7,387)**	(3,981)	**(6,041)**	(2,719)
Net surplus arising from compensation in respect of freehold land acquired by the Government		**(1,770)**	(25,797)	**(1,770)**	(25,797)
Dividend income		**-**	-	**(26,320)**	(16,792)
Gain arising from Group Rationalisation Exercise		**-**	-	**(884,934)**	(57,821)
		9,977	(13,756)	**(918,386)**	(101,338)
Operating profit before changes in working capital		**230,402**	202,700	**5,899**	45,788
Property development costs		**15,047**	9,602	**-**	-
Inventories		**5,870**	(7,972)	**463**	1,785
Receivables		**(12,098)**	(10,191)	**2,659**	1,835
Amounts due from associates		**(411)**	35	**18**	35
Payables		**(14,419)**	(4,442)	**(5,314)**	(6,032)
Amounts due to ultimate holding company		**(91)**	4	**(91)**	4
Amounts due to other related companies		**786**	(333)	**783**	(326)
Amounts due from subsidiaries		**-**	-	**(16,797)**	(47,787)
		(5,316)	(13,297)	**(18,279)**	(50,486)
Cash generated from operations		**225,086**	189,403	**(12,380)**	(4,698)
Tax paid (net of tax refund)		**(53,983)**	(55,909)	**(7,257)**	(16,382)
Retirement gratuities paid		**-**	(66)	**-**	(66)
		(53,983)	(55,975)	**(7,257)**	(16,448)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**171,103**	133,428	**(19,637)**	(21,146)

The notes set out on pages 44 to 86 form part of these financial statements.

Cash Flow Statements

For The Financial Year Ended 31 December 2006 (Cont'd)

Amounts in RM'000 unless otherwise stated

	Note(s)	Group		Company	
		2006	2005 Restated	**2006**	2005 Restated
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds received from Government in respect of acquisition of freehold land and plantation		**12,455**	8,925	**12,455**	8,925
Interest received		**7,387**	3,981	**6,041**	2,719
Dividends received from:					
- subsidiaries		**-**	-	**19,910**	10,274
- associates		**1,728**	1,816	**1,728**	1,816
Repayments from associates		**1,977**	2,941	**1,977**	2,941
Proceeds from disposal of property, plant and equipment		**129**	185	**43**	132
Land held for property development		**(2,874)**	(2,014)	**-**	-
Purchase of property, plant and equipment		**(36,350)**	(29,803)	**(1,519)**	(4,155)
Purchase of investment properties		**(772)**	(3,871)	**-**	-
Acquisition of a subsidiary	*(a)*	**1,042**	-	**-**	-
Purchase of long term investments		**(32,653)**	-	**-**	-
Purchase of biological assets		**(12,120)**	(14,822)	**-**	(307)
Advances to subsidiaries		**-**	-	**(16,471)**	(42,298)
Repayments from subsidiaries		**-**	-	**102,198**	137,855
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(60,051)**	(32,662)	**126,362**	117,902
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares *(see Note 29)*		**7,111**	3,643	**7,111**	3,643
Dividends paid		**(34,970)**	(32,101)	**(34,970)**	(32,101)
Dividends paid to minority shareholders		**(1,433)**	(1,313)	**-**	-
NET CASH USED IN FINANCING ACTIVITIES		**(29,292)**	(29,771)	**(27,859)**	(28,458)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**81,760**	70,995	**78,866**	68,298
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**179,603**	108,608	**134,568**	66,270
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	*(b)*	**261,363**	179,603	**213,434**	134,568

The notes set out on pages 44 to 86 form part of these financial statements.

Cash Flow Statements

For The Financial Year Ended 31 December 2006 (Cont'd)

Amounts in RM'000 unless otherwise stated

Notes

		Group
(a)	**Analysis of the acquisition of a subsidiary in 2006**	**2006**
	Net assets acquired at the date of acquisition:	
	Property, plant and equipment	**(18,322)**
	Biological assets	**(2,960)**
	Trade and other receivables	**(288)**
	Bank balances and deposits	**(1,321)**
	Trade and other payables	**6,900**
	Long term payable	**15,592**
	Minority interests	**120**
	Total purchase consideration discharged by cash	**(279)**
	Less: Bank balances and deposits of subsidiary acquired	**1,321**
	Net cash inflow on acquisition of subsidiary	**1,042**

(b) **Analysis of cash and cash equivalents**

	Group		Company	
	2006	2005	**2006**	2005
Short term investments *(see Note 27)*	**121,184**	114,067	**104,651**	92,761
Bank balances and deposits *(see Note 28)*	**140,179**	65,536	**108,783**	41,807
	261,363	179,603	**213,434**	134,568

Included in the above bank balances and deposits for the Group is an amount of RM12.7 million *(2005 : RM14.3 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 2006

Amounts in RM'000 unless otherwise stated

1. PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company following the completion of the Group Rationalisation Exercise *(See Note 36)*. Previously, the Company was 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 38 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, except as disclosed above.

2. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with and comply with Financial Reporting Standards, Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards for Entities Other Than Private Entities in Malaysia and the provisions of the Companies Act, 1965. The bases of measurement applied to assets and liabilities include cost, amortised cost, lower of cost and net realisable value, revalued amount and fair value.

The preparation of financial statements in conformity with Financial Reporting Standards 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. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these judgments and estimates are based on Directors' best knowledge of current events and actions, actual results could differ from those estimates.

Judgments and estimations

In the process of applying the Group's accounting policies, management makes judgments that can significantly affect the amount recognised in the financial statements. These judgments include:

i) Income taxes

The Group is subject to income taxes in jurisdictions in which the Group operates. Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new Financial Reporting Standards

Accounting policies adopted by the Group and the Company have been applied consistently in dealing with items that are considered material in relation to the financial statements, unless otherwise stated. The following new and revised Financial Reporting Standards ("FRSs") that are relevant to the Group have been adopted during the financial year:

FRS 2 Share-based Payment
FRS 3 Business Combinations
FRS 5 Non-Current Assets Held for Sale and Discontinued Operations
FRS 101 Presentation of Financial Statements
FRS 102 Inventories
FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110 Events after the Balance Sheet Date

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FRS 116 Property, Plant and Equipment

FRS 121 The Effects of Changes in Foreign Exchange Rates

FRS 127 Consolidated and Separate Financial Statements

FRS 128 Investments in Associates

FRS 132 Financial Instruments: Disclosure and Presentation

FRS 133 Earnings Per Share

FRS 136 Impairment of Assets

FRS 138 Intangible Assets

FRS 140 Investment Property

The adoption of the above FRSs did not result in substantial changes to the Group's accounting policies other than the effects of the following FRSs which have been highlighted in the section on changes in accounting policies:

FRS 2 Share-based Payment

FRS 101 Presentation of Financial Statements

FRS 140 Investment Property

Standards that are not yet effective and have not been early adopted:

FRS 117 Leases *(effective for accounting periods beginning on or after 1 October 2006)*

FRS 124 Related Party Disclosures *(effective for accounting periods beginning on or after 1 October 2006)*

FRS 139 Financial Instruments : Recognition and Measurement *(effective date has yet to be determined)*

Amendments to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures *(effective for accounting periods beginning on or after 1 January 2007)*

The Standard that is not yet effective and also not relevant for the Group's operation is:

FRS 6 Exploration for and Evaluation of Mineral Resources *(effective for accounting periods beginning on or after 1 January 2007)*

FRS 6 is not relevant to the Group's operations as the Group does not carry out any business in relation to exploration for and evaluation of mineral resources.

Changes in Accounting Policies

The principal effects of the changes in accounting policies resulting from the adoption of the above FRSs by the Group are as follows:

i) FRS 2 : Share-based Payment

An entity is required to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan, where share options are issued to its eligible Executives and Executive Directors.

Prior to 1 January 2006, no compensation expense was recognised in the income statement for share options granted. Effective from 1 January 2006, with the adoption of FRS 2, the fair value of employee services rendered in exchange for the grant of the share options is recognised as an expense over the vesting period. The fair value is measured by the use of an actuarial trinomial model. The total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each share option granted at the grant date and the estimated number of share options vested by vesting date, with a corresponding increase in equity. Before the end of the vesting period, at each balance sheet date, the respective companies will revise its estimates of the number of share options that are

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) FRS 2 : Share-based Payment (Cont'd)

expected to be vested at the vesting date and it recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement is made. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account when the share options are exercised.

The Group has adopted the transitional provision of FRS 2 to recognise as an expense in the income statement only share options that were granted after 31 December 2004 and not yet vested on 1 January 2006. The effect to the Group and Company arising from the adoption of FRS 2 is as follows:

	Financial year ended 31 December 2006	
	Group RM'000	Company RM'000
Increase in cost of sales	171	-
Increase in administrative expenses	208	137
Increase in other expenses	-	4
Increase in option reserve	379	379
Increase in amount due from subsidiaries	-	238

ii) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of results in associates, biological assets and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity where it requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Share of results in associates is now disclosed net of tax and minority interests in the consolidated income statement.

Planting and development expenditure which was previously classified under property, plant and equipment is now disclosed separately in the consolidated balance sheet as biological assets. The Group maintains its existing accounting policy on biological assets and will comply with the provisions of MASB Exposure Draft 50 : Agriculture, the equivalent of International Accounting Standard 41, once it becomes effective for application in Malaysia. The current financial year's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with comparatives restated to conform with the current financial year's presentation.

In line with the requirements of FRS 101, roads and bridges previously classified under land, planting and development expenditure have been separately categorised as land improvements and depreciated over its useful life. Accordingly, the timing effects on taxation arising from utilisation of capital allowances and depreciation for roads and bridges were quantified. Where the impact has retrospective effect on prior years, the comparatives have been restated.

The effect to the Group and Company arising from the adoption of FRS 101 is set out below:

	Group		Company	
	As at 1.1.2006 RM'000	As at 31.12.2006 RM'000	As at 1.1.2006 RM'000	As at 31.12.2006 RM'000
Increase in biological assets	429,712	445,512	91,857	-
Decrease in property, plant and equipment	(429,712)	(445,512)	(91,857)	-
Increase/(decrease) in deferred tax liabilities	15,556	3,532	62	(62)
Increase/(decrease) in retained earnings	(15,556)	(3,532)	(62)	62

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ii) FRS 101 : Presentation of Financial Statements (Cont'd)

	Group		Company	
	Financial year ended		Financial year ended	
	31.12.2006 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.12.2005 RM'000
Increase in cost of sales	1,380	-	-	-
Decrease in share of results in associates	-	(1,077)	-	-
Increase/(decrease) in taxation	3,532	935	(62)	10
Increase/(decrease) in profit for the year	(4,912)	37	62	(10)

iii) FRS 140 : Investment Property

The Group adopted the cost model to measure all its investment properties. Under the cost model, investment property is measured at depreciated cost less any accumulated impairment losses.

