



ASIATIC DEVELOPMENT BERHAD

(Incorporated in Malaysia under Company No : 34993-X)
 10th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. P.O. Box 11224,
 50740 Kuala Lumpur. Tel: 03-21782255/23332255 Fax: 03-21641032
 Website: <http://www.asiatic.com.my> E-mail: info@asiatic.com.my

FOURTH QUARTERLY REPORT

Quarterly report on consolidated results for the fourth quarter ended 31 December 2008. The figures for the cumulative period have been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/12/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2007 RM'000	CURRENT YEAR TO-DATE 31/12/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2007 RM'000
Revenue	154,372	300,475	1,036,003	906,415
Cost of sales	(81,335)	(122,006)	(473,587)	(395,686)
Gross profit	73,037	178,469	562,416	510,729
Other income	7,664	5,628	28,122	18,743
Other expenses	(37,018)	(27,791)	(110,431)	(81,966)
Profit from operations	43,683	156,306	480,107	447,506
Share of results in jointly controlled entity and associates	(407)	1,569	2,779	3,652
Profit before taxation	43,276	157,875	482,886	451,158
Taxation	(6,867)	(35,871)	(105,659)	(103,102)
Profit for the financial period	36,409	122,004	377,227	348,056
Attributable to:				
Equity holders of the Company	36,862	120,840	373,252	344,064
Minority interests	(453)	1,164	3,975	3,992
	<u>36,409</u>	<u>122,004</u>	<u>377,227</u>	<u>348,056</u>
Basic earnings per share - sen	<u>4.87</u>	<u>16.04</u>	<u>49.35</u>	<u>45.72</u>
Diluted earnings per share - sen	<u>4.86</u>	<u>15.94</u>	<u>49.24</u>	<u>45.47</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	AS AT 31/12/2008 RM'000	AS AT 31/12/2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	437,031	384,239
Land held for property development	317,334	232,765
Investment properties	11,807	10,594
Plantation development	518,312	469,510
Leasehold land use rights	270,624	249,180
Intangible assets	81,118	16,955
Jointly controlled entity	1,940	1,901
Associates	12,547	11,291
Long term investments	32,118	32,718
Deferred taxation	7,856	6,871
Current assets		
Property development costs	53,986	111,150
Inventories	139,927	119,500
Trade and other receivables	145,019	138,349
Amount due from jointly controlled entity and associates	715	803
Short term investments	303,959	204,234
Bank balances and deposits	228,534	290,860
	<u>872,140</u>	<u>864,896</u>
TOTAL ASSETS	<u><u>2,562,827</u></u>	<u><u>2,280,920</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	378,377	377,569
Reserves	1,968,205	1,686,740
	<u>2,346,582</u>	<u>2,064,309</u>
Minority interests	32,551	11,549
<i>Total equity</i>	<u>2,379,133</u>	<u>2,075,858</u>
Non-current liabilities		
Other payables	15,592	15,592
Long term borrowings	1,225	-
Provision for directors' retirement gratuities	2,643	2,331
Deferred taxation	36,972	40,613
	<u>56,432</u>	<u>58,536</u>
Current liabilities		
Trade and other payables	103,942	119,220
Amount due to ultimate holding and other related companies	3,575	1,364
Short term borrowings	19,017	-
Taxation	728	25,942
	<u>127,262</u>	<u>146,526</u>
<i>Total liabilities</i>	<u>183,694</u>	<u>205,062</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,562,827</u></u>	<u><u>2,280,920</u></u>
NET ASSETS PER SHARE (RM)	3.10	2.73