Investment property previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets. In line with the revised requirements of FRS 101, the comparative is restated to conform with the current financial year's presentation. The effect to the Group arising from the adoption of FRS 140 is as follows:

	As at 1.1.2006 RM'000	As at 31.12.2006 RM'000
Increase in investment properties	9,065	10,874
Decrease in property, plant and equipment	(9,065)	(10,874)

Comparatives and Prior Year Adjustments

The effects to the Group's comparative figures on adoption of the above FRSs are as follows:

RM'000	As previously stated	Effects on adoption of FRSs	As restated
Group			
At 1 January 2006			
Property, plant and equipment	1,022,312	(438,777)	583,535
Investment properties	-	9,065	9,065
Biological assets	-	429,712	429,712
Deferred tax liabilities	23,309	15,556	38,865
Retained earnings	1,210,444	(15,556)	1,194,888
At 1 January 2005			
Deferred tax liabilities	27,395	13,544	40,939
Retained earnings	1,070,736	(13,544)	1,057,192
Financial year ended 31 December 2005			
Share of results in associates	3,838	(1,077)	2,761
Profit before taxation	217,533	(1,077)	216,456
Taxation	(43,675)	(935)	(44,610)
Profit for the year	171,809	37	171,846
Company			
At 1 January 2006			
Property, plant and equipment	225,171	(91,857)	133,314
Biological assets	-	91,857	91,857
Deferred tax assets	407	(62)	345
Retained earnings	879,624	(62)	879,562

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Comparatives and Prior Year Adjustment (Cont'd)

RM'000	As previously stated	Effects on adoption of FRSs	As restated
Company			
At 1 January 2005			
Deferred tax liabilities	1,401	52	1,453
Retained earnings	781,340	(52)	781,288
Financial year ended 31 December 2005			
Taxation	(16,741)	(10)	(16,751)
Profit for the year	130,385	(10)	130,375

The above restatement of the Group's reserves at the beginning of the year has the effect of reducing the Net Assets per share as at 31 December 2005 from RM2.19 as previously reported to RM2.17.

The above adjustments to the Income Statement has the effect of reducing the earnings per share of the Group as follows:

	Financial year ended 31 December 2005	
	As previously reported	**Restated**
Basic earnings per share (sen)	23.12	22.84
Diluted earnings per share (sen)	23.02	22.75

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 that control ceases. Subsidiaries are consolidated using the purchase 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill. See accounting policy note on treatment of goodwill.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition and prior to 1 January 2006, the negative goodwill is credited to retained earnings in the year of acquisition. Negative goodwill arising from new acquisition, on or after 1 January 2006, is recognised directly in the income statement.

All material intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation (Cont'd)

***a) Subsidiaries* (Cont'd)**

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) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

c) 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.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. 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.

The Group's investment in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

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.

Where necessary, in applying the equity method, adjustments have been made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Property, Plant and Equipment

Property, plant and equipment are tangible items that:

i) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

ii) are expected to be used during more than one period.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for certain properties which were revalued before 1998. In accordance with the transitional provision allowed by MASB upon first adoption of IAS 16, 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.

Cost includes expenditure that is directly attributable to the acquisition of the items.

The depreciable amount of an item of property, plant and equipment is determined as the difference between the cost less its residual value. The residual value is the estimated amount that the Group expects to obtain from disposal of the asset, after deducting the estimated cost to disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant and Equipment (Cont'd)

Freehold land and capital work-in-progress are not depreciated. Leasehold properties are amortised equally over their respective periods of lease. The Group depreciates other assets based on their consumption pattern and is applied separately to each significant component.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:-

	Years
Leasehold land	20 to 99
Land improvements	50
Buildings and improvements	20 - 50
Plant and machinery	4 - 10
Motor vehicles	5
Furniture, fittings and equipment	3 - 10

The assets' residual values and useful lives are reviewed annually and revised if appropriate.

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 amounts and are included in income statement. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

Investment Properties

Investment properties consist of investments in land and buildings that are held for long-term rental yield and/or capital appreciation and are not occupied by the Group.

Investment in freehold land is stated at cost. Other investment properties are stated at cost, less accumulated depreciation and impairment losses. Depreciation for other investment properties is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:-

	Years
Buildings and improvements	5 - 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.

Gain and losses on disposal are determined by comparing net disposal proceeds with carrying amount and are included in the income statement.

Biological assets

Biological assets comprise cost of planting and development on oil palm and other plantation crops, which were previously classified under property, plant and equipment, and are now reclassified as biological assets in accordance with FRS 101.

Cost of new planting and development of plantation crops are capitalised from the stage of land clearing up to the stage of maturity. The cost of new planting capitalised is not amortised. However, where the cost of new planting is incurred on leasehold land which has unexpired period shorter than the crop's economic life, the cost 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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}, 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.

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 and property development costs on the development units sold are recognised as an expense 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

Investments in non-current investments other than investments in subsidiaries and associates are stated at cost. 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. Market value is calculated by reference to quoted selling prices at the close of business on the balance sheet date. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiaries at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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.

Non-Current Assets Classified as Assets Held for Sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than a continuing use.

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 to the income statement during 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.

Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets or liabilities with another entity that are potentially unfavourable to the issuer.

Incremental costs directly attributable to the issue of new shares, options or for the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the option are exercised.

Borrowing

Borrowings are recognised initially based on the proceeds received.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Borrowing (Cont'd)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Impairment of Non-Financial Assets

The carrying values of assets, with the exception of inventories, assets arising from construction contracts, deferred tax assets and financial assets (excluding investments in subsidiaries and associates), 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.

Irrespective of whether there is any indication of impairment, the Group also:

a) tests intangible assets with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amount.

b) tests goodwill acquired in a business combination for impairment annually.

Impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell 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 cash generating unit.

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.

Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements, except in a business combination. 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.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where the fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provision of FRS 137_{2004} and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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, using liability method, on 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 profit 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 that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

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.

c) Long-term employee benefits

Long-term employee benefits include retirement gratuities payable to 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee Benefits (Cont'd)

d) Share-based compensation benefits

The Company operates an equity settled, share based compensation plan i.e. the Asiatic Executive Share Option Scheme since 1 September 2000, where share options are issued to eligible Executives and Executive Directors of the Group.

The fair value of employees' services rendered in exchange for the grant of the share options is recognised as an expense over the vesting period. The total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each share option granted at the grant date and the number of share options vested by vesting date, with a corresponding increase in equity (option reserve). At each balance sheet date, the Group will revise its estimates of the number of share options that are expected to become exercisable. The option reserves in respect of options which have been lapsed are transferred to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Income Recognition

a) Revenue

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

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

Management fees are recognised on accrual basis. Dividend income is recognised when the right to receive payment is established.

b) Other Income

Other income comprising interest income, rental income and golf club memberships fees are recognised on accrual basis.

Dividends

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

Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, non-monetary items are translated at balance sheet date using historical rates or rates prevailing when the fair value of the assets are determined. Monetary items are translated at the closing rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at the closing rate are recognised in the income statement. However, the exchange differences arising on monetary items that form part of the net investment in the foreign operations are recognised directly in equity in the consolidated financial statements until the disposal of the foreign operations in which case they are recognised as gain or loss in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Group companies

On consolidation, the results and financial position of all the Group's entities which have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows :-

(i) assets and liabilities, including goodwill and fair value adjustments arising from business combinations completed on/after 1 January 2006, for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

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.

Segmental Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group adopts business segment analysis as its primary reporting format. No geographical segment analysis is reported as the Group's overseas operations is immaterial and all 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.

Foreign Currency Exchange Risks

The Group is exposed to foreign currency exchange risk when subsidiaries enter into transactions that are not denominated in their functional currencies. The Group attempts to significantly limit its exposure for committed transactions by entering into forward foreign currency exchange contracts within the constraints of market and government regulations.

5. SEGMENT ANALYSIS

	Plantation		Property		Other		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenue - external	**486,041**	441,879	**90,537**	80,841	**-**	-	**576,578**	522,720
Segment profit	**195,198**	173,192	**12,948**	8,722	**1,297**	2,003	**209,443**	183,917
Interest income							**7,387**	3,981
Net surplus arising from disposals of freehold land and plantation	**1,770**	25,797	**-**	-	**-**	-	**1,770**	25,797
Share of results in associates	**1,890**	2,189	**(65)**	572	**-**	-	**1,825**	2,761
Profit before taxation							**220,425**	216,456
Taxation							**(47,207)**	(44,610)
Profit for the financial year							**173,218**	171,846
Other information:								
i) Assets								
a) Segment assets	**1,148,460**	1,059,844	**501,833**	511,157	**1,862**	1,867	**1,652,155**	1,572,868
b) Associates	**10,101**	9,939	**2,885**	2,956	**(25)**	(31)	**12,961**	12,864
c) Interest bearing instruments							**249,867**	176,206
d) Unallocated corporate assets							**19,752**	8,701
Total assets							**1,934,735**	1,770,639
ii) Liabilities								
a) Segment liabilities	**72,290**	49,631	**45,313**	52,655	**105**	95	**117,708**	102,381
b) Unallocated corporate liabilities							**48,272**	43,285
Total liabilities							**165,980**	145,666
iii) Other disclosures								
a) Capital expenditure incurred*	**69,602**	45,985	**3,025**	6,212	**-**	-	**72,627**	52,197
b) Depreciation and amortisation charged*	**17,917**	16,445	**1,029**	1,351	**-**	-	**18,946**	17,796

** Includes capital expenditure in respect of property, plant and equipment, investment properties and biological assets.*

The segment analysis is organised as follows:

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

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	
	2006	2005	**2006**	2005
Sale of goods:				
Sale of plantation produce	**486,041**	441,879	**6,434**	93,074
Sale of development properties	**89,542**	79,836	**-**	-
Rendering of services:				
Revenue from golf course operations	**995**	1,005	**-**	-
Fee from management services*	**-**	-	**16,797**	1,266
Investment Income*	**-**	-	**26,320**	16,792
	576,578	522,720	**49,551**	111,132

** In the current financial year, fee from management services and investment income of the Company have been categorised as part of revenue in line with the Company's change in principal activities as indicated in Note 1. Accordingly, the comparatives for the prior financial year have been reclassified from other income.*

7. COST OF SALES

	Group		Company	
	2006	2005	**2006**	2005
Cost of inventories recognised as an expense				
- Plantation produce	**240,870**	224,245	**2,391**	31,589
- Development properties	**66,959**	57,124	**-**	-
Cost of services recognised as an expense	**1,521**	1,516	**-**	-
	309,350	282,885	**2,391**	31,589

8. PROFIT BEFORE TAXATION

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

	Group		Company	
	2006	2005	**2006**	2005
Charges:				
Depreciation of property, plant and equipment	**18,619**	17,338	**345**	1,731
Depreciation of investment properties	**320**	450	**-**	-
Amortisation of biological assets	**7**	8	**-**	-
Replanting expenditure	**3,836**	3,706	**112**	2,729
Directors' remuneration excluding estimated money value of benefits-in-kind *(see Note 10)*	**2,607**	2,311	**2,181**	1,930
Charges payable to related companies:				
- Rental of premises	**914**	885	**792**	767
- Shared services fee	**535**	570	**535**	570
- Hire of equipment	**769**	210	**769**	210
Property, plant and equipment written off	**508**	470	**4**	17
Shared services fee payable to ultimate holding company	**628**	716	**628**	716

8. PROFIT BEFORE TAXATION (Cont'd)

Profit before taxation has been determined after inclusion of the following charges and credits (Cont'd):

	Group		Company	
	2006	2005	**2006**	2005
Bad debts written off	**849**	483	**-**	-
Allowance for doubtful debts	**106**	56	**-**	-
Auditors' remuneration *(see Note 11)*	**195**	154	**50**	60
Rental of land paid to a subsidiary	**-**	-	**-**	499
Employee benefits expense *(see Note 9)*	**65,931**	55,111	**12,873**	16,787
Repair and maintenance				
- property, plant and equipment	**8,809**	8,948	**442**	367
- investment properties	**16**	74	**-**	-
Transportation costs	**26,918**	24,199	**360**	4,772
Utilities	**2,931**	2,735	**-**	-
Raw materials and consumables	**99,861**	89,879	**-**	-
Credits:				
Net surplus and additional compensation arising from acquisition of freehold land and plantation	**1,770**	25,797	**1,770**	25,797
Gain arising from Group rationalisation exercise *(see Note 36)*	**-**	-	**884,934**	57,821
Interest income	**7,387**	3,981	**6,041**	2,719
Income from associates				
- Gross dividend	**-**	-	**2,400**	2,522
- Management fee	**991**	1,131	**-**	-
Rental income	**1,321**	1,028	**295**	435
Gain on disposal of property, plant and equipment	**83**	182	**21**	104
Rental income from related companies	**67**	67	**-**	-
Income from subsidiaries				
- Gross dividend	**-**	-	**23,920**	14,270
- Management fee	**-**	-	**16,797**	1,266
Non statutory audit fee payable to auditors *(see Note 11)*	**192**	46	**145**	5

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2006	2005	**2006**	2005
Wages, salaries and bonuses	**54,461**	45,841	**9,893**	12,506
Defined contribution plans	**3,790**	3,252	**1,271**	1,773
Provision for retirement gratuities	**254**	160	**210**	147
Share-based payments	**379**	-	**141**	-
Other short term employee benefits	**7,047**	5,858	**1,358**	2,361
	65,931	55,111	**12,873**	16,787

Employee benefits expense, as shown above, include the remuneration of Executive Directors.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2006	2005	**2006**	2005
Non-Executive Directors *				
- Fees	**301**	195	**301**	195
- Salaries and bonuses	**336**	325	**-**	-
- Defined contribution plan	**40**	39	**-**	-
- Provision for retirement gratuities	**44**	79	**-**	66
	721	638	**301**	261
Executive Directors				
- Fees	**90**	65	**84**	60
- Salaries and bonuses	**1,381**	1,334	**1,381**	1,335
- Defined contribution plan	**205**	193	**205**	193
- Provision for retirement gratuities	**210**	81	**210**	81
	1,886	1,673	**1,880**	1,669
Directors' remuneration excluding estimated money value of benefits-in-kind *(see Note 8)*	**2,607**	2,311	**2,181**	1,930
Estimated money value of benefits-in-kind (not charged to the income statements):				
Non-Executive Directors	**11**	11	**-**	-
Executive Directors	**20**	33	**20**	33
	31	44	**20**	33
	2,638	2,355	**2,201**	1,963

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

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

			2006	2005
			Number	
Amounts in RM'000				
Non-Executive Directors				
0	-	50	**2**	5
50	-	100	**3**	1
450	-	500	**1**	1
Executive Directors				
300	-	350	**-**	1
350	-	400	**1**	-
1,350	-	1,400	**-**	1
1,500	-	1,550	**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 29. The unissued shares under the Scheme in respect of Directors are as follows:

Date granted	Exercisable period	Subscription price (sen/share)	Number of shares: At 1 January '000	Offered and Accepted '000	Exercised/ relinquished/ lapsed '000	At 31 December '000
Financial year ended 31.12.2006:						
2.9.2002	2.9.2005 - 31.8.2010	145	**1,531**	**-**	**(954)**	**577**
1.12.2003	1.12.2006 - 31.8.2010	165	**744**	**-**	**(124)**	**620**
			2,275	**-**	**(1,078)**	**1,197**
Financial year ended 31.12.2005:						
11.11.2000	11.11.2003 - 31.8.2010	92	200	-	(200)	-
2.9.2002	2.9.2005 - 31.8.2010	145	1,531	-	-	1,531
1.12.2003	1.12.2006 - 31.8.2010	165	744	-	-	744
			2,475	-	(200)	2,275

	2006 '000	2005 '000
Number of share options vested at balance sheet date	**825**	766

Details relating to options exercised by two Directors during the financial year are as follows :-

Exercise Date	Fair values of shares at share issue date (sen/share)	Subscription price (sen/share)	Number of shares Issued 2006 '000	2005 '000
September 2005	193	92	**-**	200
May 2006	308 - 346	145	**228**	-
November 2006	378 - 382	145	**666**	-
December 2006	428	165	**124**	-
			1,078	200

	2006	2005
Ordinary share capital - at par	**539**	100
Share premium	**1,049**	84
Proceeds received on exercise of share options	**1,588**	184
Fair value at exercise date of shares issued	**3,960**	386

11. AUDITORS' REMUNERATION

	Group		Company	
Payable to:	**2006**	2005	**2006**	2005
PricewaterhouseCoopers Malaysia*				
Statutory audit	**195**	147	**50**	60
Fees for other services:				
- review of quarterly results and due diligence audit	**192**	46	**145**	5
	387	193	**195**	65
Other member firms of PricewaterhouseCoopers International Limited*				
Statutory audit	**-**	7	**-**	-
Total Remuneration *(See Note 8)*	**387**	200	**195**	65

* *PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.*

12. TAXATION

	Group		Company	
	2006	2005	**2006**	2005
Current taxation charge:				
Malaysian income tax charge	**44,059**	47,540	**1,129**	17,375
Deferred tax charge/(reversal) *(See Note 22)*	**2,849**	(283)	**(1,428)**	(1,269)
	46,908	47,257	**(299)**	16,106
Prior years' taxation:				
Income tax under/(over) provided	**344**	3,606	**(39)**	(136)
Deferred tax (over)/under provided *(See Note 22)*	**(45)**	(6,253)	**-**	781
	47,207	44,610	**(338)**	16,751

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

	Group		Company	
	2006	2005	**2006**	2005
	%	%	**%**	%
Malaysian tax rate	**28.0**	28.0	**28.0**	28.0
Tax effects of:				
- expenses not deductible for tax purposes	**2.5**	0.3	**-**	0.2
- income not subject to tax	**(0.4)**	(3.6)	**(26.9)**	(16.0)
- previously unrecognised tax losses	**-**	(0.1)	**-**	-
- tax incentives	**(7.8)**	(2.9)	**(1.1)**	-
- over/(under) provision in prior financial years	**0.1**	(1.2)	**-**	0.4
- others	**(1.0)**	0.1	**(0.1)**	(1.2)
Average effective tax rate	**21.4**	20.6	**(0.1)**	11.4

12. TAXATION (cont'd)

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 *(2005: 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 and tax incentive on an investment made by the Company during the financial year amounted to RM3,000 *(2005: RM122,000)* and RM9,800,000 *(2005: Nil)* respectively.

13. EARNINGS PER SHARE

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

	Group	
	2006	2005
a) Basic earnings per share		
Profit for the financial year	**171,147**	169,797
Weighted number of ordinary shares in issue	**747,106,923**	743,274,803
Basic earnings per share *(sen)*	**22.91**	22.84
b) Diluted earnings per share		
Profit for the financial year	**171,147**	169,797
Adjusted weighted average number of ordinary shares in issue:		
Weighted number of ordinary shares in issue	**747,106,923**	743,274,803
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	**7,050,331**	2,970,541
	754,157,254	746,245,344
Diluted earnings per share *(sen)*	**22.69**	22.75

14. DIVIDENDS

	Group and Company	
	2006	2005
Interim paid - 2.75 sen less 28% tax *(2005 : 2.5 sen less 28% tax)* per ordinary share of 50 sen each.	**14,806**	13,385
Proposed final - 4.25 sen less 27% tax *(2005 : 3.75 sen less 28% tax)* per ordinary share of 50 sen each.	**23,310**	20,134
Additional final dividends paid in respect of previous financial year due to issue of shares pursuant to the Asiatic Executive Share Option Scheme	**-**	30
	23,310	20,164
	38,116	33,549

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006 of 4.25 sen less 27% tax *(2005 : 3.75 sen less 28% tax)* per ordinary share of 50 sen each amounting to RM 23.3 million *(2005 : RM20.1 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.