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	<----- Attributable to equity holders of the Company ----->								
	Share Capital RM'000	Share Premium RM'000	Re- valuation Reserve RM'000	Reserve on Exchange Differences RM'000	Option Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance at 1 January 2008	377,569	37,933	18,063	(3,868)	653	1,633,959	2,064,309	11,549	2,075,858
Foreign exchange differences recognised directly in equity	-	-	-	(5,749)	-	-	(5,749)	-	(5,749)
Net income/(expense) recognised directly in equity	-	-	-	(5,749)	-	-	(5,749)	-	(5,749)
Profit for the financial year	-	-	-	-	-	373,252	373,252	3,975	377,227
Total recognised income and expense for the financial year	-	-	-	(5,749)	-	373,252	367,503	3,975	371,478
Minority interests' share of dividend paid	-	-	-	-	-	-	-	(4,963)	(4,963)
Minority interest arising on business combination	-	-	-	-	-	-	-	21,990	21,990
Asiatic Executive Share Option Scheme									
- Shares issued [see Note I(e)]	808	1,910	-	-	-	-	2,718	-	2,718
- Fair value of employees' services	-	184	-	-	21	-	205	-	205
Appropriation:									
- Special dividend paid for the financial year ended 31 December 2007 (6 sen less 26% tax)	-	-	-	-	-	(33,573)	(33,573)	-	(33,573)
- Final dividend paid for the financial year ended 31 December 2007 (4.75 sen less 26% tax)	-	-	-	-	-	(26,583)	(26,583)	-	(26,583)
- Interim dividend paid for the financial year ended 31 December 2008 (5 sen less 26% tax)	-	-	-	-	-	(27,997)	(27,997)	-	(27,997)
	-	-	-	-	-	(88,153)	(88,153)	-	(88,153)
Balance at 31 December 2008	<u>378,377</u>	<u>40,027</u>	<u>18,063</u>	<u>(9,617)</u>	<u>674</u>	<u>1,919,058</u>	<u>2,346,582</u>	<u>32,551</u>	<u>2,379,133</u>



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (Continued)

	<----- Attributable to equity holders of the Company ----->								
	Share Capital	Share Premium	Re- valuation Reserve	Reserve on Exchange Differences	Option Reserve	Retained Earnings	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2007	375,211	32,948	18,075	(355)	379	1,331,105	1,757,363	11,392	1,768,755
Revaluation surplus realised from sale of land	-	-	(12)	-	-	12	-	-	-
Foreign exchange differences recognised directly in equity	-	-	-	(3,513)	-	-	(3,513)	-	(3,513)
Net income/(expense) recognised directly in equity	-	-	(12)	(3,513)	-	12	(3,513)	-	(3,513)
Profit for the financial year	-	-	-	-	-	344,064	344,064	3,992	348,056
Total recognised income and expense for the financial year	-	-	(12)	(3,513)	-	344,076	340,551	3,992	344,543
Minority interests' share of dividend paid	-	-	-	-	-	-	-	(3,835)	(3,835)
Asiatic Executive Share Option Scheme									
- Shares issued [see Note I(e)]	2,358	4,985	-	-	-	-	7,343	-	7,343
- Fair value of employees' services	-	-	-	-	274	-	274	-	274
Appropriation:									
- Final dividend paid for the financial year ended 31 December 2006 (4.25 sen less 27% tax)	-	-	-	-	-	(23,357)	(23,357)	-	(23,357)
- Interim dividend paid for the financial year ended 31 December 2007 (3.25 sen less 27% tax)	-	-	-	-	-	(17,865)	(17,865)	-	(17,865)
	-	-	-	-	-	(41,222)	(41,222)	-	(41,222)
Balance at 31 December 2007	<u>377,569</u>	<u>37,933</u>	<u>18,063</u>	<u>(3,868)</u>	<u>653</u>	<u>1,633,959</u>	<u>2,064,309</u>	<u>11,549</u>	<u>2,075,858</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	2008 RM'000	2007 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	482,886	451,158
Adjustments for:		
Depreciation and amortisation	21,434	23,841
Interest income	(19,137)	(12,201)
Share of results in jointly controlled entity and associates	(2,779)	(3,652)
Others	3,331	2,514
	2,849	10,502
Operating profit before changes in working capital	485,735	461,660
Changes in working capital:		
Net change in current assets	(24,226)	(26,582)
Net change in current liabilities	(17,606)	13,699
	(41,832)	(12,883)
Cash generated from operations	443,903	448,777
Tax paid (<i>net of tax refund</i>)	(157,113)	(94,364)
Retirement gratuities paid	-	(3,710)
NET CASH GENERATED FROM OPERATING ACTIVITIES	286,790	350,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(68,170)	(44,646)
Plantation development	(42,754)	(23,257)
Intangible assets	(64,163)	(16,955)
Acquisition of subsidiaries*	(16,960)	-
Interest received	19,137	12,201
Other investing activities	(4,211)	(6,601)
NET CASH USED IN INVESTING ACTIVITIES	(177,121)	(79,258)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,718	7,343
Proceeds from bank borrowings	18,328	-
Dividend paid	(88,153)	(41,222)
Dividend paid to minority shareholders	(4,963)	(3,835)
NET CASH USED IN FINANCING ACTIVITIES	(72,070)	(37,714)
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,599	233,731
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	495,094	261,363
EFFECT OF CURRENCY TRANSLATION	(200)	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	532,493	495,094
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	303,959	204,234
Bank balances and deposits	228,534	290,860
Cash and cash equivalents at end of financial year	532,493	495,094