15. PROPERTY, PLANT AND EQUIPMENT

2006 Group	Freehold land and improvements	Long leasehold land and improvements	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
At cost/valuation:								
At 1 January 2006	250,706	656,206	105,683	139,394	7,626	9,950	5,329	1,174,894
Effects of adoption of:								
- FRS 101	(101,980)	(327,743)	-	-	-	-	-	(429,723)
- FRS 140	-	-	(10,316)	(1,207)	-	(170)	-	(11,693)
Restated at 1 January 2006	148,726	328,463	95,367	138,187	7,626	9,780	5,329	733,478
Additions	1,757	18,524	772	5,991	2,131	735	7,546	37,456
Disposals	(415)	-	-	-	(500)	(39)	-	(954)
Written off	-	(19)	(556)	(2,360)	(16)	(257)	-	(3,208)
Assets of subsidiary acquired	-	16,693	73	1,068	-	488	-	18,322
Reclassifications	-	405	1,450	1,094	-	91	(3,040)	-
Reclassifications to investment properties	-	-	-	-	-	-	(1,357)	(1,357)
End of the financial year	150,068	364,066	97,106	143,980	9,241	10,798	8,478	783,737
Accumulated depreciation:								
At 1 January 2006	-	(17,957)	(37,471)	(84,251)	(5,608)	(7,295)	-	(152,582)
Effects of adoption of:								
- FRS 101	-	11	-	-	-	-	-	11
- FRS 140	-	-	1,961	648	-	19	-	2,628
Restated at 1 January 2006	-	(17,946)	(35,510)	(83,603)	(5,608)	(7,276)	-	(149,943)
Depreciation for the financial year:								
- Charged to income statement	(6)	(3,502)	(2,379)	(12,005)	(45)	(682)	-	(18,619)
- Capitalised under biological assets	-	(997)	(89)	(314)	(76)	(22)	-	(1,498)
Disposals	-	-	-	-	455	38	-	493
Written off	-	3	377	2,071	11	238	-	2,700
End of the financial year	(6)	(22,442)	(37,601)	(93,851)	(5,263)	(7,704)	-	(166,867)
Net book value at end of the financial year	150,062	341,624	59,505	50,129	3,978	3,094	8,478	616,870
Comprising :								
Cost	101,781	364,066	97,106	143,980	9,241	10,798	8,478	735,450
At 1981 valuation	48,287	-	-	-	-	-	-	48,287
	150,068	364,066	97,106	143,980	9,241	10,798	8,478	783,737

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

2005 Group	Freehold land and improvements	Long leasehold land and improvements	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
At cost/valuation:								
At 1 January 2005	250,602	628,203	88,611	133,555	7,659	9,189	7,020	1,124,839
Effects of adoption of:								
- FRS 101	(101,908)	(312,994)	-	-	-	-	-	(414,902)
- FRS 140	-	-	(2,756)	(706)	-	(5)	-	(3,467)
Restated at 1 January 2005	148,694	315,209	85,855	132,849	7,659	9,184	7,020	706,470
Additions	5	12,762	3,508	5,547	280	654	14,374	37,130
Disposals	-	-	-	(86)	(215)	(11)	-	(312)
Written off	-	-	(315)	(1,121)	(98)	(295)	-	(1,829)
Reclassifications	27	492	6,319	998	-	248	(8,084)	-
Reclassifications to investment properties	-	-	-	-	-	-	(7,981)	(7,981)
End of the financial year	148,726	328,463	95,367	138,187	7,626	9,780	5,329	733,478
Accumulated depreciation:								
At 1 January 2005	-	(15,401)	(33,231)	(74,682)	(4,965)	(6,844)	-	(135,123)
Effects of adoption of:								
- FRS 101	-	3	-	-	-	-	-	3
- FRS 140	-	-	1,591	582	-	5	-	2,178
Restated at 1 January 2005	-	(15,398)	(31,640)	(74,100)	(4,965)	(6,839)	-	(132,942)
Depreciation for the financial year:								
- Charged to income statement	-	(1,666)	(4,064)	(9,989)	(922)	(697)	-	(17,338)
- Capitalised under biological assets	-	(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	-	(17,946)	(35,510)	(83,603)	(5,608)	(7,276)	-	(149,943)
Net book value at end of the financial year	148,726	310,517	59,857	54,584	2,018	2,504	5,329	583,535
Comprising :								
Cost	100,024	328,463	95,367	138,187	7,626	9,780	5,329	684,776
At 1981 valuation	48,702	-	-	-	-	-	-	48,702
	148,726	328,463	95,367	138,187	7,626	9,780	5,329	733,478

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

2006 Company	**Freehold land and improvements**	**Buildings and improvements**	**Plant and machinery**	**Motor vehicles**	**Furniture, fittings and equipment**	**Construction in progress**	**Total**
At cost/valuation:							
At 1 January 2006	**216,697**	**12,138**	**11,775**	**2,742**	**4,537**	**2,411**	**250,300**
Effects of adoption of FRS 101	**(91,857)**	**-**	**-**	**-**	**-**	**-**	**(91,857)**
Restated at 1 January 2006	**124,840**	**12,138**	**11,775**	**2,742**	**4,537**	**2,411**	**158,443**
Additions	**-**	**-**	**120**	**763**	**167**	**358**	**1,408**
Disposal arising from Group Rationalisation Exercise *(See Note 36)*	**(122,789)**	**(11,857)**	**(11,605)**	**(444)**	**(881)**	**(28)**	**(147,604)**
Disposals - others	**(415)**	**-**	**-**	**(355)**	**(14)**	**-**	**(784)**
Written off	**-**	**-**	**(1)**	**(3)**	**(73)**	**-**	**(77)**
Reclassification to land held for sale *(See Note 23)*	**(687)**	**-**	**-**	**-**	**-**	**-**	**(687)**
End of the financial year	**949**	**281**	**289**	**2,703**	**3,736**	**2,741**	**10,699**
Accumulated depreciation:							
Beginning of the financial year	**-**	**(9,996)**	**(9,112)**	**(2,152)**	**(3,869)**	**-**	**(25,129)**
Depreciation for the financial year:							
- Charged to income statement	**-**	**(39)**	**(84)**	**(65)**	**(157)**	**-**	**(345)**
Disposal arising from Group Rationalisation Exercise *(See Note 36)*	**-**	**9,798**	**9,088**	**416**	**740**	**-**	**20,042**
Disposals - others	**-**	**-**	**-**	**333**	**14**	**-**	**347**
Written off	**-**	**-**	**-**	**1**	**72**	**-**	**73**
End of the financial year	**-**	**(237)**	**(108)**	**(1,467)**	**(3,200)**	**-**	**(5,012)**
Net book value at end of the financial year	**949**	**44**	**181**	**1,236**	**536**	**2,741**	**5,687**
Comprising :							
Cost	**949**	**281**	**289**	**2,703**	**3,736**	**2,741**	**10,699**
At 1981 valuation	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	949	**281**	**289**	**2,703**	**3,736**	**2,741**	**10,699**

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

2005 Company	Freehold land and improvements	Long leasehold land and improvements	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
At cost/valuation:								
At 1 January 2005	216,594	61,367	21,176	24,076	3,251	4,699	1,067	332,230
Effects of adoption of FRS 101	(91,786)	(43,248)	-	-	-	-	-	(135,034)
Restated at 1 January 2005	124,808	18,119	21,176	24,076	3,251	4,699	1,067	197,196
Additions	5	-	32	1,137	54	183	2,139	3,550
Disposals	-	(18,119)	(8,939)	(13,412)	(559)	(457)	(400)	(41,886)
Written off	-	-	(135)	(143)	(4)	(135)	-	(417)
Reclassifications	27	-	4	117	-	247	(395)	-
End of the financial year	124,840	-	12,138	11,775	2,742	4,537	2,411	158,443
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	124,840	-	2,142	2,663	590	668	2,411	133,314
Comprising :								
Cost	73,482	-	12,138	11,775	2,742	4,537	2,411	107,085
At 1981 valuation	51,358	-	-	-	-	-	-	51,358
	124,840	-	12,138	11,775	2,742	4,537	2,411	158,443

The valuation of the freehold land 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 for the Group and the Company would have amounted to RM45.6 million *(2005 : RM49.9 million)* and RMNil *(2005 : RM46.1 million)* respectively had they been stated in the financial statements at cost.

16. PROPERTY DEVELOPMENT ACTIVITIES

	Group		Group	
	2006	**2006**	2005	2005
(a) Land held for property development:				
Freehold land		**91,766**		94,058
Development cost		**134,487**		131,369
		226,253		225,427
At the beginning of the financial year				
- freehold land	**94,058**		98,150	
- development costs	**131,369**	**225,427**	134,415	232,565
Costs incurred during the financial year				
- development costs	**8,626**	**8,626**	8,449	8,449
Costs transferred to property development costs *(see Note 16(b))*				
- freehold land	**(2,292)**		(4,092)	
- development costs	**(5,508)**	**(7,800)**	(11,495)	(15,587)
At the end of the financial year		**226,253**		225,427
(b) Property development costs:				
Freehold land		**31,182**		29,703
Development costs		**152,521**		132,516
Accumulated costs charged to income statement		**(79,569)**		(50,837)
		104,134		111,382
At the beginning of the financial year				
- freehold land	**29,703**		29,164	
- development costs	**132,516**		124,520	
- accumulated costs charged to income statement	**(50,837)**	**111,382**	(48,287)	105,397
Costs incurred during the financial year				
- transferred from land held for property development *(see Note 16(a))*	**7,800**		15,587	
- development costs	**47,069**	**54,869**	59,179	74,766
Costs charged to income statement		**(57,349)**		(58,188)
Costs transferred to inventories				
- freehold land	**(813)**		(3,553)	
- development costs	**(32,572)**		(62,678)	
- accumulated costs charged to income statement	**28,617**	**(4,768)**	55,638	(10,593)
At the end of the financial year		**104,134**		111,382

17. INVESTMENT PROPERTIES

	Group	
	2006	2005
At Cost:		
Beginning of the financial year	**-**	-
Effects of adoption of FRS 140	**11,693**	3,467
Restated at 1 January	**11,693**	3,467
Additions	**2,129**	8,226
End of the financial year	**13,822**	11,693
Accumulated depreciation:		
Beginning of the financial year	**-**	-
Effects of adoption of FRS 140	**(2,628)**	(2,178)
Restated at 1 January	**(2,628)**	(2,178)
Depreciation for the financial year	**(320)**	(450)
End of the financial year	**(2,948)**	(2,628)
Net book value at end of the financial year	**10,874**	9,065
Fair value at end of the financial year	**17,955**	16,320

The aggregate rental income and direct operating expenses arising from investment properties that generated rental income which was recognised during the financial year amounted to RM1,308,000 and RM490,000 respectively *(2005 : RM813,000 and RM801,000)*.

The fair values of the investment properties were based on valuation by independent professional qualified valuers. Valuations were based on sales of comparable properties in the vicinity.

18. BIOLOGICAL ASSETS

	Group		Company	
	2006	2005	**2006**	2005
At Cost:				
Beginning of the financial year	**-**	-	**-**	-
Effects of adoption of FRS 101	**429,723**	414,902	**91,857**	135,034
Restated at 1 January	**429,723**	414,902	**91,857**	135,034
Additions	**13,117**	14,822	**-**	307
Assets of subsidiary acquired	**2,960**	-	**-**	-
Disposals	**(270)**	(1)	**(91,254)**	(43,484)
Reclassification to land held for sale	**-**	-	**(603)**	-
End of the financial year	**445,530**	429,723	**-**	91,857
Accumulated amortisation:				
Beginning of the financial year	-	-	**-**	-
Effects of adoption of FRS 101	**(11)**	(3)	**-**	-
Restated at 1 January	**(11)**	(3)	**-**	-
Charge for the financial year	**(7)**	(8)	**-**	-
End of the financial year	**(18)**	(11)	**-**	-
Net book value at end of the financial year	**445,512**	429,712	**-**	91,857

19. SUBSIDIARIES

	Company	
	2006	2005
Unquoted shares - at cost	**195,822**	160,822
Less : Amounts written down to-date	**(3,635)**	(3,635)
	192,187	157,187
Current:		
Amounts due from subsidiaries	**1,881,174**	973,426
Amounts due to subsidiaries	**(105,439)**	(197,479)

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 RM990.4 million *(2005 : RM108.3 million)* representing balance of purchase price receivable for sale of plantation land and buildings erected thereon located in West Malaysia *(2005 : In Sabah)* pursuant to the Group Rationalisation Exercise *(see Note 36)*. This amount has no cash flow impact and is outstanding as at 31 December 2006.

Included in amount due to subsidiaries in the previous financial year is an amount of RM2.1 million 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 36)*. This amount has no cash flow impact to the Company as the amount was utilised to set off the inter-company balances with the subsidiary involved.

The subsidiaries are listed in Note 38.

20. ASSOCIATES

	Group		Company	
	2006	2005	**2006**	2005
Unquoted shares - at cost	**2,123**	2,123	**2,123**	2,123
Group's share of post-acquisition reserves	**10,838**	10,741	**-**	-
Share of net assets, other than goodwill	**12,961**	12,864	**2,123**	2,123
Amount due from associates	**1,094**	2,660	**665**	2,660
Less : Balance included in non-current receivables *(See Note 25)*	**-**	(1,977)	**-**	(1,977)
Balance included in current assets	**(1,094)**	(683)	**(665)**	(683)
	-	-	**-**	-
	12,961	12,864	**2,123**	2,123

The fair values of non-current 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.

20. ASSOCIATES (Cont'd)

The Group's share of the results of its associates, all of which are unlisted, and its share of the assets and liabilities are as follows:

	Group	
	2006	2005
Revenue	**30,663**	31,177
Net profit	**1,825**	2,761
Total assets	**22,561**	22,416
Total liabilities	**(9,600)**	(9,552)

The associates are listed in Note 38.

21. LONG TERM INVESTMENTS

	Group
	2006
Unquoted shares in a foreign corporation, at cost	**32,653**

The fair value of unquoted shares in a foreign corporation approximate its book value.

22. 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	
	2006	2005	**2006**	2005
Deferred tax assets				
- subject to income tax	**5,480**	6,250	**1,033**	345
- subject to real property gains tax	**189**	-	**-**	-
	5,669	6,250	**1,033**	345
Deferred tax liabilities:				
- subject to income tax	**(37,780)**	(34,736)	-	-
- subject to real property gains tax	**(3,308)**	(4,129)	**(5)**	(745)
	(41,088)	(38,865)	**(5)**	(745)
	(35,419)	(32,615)	**1,028**	(400)
At 1 January	**(32,615)**	(39,151)	**(400)**	(888)
(Charged)/credited to income statement *(see Note 12):*				
- Property, plant and equipment	**(2,165)**	2,660	**1,570**	1,154
- Provision for Directors' retirement gratuities	**(40)**	26	**(27)**	23
- Land held for property development	**568**	144	**-**	-
- Property development costs	**275**	1,565	**-**	-
- Inventories	**(674)**	978	**-**	-
- Accruals	**166**	1,019	**79**	(667)
- Other temporary differences	**(934)**	144	**(194)**	(22)
	(2,804)	6,536	**1,428**	488
At 31 December	**(35,419)**	(32,615)	**1,028**	(400)

22. DEFERRED TAXATION (Cont'd)

	Group		Company	
	2006	2005	**2006**	2005
Subject to income tax				
i) Deferred tax assets (before offsetting)				
- Property, plant and equipment	**1,116**	2,645	**-**	-
- Provision for Directors' retirement gratuities	**1,447**	1,487	**1,119**	1,146
- Property development costs	**3,146**	2,416	**-**	-
- Inventories	**628**	1,420	**-**	-
- Accruals	**2,064**	2,405	**279**	200
- Other temporary differences	**330**	445	**-**	-
	8,731	10,818	**1,398**	1,346
- Offsetting	**(3,251)**	(4,568)	**(365)**	(1,001)
Deferred tax assets (after offsetting)	**5,480**	6,250	**1,033**	345
ii) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(35,046)**	(33,474)	**(365)**	(1,000)
- Land held for property development	**(359)**	(387)	**-**	-
- Property development costs	**(4,737)**	(4,747)	**-**	-
- Inventories	**(577)**	(695)	**-**	-
- Other temporary differences	**(312)**	(1)	**-**	(1)
	(41,031)	(39,304)	**(365)**	(1,001)
- Offsetting	**3,251**	4,568	**365**	1,001
Deferred tax liabilities (after offsetting)	**(37,780)**	(34,736)	**-**	-
Subject to real property gains tax				
iii) Deferred tax assets (before offsetting)				
- Property, plant and equipment	**724**	-	**-**	-
- Offsetting	**(535)**	-	**-**	-
Deferred tax assets (after offsetting)	**189**	-	**-**	-
iv) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(2,498)**	(2,708)	**(5)**	(745)
- Land held for property development	**(1,307)**	(1,383)	**-**	-
- Other temporary differences	**(38)**	(38)	**-**	-
	(3,843)	(4,129)	**(5)**	(745)
- Offsetting	**535**	-	**-**	-
Deferred tax liabilities (after offsetting)	**(3,308)**	(4,129)	**(5)**	(745)

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	
	2006	2005
Unutilised tax losses	**378**	378
Property, plant and equipment	**944**	926
	1,322	1,304

23. LAND HELD FOR SALE

	Company 2006	Company 2005
Land held for sale	**1,290**	-

The land held for sale comprised of freehold land *(see Note 15)* measuring approximately 242 acres and the biological assets *(see Note 18)* situated therein located in the Mukim of Tangkak, Johor. The land is planned to be sold to a fellow subsidiary for property development within the next financial year.

24. INVENTORIES

	Group		Company	
	2006	2005	**2006**	2005
Produce stocks - at cost	**2,935**	4,712	**-**	-
Stores and spares - at cost	**5,061**	4,979	**14**	477
	7,996	9,691	**14**	477
Completed development properties				
- at cost	**106,930**	111,016	**-**	-
- at net realisable value	**-**	89	**-**	-
	106,930	111,105	**-**	-
	114,926	120,796	**14**	477

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
Current :				
Trade receivables	**47,487**	36,495	**-**	1,704
Less : Allowance for bad and doubtful debts	**(766)**	(665)	**-**	-
	46,721	35,830	**-**	1,704
Accrued billings in respect of property development	**13,415**	14,999	**-**	-
Income tax recoverable	**13,414**	1,752	**11,401**	552
Deposits	**2,167**	2,024	**478**	555
Prepayments	**635**	702	**8**	194
Other receivables	**21,070**	19,022	**10,484**	11,176
	97,422	74,329	**22,371**	14,181
Non-current :				
Amount due from an associate *(See Note 20)*	**-**	1,977	**-**	1,977
Other receivables	**5,000**	15,000	**5,000**	15,000
	5,000	16,977	**5,000**	16,977
	102,422	91,306	**27,371**	31,158

25. TRADE AND OTHER RECEIVABLES (Cont'd)

The maturity profile for non-current receivables is as follows:

	Group		Company	
	2006	2005	**2006**	2005
More than one year and less than two years	**5,000**	11,977	**5,000**	11,977
More than two years and less than five years	**-**	5,000	**-**	5,000
	5,000	16,977	**5,000**	16,977
Fair value for non-current receivables				
- Amount due from an associate	**-**	1,977	**-**	1,977
- Other receivables	**4,634**	13,831	**4,634**	13,831
	4,634	15,808	**4,634**	15,808

Credit terms offered by the Group range from 7 to 14 days *(2005 : 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 RM68,000 *(2005 : RM624,000).*

Included in other receivables of the Group is a secured housing loan of RM500,000 *(2005 : RM500,000)* granted to an Executive Director of the Company which carries interest at 4% per annum *(2005 : 4% per annum)*.

The other receivables 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 2 years.

26. HOLDING COMPANY AND OTHER RELATED COMPANIES

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

	Group		Company	
	2006	2005	**2006**	2005
Amount due to ultimate holding company	**638**	729	**638**	729
Amounts due to other related companies	**1,249**	475	**1,249**	475
	1,887	1,204	**1,887**	1,204
Amounts due from other related companies	**(4)**	(16)	**-**	(9)
	1,883	1,188	**1,887**	1,195

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

27. 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 2006 have maturity periods ranging between overnight and one month *(2005 : between overnight and one month).*

Short term investments of the Group and of the Company as at 31 December 2006 are deriving interest at weighted average interest rate of 3.42% per annum *(2005 : 2.89% per annum)* at the end of the financial year.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	**2006**	2005
Deposits with licensed banks	**128,683**	57,770	**100,164**	35,019
Deposits with finance companies	**-**	4,369	**-**	3,553
Cash and bank balances	**11,496**	3,397	**8,619**	3,235
	140,179	65,536	**108,783**	41,807
Add:				
Money market instruments *(See Note 27)*	**121,184**	114,067	**104,651**	92,761
Cash and cash equivalents	**261,363**	179,603	**213,434**	134,568

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 rate per annum (%)		Currency Profile		Interest rate per annum (%)	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Ringgit Malaysia	**140,179**	65,155	**3.30**	2.68	**108,783**	41,807	**3.41**	2.89
US Dollars	**-**	381	**-**	4.16	**-**	-	**-**	-
	140,179	65,536			**108,783**	41,807		

The deposits of the Group and of the Company as at 31 December 2006 have maturity period of one month *(2005 : 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 RM12.7 million *(2005 : RM14.3 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.