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (Continued)

* ANALYSIS OF THE ACQUISITION OF SUBSIDIARIES

2008
RM'000

Fair values of net assets acquired and net cash outflow on acquisition of subsidiaries are analysed as follows:

Property, plant and equipment	(4,993)
Plantation development	(8,359)
Leasehold land use rights	(23,574)
Trade and other receivables	(4,154)
Inventories	(1,957)
Deferred taxation	(2)
Bank balances and deposits	(14,176)
Trade and other payables	2,489
Borrowings	1,600
Minority interests	21,990

Total purchase consideration discharged by cash	(31,136)
Less : Bank balances and deposits of subsidiaries acquired	14,176

Net cash outflow on acquisition of subsidiaries	(16,960)
	=====



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ASIATIC DEVELOPMENT BERHAD NOTES TO THE INTERIM FINANCIAL REPORT - FOURTH QUARTER ENDED 31 DECEMBER 2008

I) Compliance with Financial Reporting Standard (“FRS”) 134

a) *Accounting Policies and Methods of Computation*

The interim financial report has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements. The figures for the cumulative period have been audited.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2007 except for the following:

In the current financial year, the Group adopted the following revised FRSs and IC interpretation which are applicable to financial statements for annual periods beginning on or after 1 January 2008 and are relevant to its operations:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation.	

IC Interpretation 8 Scope of FRS 2

The above FRSs and IC interpretation do not have any significant financial impact on the Group for the financial year ended 31 December 2008 and corresponding financial year ended 31 December 2007.

b) *Seasonal or Cyclical Factors*

Fresh fruit bunches (“FFB”) production is seasonal in nature. Production of FFB normally peaks in the second half of the year but this cropping pattern can be affected by changes in weather conditions.

c) *Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow*

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow for the financial year ended 31 December 2008.

d) *Material Changes in Estimates*

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year ended 31 December 2008 or that of prior financial years.

e) **Changes in Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year ended 31 December 2008 other than the issuance of 1,617,000 new ordinary shares of 50 sen each, for cash, arising from the exercise of options granted under the Asiatic Executive Share Option Scheme at exercise prices of **92 sen**, **145 sen**, **165 sen** and **183 sen** per ordinary share.

f) **Dividend Paid**

Dividends paid during the financial year ended 31 December 2008 are as follows :-

	RM'000
i) Special dividend paid on 27 March 2008 for the financial year ended 31 December 2007 - 6 sen less 26% tax per ordinary share of 50 sen each	33,573
ii) Final dividend paid on 15 July 2008 for the financial year ended 31 December 2007 - 4.75 sen less 26% tax per ordinary share of 50 sen each	26,583
iii) Interim dividend paid on 16 October 2008 for the financial year ended 31 December 2008 - 5 sen less 26% tax per ordinary share of 50 sen each	27,997
	----- 88,153 =====

g) **Segment Information**

Segment analysis for the financial year ended 31 December 2008 is set out below:

	Plantation RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue – external	936,524	99,479	-	1,036,003
Segment profit/(loss)	458,393	12,421	(9,844)	460,970
Interest income				19,137
Share of results in jointly controlled entity and associates				2,779
Profit before taxation				482,886
Taxation				(105,659)
Profit for the financial year				377,227

h) **Valuation of Property, Plant and Equipment**

There were no changes to valuation of property, plant and equipment brought forward from the previous financial year.

i) **Material Events Subsequent to the End of Financial Period**

There were no material events subsequent to the end of the current financial year ended 31 December 2008 that have not been reflected in this interim financial report.

j) *Changes in the Composition of the Group*

There were no material changes in the composition of the Group for the financial year ended 31 December 2008 except that on 3 October 2008, Mediglove Sdn Bhd's ("Mediglove") proposed joint venture for the purpose of acquiring and developing approximately 45,000 hectares of oil palm plantation in Kabupaten Kapuas, Provinsi Kalimantan Tengah, the Republic of Indonesia ("the Kapuas JV") has been completed. Mediglove has thus subscribed for 6,000,000 ordinary shares representing 60% equity interest in AsianIndo Holdings Pte Ltd ("AIH") for a cash consideration of USD9.0 million and 3,000 ordinary shares representing 30% equity interest in GaiaAgri Services Limited ("GAS") for a cash consideration of USD3,000. The remaining 40% equity interest in AIH and 70% equity interest in GAS are held by Kara Agri Pte Ltd ("KARA") and GaiaAgri Holdings Limited respectively. Arising therefrom, the wholly-owned subsidiaries of AIH, namely, Asian Palm Oil Pte Ltd (formerly known as Gaiaagri Palm Oil Pte Ltd), AsianIndo Palm Oil Pte Ltd and Kara Palm Oil Pte Ltd (collectively known as "SPV cos"), all incorporated in Singapore have become indirect subsidiaries of the Company.

Each of the SPV cos holds 95% equity interest in each of the following Indonesian subsidiaries:-

SPV cos		Indonesian subsidiaries
1.	Asian Palm Oil Pte Ltd (formerly known as GaiaAgri Palm Oil Pte Ltd)	PT Dwie Warna Karya
2.	AsianIndo Palm Oil Pte Ltd	PT Susantri Permai
3.	KARA Palm Oil Pte Ltd	PT Kapuas Maju Jaya

k) *Changes in Contingent Liabilities or Contingent Assets*

There were no significant changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2007.

l) *Capital Commitments*

Authorised capital commitments not provided for in the interim financial statements as at 31 December 2008 are as follows:

	Contracted RM'000	Not Contracted RM'000	Total RM'000
Property, plant and equipment	22,599	372,667	395,266
Leasehold land use rights	-	14,002	14,002
Intellectual property development	20,823	15,000	35,823
Plantation development	146,275	547,847	694,122
Investment properties	-	2,915	2,915
	<u>189,697</u>	<u>952,431</u>	<u>1,142,128</u>



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ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

II) Compliance with Appendix 9(B) of Bursa Securities Listing Requirements

1) Review of Performance

The results of the Group are tabulated below:

RM' Million	CURRENT QUARTER		%	PRECEDING QUARTER		FINANCIAL YEAR-TO-DATE		%	
	2008	2007		3Q 2008	3Q 2007	4Q 2008	4Q 2007		
Revenue									
Plantation	138.2	289.9	-52	261.4	289.9	-47	936.5	845.7	+11
Property	16.2	10.6	+53	25.2	10.6	-36	99.5	60.7	+64
	154.4	300.5	-49	286.6	300.5	-46	1,036.0	906.4	+14
Profit before tax									
Plantation	40.4	153.0	-74	130.8	153.0	-70	458.4	429.0	+7
Property	0.1	0.9	-89	4.6	0.9	-98	12.4	7.4	+68
Others	2.8	4.0	-30	3.4	4.0	-18	12.1	14.8	-18
	43.3	157.9	-73	138.8	157.9	-69	482.9	451.2	+7