29. SHARE CAPITAL

	Company	
	2006 '000	2005 '000
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		
- 745,558,000 *(2005 : 742,503,000)*	**372,779**	371,252
Issue of shares		
- 4,864,000 *(2005 : 3,055,000)*	**2,432**	1,527
At end of the financial year		
- 750,422,000 *(2005 : 745,558,000)*	**375,211**	372,779

During the financial year, 229,000 ordinary shares of 50 sen each fully-paid at the subscription price of 92 sen per share, 3,733,000 ordinary shares of 50 sen each fully-paid at the subscription price of 145 sen per share and 902,000 ordinary shares of 50 sen each fully-paid at the subscription price of 165 sen per share were issued by virtue of the exercise of the Options to take up unissued ordinary shares of the Company by the executive employees of the Group pursuant to The Asiatic Executive Share Option Scheme ("the Scheme") all of which ordinary shares rank pari passu with the then existing ordinary shares of the Company. These Options were granted prior to the current financial year.

29. SHARE CAPITAL (Cont'd)

The Scheme is governed by the Bye-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 ("the Option Period").

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.

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 Options 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) The 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.

29. SHARE CAPITAL (Cont'd)

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.

xi) The persons to whom the Options have been issued have no right to participate by virtue of the Options in any share issue of any other company.

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 31.12.2006:							
11.11.2000	**11.11.2003 - 31.8.2010**	**92**	**301,000**	**-**	**(229,000)**	**(6,000)**	**66,000**
2.9.2002	**2.9.2005 - 31.8.2010**	**145**	**5,990,000**	**-**	**(3,733,000)**	**(64,000)**	**2,193,000**
1.12.2003	**1.12.2006 - 31.8.2010**	**165**	**5,445,000**	**-**	**(902,000)**	**(76,000)**	**4,467,000**
29.8.2005	**29.8.2008 - 31.8.2010**	**183**	**1,966,000**	**-**	**-**	**(111,000)**	**1,855,000**
			13,702,000	**-**	**(4,864,000)**	**(257,000)**	**8,581,000**

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

	2006	2005
Number of share options vested at balance sheet date	**4,247,000**	2,702,000

29. SHARE CAPITAL (Cont'd)

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	
			2006	2005
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
January - March 2006	233 - 287	92 - 145	**653,000**	-
April - June 2006	285 - 346	92 - 145	**609,000**	-
May - September 2006	308 - 388	92 - 145	**997,000**	-
October - December 2006	346 - 428	92 - 165	**2,605,000**	-
			4,864,000	3,055,000

	2006	2005
Ordinary share capital - at par	**2,432**	1,527
Share premium	**4,679**	2,116
Proceeds received on exercise of share options	**7,111**	3,643
Fair value at exercise date of shares issued	**13,656**	6,400

The fair value of options granted on 29 August 2005 determined using the Trinomial valuation model was at RM0.42 per share. The significant inputs into the model were share price of RM1.82 at the grant date, exercise price shown above, first exercise date and expiration date, price volatility of 33.35%, dividend yield of 1.56%, annual risk-free interest rate of 3.285% and option life of 5 years. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of monthly share prices over the last five years.

30. RESERVES

	Group		Company	
	2006	2005	**2006**	2005
Share premium	**32,948**	28,269	**32,948**	28,269
Option reserve	**379**	-	**379**	-
Revaluation reserve	**18,075**	18,115	**104**	26,613
Exchange differences	**(355)**	288	**-**	-
	51,047	46,672	**33,431**	54,882
Retained earnings	**1,331,105**	1,194,888	**1,795,724**	879,562
	1,382,152	1,241,560	**1,829,155**	934,444

30. RESERVES (Cont'd)

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 RM355.0 million *(2005 : RM369.1 million)* of the Company's retained earnings 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 2006, under the Income Tax Act, 1967 and Income Tax (Amendment) Act, 1999, is sufficient to frank tax exempt dividend of approximately RM105.5 million *(2005 : 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 retained earnings of the Company not covered by available tax credit and tax exempt income, if all of the retained earnings were to be distributed as dividends, would amount to RM1,335.2 million *(2005 : RM405.0 million)*.

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2006	2005	**2006**	2005
Current:				
Trade payables	**27,399**	29,991	**184**	2,068
Accrual of property development expenditure	**14,169**	13,029	**-**	-
Deposits	**2,650**	3,135	**233**	554
Accrued expenses	**28,779**	24,788	**6,918**	7,473
Retention monies	**7,980**	7,485	**15**	188
Amount due to related companies	**13,005**	13,656	**-**	-
Other payables	**940**	866	**-**	-
	94,922	92,950	**7,350**	10,283
Non-current:				
Amount due to shareholders of a subsidiary	**15,592**	-	**-**	-
Other payables	**1,628**	4,120	**1,628**	4,120
	17,220	4,120	**1,628**	4,120
	112,142	97,070	**8,978**	14,403

The maturity profile for non-current payables is as follows:

	Group 2006	Group 2005	Company 2006	Company 2005
More than one year and less than two years	**17,220**	2,708	**1,628**	2,708
More than two years and less than five years	**-**	1,412	**-**	1,412
	17,220	4,120	**1,628**	4,120
Fair value of non-current other payables	**15,875**	3,733	**1,501**	3,733

Credit terms available to the Group range from 30 to 90 days *(2005 : 30 to 90 days)* from date of invoice.

The amount due to related companies and shareholders of a subsidiary 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 were derived by discounting future contractual cash flows at current market borrowing rates available for the Group with similar credit ratings.

32. PROVISION FOR DIRECTORS' RETIREMENT GRATUITIES

	Group		Company	
	2006	2005	**2006**	2005
At 1 January	**5,312**	5,218	**4,093**	4,012
Charged to income statement	**254**	160	**210**	147
Paid during the financial year	**-**	(66)	**-**	(66)
At 31 December	**5,566**	5,312	**4,303**	4,093

33. 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.

Other than the hearing of a case management on 16 January 2007, there have been no changes to the status of the aforesaid litigation as at the date of this report. There shall be a review of the case management on 26 November 2007.

34. CAPITAL COMMITMENTS

	Group		Company	
	2006	2005	**2006**	2005
Authorised capital expenditure not provided for in the financial statements:				
- contracted	**32,966**	16,930	**101**	1,235
- not contracted	**118,853**	83,656	**1,778**	2,437
	151,819	100,586	**1,879**	3,672
Analysed as follows:				
- Property, plant and equipment	**112,372**	69,357	**1,879**	3,672
- Investment properties	**1,370**	1,460	**-**	-
- Biological assets	**36,958**	1,045	**-**	-
- Investments	**1,119**	28,724	**-**	-
	151,819	100,586	**1,879**	3,672

35. BUSINESS COMBINATIONS

a) Acquisition of subsidiaries during the financial year

During the financial year, the Group acquired the following subsidiaries:

	Date of Acquisition	Country of Incorporation	Percentage of Equity Interest Acquired	Acquired by
i. Asiatic Centre for Genome Technology Sdn Bhd *(previously known as Cosmo-Lotus Sdn Bhd)*	8 May 2006	Malaysia	100	Asiatic Development Berhad
ii. Degan Limited	20 July 2006	Isle of Man	100	Asiatic Centre for Genome Technology Sdn Bhd
iii. Orbit Crescent Sdn Bhd	27 September 2006	Malaysia	100	Asiatic Development Berhad
iv. PT Sepanjang Intisurya Mulia	23 November 2006	Indonesia	70	Sri Nangatayap Pte Ltd

The above acquired subsidiaries are all newly set up companies and the acquisitions 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 5 wholly-owned subsidiaries incorporated in Singapore 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"). 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 ("BKPM") 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.

The period for the fulfilment of the above conditions has since been extended up to and including 8 June 2007.

On 23 August 2006, one of the Joint Venture Companies namely, PT Sepanjang Intisurya Mulia ("PT SISM") had obtained the approval from BKPM. Subsequently, on 23 November 2006, Sri Nangatayap Pte Ltd, one of the five subsidiaries of the Company for the Proposed Joint Venture had subscribed for 70% of the enlarged issued and paid-up share capital for a consideration of Rp700,000,000 of PT SISM. Accordingly, PT SISM became an indirect subsidiary of the Company on the same date.

36. 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 objectives of the Proposed Exercise are:

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

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

The Proposed Exercise was fully completed on 28 February 2006 following the approvals obtained from the State Authorities/Estate Land Boards for the remaining two estates measuring approximately 7,777 acres located in West Malaysia.

The gain arising from the Proposed Exercise is disclosed in Note 8.

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		**Discontinued Operations**		**Total**	
	2006	2005	**2006**	2005	**2006**	2005
Income Statement						
Revenue	**43,117**	18,058	**6,434**	93,074	**49,551**	111,132
Cost of sales	**-**	-	**(2,391)**	(31,589)	**(2,391)**	(31,589)
Gross profit	**43,117**	18,058	**4,043**	61,485	**47,160**	79,543
Other income	**7,516**	4,169	**886,704**	84,433	**894,220**	88,602
Expenses	**(16,153)**	(13,004)	**(942)**	(8,015)	**(17,095)**	(21,019)
Profit before taxation	**34,480**	9,223	**889,805**	137,903	**924,285**	147,126
Taxation	**1,206**	(2,557)	**(868)**	(14,194)	**338**	(16,751)
Net profit for the year	**35,686**	6,666	**888,937**	123,709	**924,623**	130,375
Cash flows						
Operating activities	**(23,680)**	(56,415)	**4,043**	35,269	**(19,637)**	(21,146)
Investing activities	**113,907**	111,011	**12,455**	6,891	**126,362**	117,902
Financing activities	**(27,859)**	(28,458)	**-**	-	**(27,859)**	(28,458)
Total cash flows	**62,368**	26,138	**16,498**	42,160	**78,866**	68,298
Balance Sheet						
Non-current assets	**201,030**	167,180	**5,000**	234,623	**206,030**	401,803
Current assets	**2,107,658**	1,109,611	**11,290**	13,733	**2,118,948**	1,123,344
Total assets	**2,308,688**	1,276,791	**16,290**	248,356	**2,324,978**	1,525,147
Current liabilities	**112,076**	201,665	**2,600**	7,301	**114,676**	208,966
Non-current liabilities	**4,308**	4,093	**1,628**	4,865	**5,936**	8,958
Total liabilities	**116,384**	205,758	**4,228**	12,166	**120,612**	217,924
Net assets	**2,192,304**	1,071,033	**12,062**	236,190	**2,204,366**	1,307,223

37. 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	
			2006	2005
(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 RM1,435,500 *(2005 : RM1,829,300).*	**37,464**	47,881
	(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.	**505**	529
			37,969	48,410
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	**1,609**	1,513
	(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, all of which are indirect subsidiaries of Genting Berhad, the Company's immediate and ultimate holding company.	**42**	114
			1,651	1,627

38. SUBSIDIARIES AND ASSOCIATES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2006	2005		
Direct Subsidiaries				
Asiatic SDC 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
Asiatic Oil Mills (WM) Sdn Bhd	**100**	100	Malaysia	FFB processing

38. SUBSIDIARIES AND ASSOCIATES (Cont'd)

		Effective Percentage of Ownership 2006	2005	Country of Incorporation	Principal Activities
	Direct Subsidiaries (Cont'd)				
	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	Investment holding
	Mediglove Sdn Bhd	**100**	100	Malaysia	Investment holding
	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
	AR Property Development Sdn Bhd	**100**	100	Malaysia	Dormant
	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
*	Asiatic Centre for Genome Technology Sdn Bhd *(Previously known as Cosmo-Lotus Sdn Bhd)*	**100**	-	Malaysia	Genomic research
*	Orbit Crescent Sdn Bhd	**100**	-	Malaysia	Pre-operating
	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
*	PT Sepanjang Intisurya Mulia	**70**	-	Indonesia	Plantation
	Asiatic Indahpura Development Sdn Bhd	**100**	100	Malaysia	Property development

38. SUBSIDIARIES AND ASSOCIATES (Cont'd)

		Effective Percentage of Ownership 2006	2005	Country of Incorporation	Principal Activities
	Indirect Subsidiaries (Cont'd)				
	Asiatic Golf Course (Sg. Petani) Bhd	**100**	100	Malaysia	Golf course operation
	Sri Nangatayap Pte Ltd	**100**	100	Singapore	Investment holding
*	Degan Limited	**100**	-	Isle of Man	Investment holding
	Asiatic Overseas Limited	**100**	100	Isle of Man	Dormant
	Azzon Limited	**100**	100	Isle of Man	Dormant
	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**	100	Singapore	Pre-operating
	Ketapang Holdings Pte Ltd	**100**	100	Singapore	Pre-operating
	Sandai Maju Pte Ltd	**100**	100	Singapore	Pre-operating
	Sri Kenyalang Pte Ltd	**100**	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 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 for Entities Other Than Private Entities 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 2006.

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 judgment and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the system of internal control 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 28 February 2007.

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 35 to 86, 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**
28 February 2007.	)	

Before me,

DATO' NG MANN CHEONG
Commissioner for Oaths
Kuala Lumpur

Report of the Auditors

To The Members of Asiatic Development Berhad

We have audited the financial statements set out on pages 35 to 86. 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 for Entities Other Than Private Entities 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 2006 and of the results and cash flows of the Group and 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 its subsidiaries have been properly kept in accordance with the provisions of the Act.

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.

Our audit 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

LOH LAY CHOON
(No. 2497/03/08 (J))
Partner of the firm

Kuala Lumpur
28 February 2007

List of Group Properties

As at 31 December 2006

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 2006 (RM'000)
PENINSULAR MALAYSIA								
A NORTH								
1. ASIATIC Bukit Sembilan Estate, Baling/ Sg. Petani/Jitra, Kedah	Freehold		1,314	147		11	1981*	60,444
2. ASIATIC Selama Estate, Serdang & Kulim, Kedah/Selama, Perak	Freehold		1,852				1981*	24,009
B CENTRAL								
3. ASIATIC Sepang Estate, Sepang & Ulu Langat, Selangor	Freehold		666				1981*	13,976
4. ASIATIC Tebong Estate, Jasin & Alor Gajah, Melaka / Tampin & Kuala Pilah, Negeri Sembilan	Freehold		2,321				1981*	28,950
5. ASIATIC Cheng Estate, Melaka Tengah, Alor Gajah & Kuala Linggi, Melaka	Freehold		793	4			1981*	23,437
6. ASIATIC Tanah Merah Estate, Tangkak, Johor	Freehold		1,801				1981*	25,606
C. SOUTH								
7. ASIATIC Sri Gading Estate, Batu Pahat, Johor	Freehold		3,560	69			1983	68,291
8. ASIATIC Sungei Rayat Estate, Batu Pahat, Johor	Freehold		1,707				1983	29,618
9. ASIATIC Sing Mah Estate, Air Hitam, Johor	Freehold		669			26	1983	12,844
10. ASIATIC Kulai Besar Estate, Kulai / Simpang Renggam, Johor	Freehold		2,802	100		17	1983	351,404
11. ASIATIC Setiamas Estate, Kulai & Batu Pahat, Johor	Freehold		135	95			1996	80,079
SABAH								
12. ASIATIC Sabapalm Estate, Labuk Valley, Sandakan	Leasehold	2085, 2887	4,360			36	1991	43,521
13. ASIATIC Tanjung Estate, Kinabatangan	Leasehold	2086, 2096	4,345			12	1988, 2001	43,007
14. ASIATIC Bahagia Estate, Kinabatangan	Leasehold	2085, 2086	4,548				1988, 2003	48,650
15. ASIATIC Tenegang Estate, Kinabatangan	Leasehold	2088	4,047				1990	34,618
16. ASIATIC Landworthy Estate, Kinabatangan	Leasehold	2083	4,039				1992	36,789
17. ASIATIC Layang Estate, Kinabatangan	Leasehold	2090	1,683				1993	19,819
18. ASIATIC Jambongan Estate, Beluran	Leasehold	2033 - 2100	3,711				2001 - 2004	50,050
19. ASIATIC Indah & ASIATIC Permai Estates, Kinabatangan	Leasehold	2096	8,830				2001	117,383
20. ASIATIC Mewah Estate, Kinabatangan	Leasehold	2083 - 2890	5,611			10	2002	119,336
21. ASIATIC Sekong & ASIATIC Suan Lamba Estates, Kinabatangan	Leasehold	2022 - 2098	6,755			10	2004	186,893
INDONESIA								
22. Ketapang, Kalimantan Barat	Leasehold	Pending issuance of title	14,261				2006	21,191
OTHER PROPERTIES OWNED								
23. Bangi Factory, Selangor	Leasehold	2086	12,140 (sq.m)			25	1990	2,639
24. ASIATIC Regional Office, Wisma Asiatic Sandakan, Sabah	Leasehold	2100	2,023 (sq.m)			4	2004	3,085
25. Residential Bungalows, Sandakan, Sabah	Leasehold	2887	1,206 (sq.m)			22	1991	147
26. Asiatic Vegetable Oils Refinery, Sandakan, Sabah	Leasehold	2080	8				1992	2,200
PROPERTIES MANAGED								
27. Bundoora Estate, Ulu Yam, Selangor	Freehold		105					
28. Serian Palm Oil Mill, Serian, Sarawak	Leasehold	2054	31			10		

Plantation | Permaipura Golf & Country Club | Mill | Vacant Land | Office

Property Development | Factory | Residential Bungalow | Asiatic Indahpura Car City | Asiatic Indahpura Sports City

Unplanted Agricultural Land

Ten-Year Summary

FINANCIAL

RM'000	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**
Revenue	576,578	522,720	514,667	490,818	296,099	199,863	230,783	446,811	351,304	313,316
Profit before taxation	220,425	216,456	225,847	210,281	129,700	86,525	69,167	272,850	163,743	101,867
Taxation	(47,207)	(44,610)	(50,328)	(63,774)	(28,872)	(14,418)	(13,522)	147	(39,889)	(27,305)
Profit for the financial year	173,218	171,846	175,519	146,507	100,828	72,107	55,645	272,997	123,854	74,562
Attributable to :-										
Equity holders of the Company	171,147	169,797	172,919	132,304	99,832	71,239	54,772	266,366	124,809	74,825
Minority interest	2,071	2,049	2,600	14,203	996	868	873	6,631	(955)	(263)
	173,218	171,846	175,519	146,507	100,828	72,107	55,645	272,997	123,854	74,562
Issued capital	375,211	372,779	371,252	370,862	370,668	370,668	370,668	370,668	370,668	370,668
Retained earnings	1,331,105	1,194,888	1,057,192	910,640	800,803	720,283	664,896	633,612	390,901	287,045
Other reserves	51,047	46,672	44,558	43,254	43,309	43,360	43,575	46,716	47,047	55,760
Equity attributable to equity holders of the Company	1,757,363	1,614,339	1,473,002	1,324,756	1,214,780	1,134,311	1,079,139	1,050,996	808,616	713,473
Minority interests	11,392	10,634	9,898	9,227	12,504	11,516	10,683	21,316	14,718	18,114
Total equity	1,768,755	1,624,973	1,482,900	1,333,983	1,227,284	1,145,827	1,089,822	1,072,312	823,334	731,587
Long term borrowings	-	-	-	-	5,388	5,388	5,388	5,388	5,388	5,388
Deferred tax liabilities	41,088	38,865	40,939	40,065	29,987	21,294	19,561	23,086	22,385	22,365
Provision for directors' retirement gratuities	5,566	5,312	5,218	4,378	6,529	5,577	5,485	5,091	4,446	4,227
Other payables	17,220	4,120	-	-	-	-	-	-	-	-
Capital Employed	1,832,629	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
Property, plant and equipment	616,870	583,535	573,528	463,407	456,926	349,627	286,303	300,382	301,743	313,396
Investment properties	10,874	9,065	1,289	1,219	1,408	1,244	1,417	1,589	1,762	1,935
Biological assets	445,512	429,712	414,899	294,876	261,587	209,767	204,288	200,818	196,992	192,358
Land held for property development	226,253	225,427	232,565	236,116	247,474	247,794	250,064	231,246	221,170	190,119
Associates	12,961	12,864	11,919	11,672	9,810	9,671	1,199	2,184	8,717	10,087
Investments	32,653	-	-	653	289	289	289	638	1,438	2,014
Long term receivables	5,000	16,977	4,918	4,917	5,897	6,877	18,781	18,854	19,231	17,305
Deferred tax assets	5,669	6,250	1,788	2,011	3,432	-	-	-	-	-
	1,355,792	1,283,830	1,240,906	1,014,871	986,823	825,269	762,341	755,711	751,053	727,214
Net current assets	476,837	389,440	288,151	363,555	282,365	352,817	357,915	350,166	104,500	36,353
Employment of capital	1,832,629	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
Basic earnings per share (sen)	22.9	22.8	23.3	17.8	13.5	9.6	7.4	35.9	16.8	10.1
Net dividend per share (sen)	5.1	4.5	4.0	3.2	3.0	2.5	2.2	3.6	3.2	2.8
Dividend cover (times)	4.5	5.1	5.9	5.5	4.5	3.8	3.4	10.0	5.2	3.5
Current ratio	5.7	5.0	4.0	5.0	5.2	3.8	5.4	4.3	1.8	1.2
Net assets per share (sen)	234.2	216.5	198.4	178.6	163.9	153.0	145.6	141.8	109.1	96.2
Return (after tax and minority interests) on average shareholders' equity (%)	10.2	11.0	12.4	10.4	8.5	6.4	5.1	28.6	16.4	10.9
Market share price										
- highest (RM)	4.32	2.49	2.28	1.97	1.61	1.28	1.52	1.60	1.55	3.18
- lowest (RM)	2.13	1.60	1.66	1.14	1.12	0.80	0.80	1.01	0.76	0.88