The Group recorded a decline in revenue and pre-tax profit for the current quarter, down by 49% and 73% respectively from the corresponding period of the previous year, principally due to lower palm products prices. The average crude palm oil ("CPO") and palm kernel ("PK") selling prices achieved for the current quarter were RM1,633/mt and RM839/mt compared to RM2,888/mt and RM1,705/mt respectively in 4Q 2007.

However, the Group's revenue and pre-tax profit for the current financial year were higher by 14% and 7% respectively compared to that of the previous year on the back of higher palm products prices and FFB production. The Group achieved average CPO and PK selling prices of RM2,822/mt and RM1,595/mt for the current financial year compared to RM2,500/mt and RM1,445/mt respectively for the previous year.

2) Material Changes in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

Profit before tax for the current quarter was lower than the preceding quarter on account of lower palm products prices and lower property sales.

3) Prospects

The Group's performance in the 2009 financial year is expected to be reasonable, although it is not likely to match the record profit achieved in the current financial year due to the anticipated softer palm oil prices.

4) Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the financial year.

5) *Taxation*

Tax charge for the current quarter and financial year-to-date are set out below:

	Current Quarter RM'000	Current Financial Year-To-Date RM'000
Current taxation:		
- Income tax charge	7,358	109,991
- Deferred tax credit	(785)	(7,750)
	-----	-----
	6,573	102,241
Prior year's taxes:		
- Income tax under provided	294	294
- Deferred tax under provided	-	3,124
	-----	-----
	294	3,418
	-----	-----
	6,867	105,659
	=====	=====

The effective tax rate for the current quarter and financial year-to-date is lower than the statutory tax rate mainly due to utilisation of tax incentive which is subject to agreement of the relevant authorities. The lower effective tax rate for financial year-to-date is also due to reversal of deferred tax liabilities, offset by under provision of prior year's taxes.

6) *Profit on Sale of Unquoted Investments and/or Properties*

The results for the current quarter and financial year-to-date do not include any profit or loss on sale of unquoted investments and properties which are not in the ordinary course of business of the Group.

7) *Quoted Securities Other than Securities in Existing Subsidiaries and Associates*

There were no dealings in quoted securities for the current quarter and current financial year ended 31 December 2008.

8) *Status of Corporate Proposals Announced*

Proposed Joint Venture in Oil Palm Cultivation

- a) On 8 June 2005, the Company announced that five of its subsidiaries had entered into five separate Joint Venture Agreements for the cultivation of oil palm on approximately 98,300 hectares of land in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of Indonesia. One of the Joint Venture Agreements has become unconditional on 5 December 2007 and the joint venture company, PT Sepanjang Intisurya Mulia has secured the Hak Guna Usaha certificate for 14,261 hectares of land. The other four Joint Venture Agreements have yet to become unconditional and the parties to the said agreements have mutually agreed to extend the period for fulfilment of the conditions precedent up to and including 8 June 2009.

8) *Status of Corporate Proposals Announced (Continued)*

- b) On 13 August 2008, the Company announced that Ketapang Agri Holdings Pte Ltd, an indirect wholly-owned subsidiary of the Company, had on 12 August 2008 entered into a joint venture agreement with Palma Citra Investama Pte Ltd and PT Sawit Mandira to develop approximately 15,800 hectares of agricultural land into oil palm plantation in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of Indonesia (“the Land”) (“the Proposed Joint Venture”). The Proposed Joint Venture will be undertaken by PT Sawit Mitra Abadi (“the Joint Venture Company”). The Proposed Joint Venture is subject to, inter-alia, the following conditions precedent being obtained no later than 31 December 2011:
- i) the approval of Bank Negara Malaysia;
 - ii) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board of the Republic of Indonesia; and
 - iii) a due diligence study on the Land and the Joint Venture Company.