Certain figures relating to the previous years have been reclassified / adjusted to conform with the current year's presentation, due to adoption of new FRSs.

Operations

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
OIL PALM										
FFB Production (T)	1,132,026	1,099,285	978,693	864,603	707,863	700,275	655,366	574,359	472,962	481,696
Yield Per Mature Hectare (T)	21.4	22.1	21.7	22.5	20.9	21.4	20.2	18.5	16.8	18.8
Average Selling Prices										
Crude Palm Oil (RM/T)	1,520	1,398	1,600	1,568	1,352	883	1,000	1,445	2,321	1,370
Palm Kernel (RM/T)	897	1,017	1,068	748	665	438	703	1,071	1,103	770
RUBBER										
Production ('000 kg)	-	-	-	-	-	830	1,457	1,729	1,826	2,141
Yield Per Mature Hectare (kg)	-	-	-	-	-	1,526	1,591	1,420	1,201	1,171
Average Selling Prices of All Grades (Sen/kg)	-	-	-	-	-	182	223	209	250	246

Land Areas

	2006			2005	2004	2003	2002	2001	2000	1999	1998	1997
	M'sia	**Indon**	**Total**									
Oil Palm												
Mature	53,968	-	53,968	51,068	48,630	38,816	37,145	32,683	32,605	31,625	29,095	26,166
Immature	5,566	-	5,566	7,250	7,951	9,894	9,139	6,076	4,765	4,331	6,581	9,483
	59,534	-	59,534	58,318	56,581	48,710	46,284	38,759	37,370	35,956	35,676	35,649
Rubber												
Mature	-	-	-	-	-	-	-	750	1,291	1,582	1,830	2,304
Immature	-	-	-	-	-	-	-	-	-	-	-	32
- -	-	-	-	-	-	-	-	750	1,291	1,582	1,830	2,336
Durians & Others												
Mature	-	-	-	-	-	-	10	10	10	-	-	-
Immature	-	-	-	-	-	-	-	-	-	10	34	34
-	-	-	-	-	-	-	10	10	10	10	34	34
TOTAL PLANTED AREA	59,534	-	59,534	58,318	56,581	48,710	46,294	39,519	38,671	37,548	37,540	38,019
Unplanted Agricultural Land/Clearing In Progress	3,157	14,261	17,418	4,665	6,571	12,276	8,394	9,019	-	1,235	1,558	1,208
Labour Lines, Buildings, Infrastructure etc.	2,858	-	2,858	2,681	2,516	2,243	2,425	1,863	1,923	1,857	1,786	1,735
Property Development	415	-	415	340	348	359	364	364	407	412	487	515
TOTAL TITLED AREA	65,964	14,261	80,225	66,004	66,016	63,588	57,477	50,765	41,001	41,052	41,371	41,477

Analysis of Shareholdings

as at 3 May 2007

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	92	0.68	1,592	-
100 - 1,000	5,047	37.44	4,760,362	0.63
1,001 - 10,000	6,928	51.39	27,517,596	3.66
10,001 - 100,000	1,115	8.27	33,798,350	4.49
100,001 to less than 5% of issued shares	292	2.17	240,725,600	32.00
5% and above of issued shares	6	0.05	445,581,500	59.22
Total	**13,480**	**100.00**	**752,385,000**	**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	11.32
2. Genting Berhad	80,000,000	10.63
3. Genting Berhad	80,000,000	10.63
4. Genting Berhad	80,000,000	10.63
5. Genting Berhad	80,000,000	10.63
6. Lembaga Tabung Angkatan Tentera	40,410,500	5.37
7. Employees Provident Fund Board	30,484,900	4.05
8. Citigroup Nominees (Asing) Sdn Bhd *Exempt AN for American International Assurance Company Limited*	14,308,900	1.90
9. Citigroup Nominees (Asing) Sdn Bhd *Bear Stearns Securities Corp for Third Avenue Global Value Fund LP*	11,161,900	1.48
10. Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)*	8,731,400	1.16
11. Genting Equities (Hong Kong) Limited	7,139,000	0.95
12. HSBC Nominees (Asing) Sdn Bhd *Exempt AN for the HongKong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)*	5,880,000	0.78
13. SBB Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Amanah Pencen*	5,665,300	0.75
14. SBB Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	4,500,000	0.60
15. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Islamic Equity Fund*	3,531,100	0.47
16. Valuecap Sdn Bhd	3,516,100	0.47
17. Citigroup Nominees (Asing) Sdn Bhd *CBNY For DFA Emerging Markets Fund*	3,326,700	0.44
18. AllianceGroup Nominees (Tempatan) Sdn Bhd *Pheim Asset Management Sdn Bhd for Employees Provident Fund*	3,290,000	0.44

Analysis of Shareholdings

as at 3 May 2007 (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
19. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Growth Fund*	3,043,500	0.41
20. Citigroup Nominees (Tempatan) Sdn Bhd *ING Insurance Berhad (INV-IL PAR)*	3,030,800	0.40
21. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Equity Fund*	3,020,100	0.40
22. Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100)*	2,902,800	0.39
23. Amanah Raya Nominees (Tempatan) Sdn Bhd *Public Savings Fund*	2,215,300	0.29
24. HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Greatlink Asean Growth Fund*	2,184,800	0.29
25. HSBC Nominees (Asing) Sdn Bhd *RBC Dist for Goldman Sachs JBWere Global Small Companies Pooled Fund*	2,086,000	0.28
26. Ke-Zan Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte. Ltd. For Exquisite Holdings Limited*	2,000,000	0.27
27. AllianceGroup Nominees (Tempatan) Sdn Bhd *Alliance Capital Asset Management Sdn Bhd for Employees Provident Fund*	2,000,000	0.27
28. Cimsec Nominees (Tempatan) Sdn Bhd *CIMB-Principal Asset Management Berhad for Employees Provident Fund Board*	1,944,900	0.26
29. Kian Hoe Plantations Berhad	1,944,200	0.26
30. Universal Trustee (Malaysia) Berhad *SBB Savings Fund*	1,879,800	0.25
Total	**575,369,000**	**76.47**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS
as at 3 May 2007

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Indirect/ Deemed Interest	% of Issued Capital
Employees Provident Fund Board	45,799,300	6.09	-	-
Genting Berhad	406,895,000	54.08	7,249,000*	0.96
Lembaga Tabung Angkatan Tentera	40,550,300	5.39	-	-
Kien Huat Realty Sdn Bhd	-	-	406,895,000^	54.08
Parkview Management Sdn Bhd	-	-	406,895,000^	54.08

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

Analysis of Shareholdings
as at 3 May 2007 (Cont'd)

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 3 MAY 2007

INTEREST IN THE COMPANY

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman	741,000	0.0985	-	-
Dato' Baharuddin bin Musa	45,200	0.0060	-	-
Tan Sri Lim Kok Thay	721,000	0.0958	-	-
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	10,000	0.0013	-	-

INTEREST IN RELATED CORPORATIONS

Genting Berhad, the ultimate holding company

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman	985,000	0.02665	-	-
Dato' Baharuddin bin Musa	-	-	3,000#	0.0001
Tan Sri Lim Kok Thay	9,744,000	0.26360	-	-
Mr Quah Chek Tin	5,000	0.00014	-	-

Note : # Deemed interested through Bemy Sdn Bhd

Resorts World Bhd, a related company

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman	610,000	0.0107	-	-
Tan Sri Lim Kok Thay	1,660,000	0.0292	-	-
Mr Quah Chek Tin	5,000	0.0001	-	-

GB Credit & Leasing Sdn Bhd, a related company

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

Note : ^ Deemed interested through Fleetstar Corporation Sdn Bhd

Genting International P.L.C., a related corporation

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Lim Kok Thay	20,000	0.0003	-	-

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ASIATIC DEVELOPMENT BERHAD

(No. 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/her ______________________________ NRIC No.: ______________
(FULL NAME)

of ____
(ADDRESS)

or failing him/her, *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 Wednesday, 20 June 2007 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/her ______________________________ NRIC No.: ______________
(FULL NAME)

of ____
(ADDRESS)

or failing him/her, *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 Wednesday, 20 June 2007 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. Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah ii. Mr Quah Chek Tin	 Resolution 4 Resolution 5				
To re-appoint the following Directors 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 6 Resolution 7				
To re-appoint Auditors	Resolution 8				
To empower Directors to issue and allot shares up to 10% of total issued and paid-up capital	Resolution 9				
To renew the authority for the purchase of own shares up to 10% of total issued and paid-up capital	Resolution 10				

(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 __________________ 2007

No. of Shares held	CDS Account No.

____

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

(2) Ordinary Resolution 10, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten (10) per centum of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained earnings 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 to Shareholders of the Company dated 29 May 2007 which is despatched together with the Company's 2006 Annual Report.