As at 17 February 2009, there have been no material changes to the status of the above proposals.

9) *Group Borrowings and Debt Securities*

The details of the Group’s borrowings as at 31 December 2008 are set out below:

	Secured RM’000	Unsecured RM’000	Total RM’000
Long- term borrowings			
Finance lease liabilities denominated in:			
United States Dollar (USD296,566)	1,029	-	1,029
Indonesia Rupiah (IDR616,668,297)	196	-	196
	1,225	-	1,225
Short - term borrowings			
Bridging loan dominated in:			
Indonesia Rupiah (IDR57,828,436,052)	-	18,328	18,328
Finance lease liabilities denominated in:			
United States Dollar (USD151,782)	527	-	527
Indonesia Rupiah (IDR509,776,874)	162	-	162
	689	18,328	19,017

Finance lease liabilities are secured by property, plant and equipment of certain subsidiaries.

The Group does not have any debt securities as at 31 December 2008.

10) *Off Balance Sheet Financial Instruments*

As part of the Kapuas JV as stated in Note I(j), Mediglove had entered into a Put and Call Option Agreement with KARA whereby KARA grants an option to Mediglove to purchase (“Call Option”) and Mediglove grants an option to KARA to sell (“Put Option”), as the case may be, all ordinary shares legally and beneficially owned by KARA in AIH (“Option Shares”), a 60% owned subsidiary of Mediglove, exercisable during the period after the expiry of five years from 3 October 2008 at an exercise price which shall be the fair value of the Option Shares as determined by a valuer to be appointed by mutual agreement between Mediglove and KARA. In addition, Mediglove may at any time, exercise its Call Option in the event that the Kapuas JV fails to achieve any of the agreed development milestones within six months from the respective dates of completion specified for the agreed development milestones.

11) Changes in Material Litigation

On the status of the legal Suit No. K22-245 of 2002 filed in the High Court of Sabah and Sarawak at Kota Kinabalu (“the High Court”) wherein the Company and Asiatic Tanjung Bahagia Sdn Bhd (“ATBSB”) were named as the Second and Third Defendants respectively (“the Defendants”) (“the Suit”), the High Court had on 20 June 2008 upheld the Defendants’ preliminary objection with costs awarded to the Defendants. 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 which was acquired by ATBSB from Hap Seng Consolidated Berhad.

The Defendants had raised a preliminary objection that the High Court has no original jurisdiction to hear the Suit and that this Suit will lead to multiplicity of action as the Plaintiffs had already made application to the Assistant Collector of Land Revenue for similar claims.

The Plaintiffs have filed a Notice of Appeal to the Court of Appeal on 7 July 2008 against the decision of the High Court made on 20 June 2008.

Our solicitors maintained their opinion that the Plaintiffs’ action is misconceived and unsustainable.

There have been no changes to the status of the aforesaid litigation as at 17 February 2009.

12) Dividend Proposed or Declared

- a)
 - (i) A final dividend for the financial year ended 31 December 2008 has been recommended by the Directors for approval by shareholders;
 - (ii) The recommended final dividend, if approved, would amount to 5 sen less 25% tax per ordinary share of 50 sen each;
 - (iii) The final dividend paid for the previous financial year ended 31 December 2007 was 4.75 sen less 26% tax per ordinary share of 50 sen each; and
 - (iv) The date of payment of the recommended final dividend shall be determined by the Directors and announced at a later date.
- b) Should the final dividend be approved at the forthcoming Annual General Meeting, the total dividend payable for the current financial year ended 31 December 2008 would amount to 10 sen per ordinary share of 50 sen each, comprising an interim dividend of 5 sen less 26% tax per ordinary share of 50 sen each and a proposed final dividend of 5 sen less 25% tax per ordinary share of 50 sen each.

13) Earnings per Share

	Current Quarter 4Q 2008	Current Financial Year-To- Date
a) Basic earnings per share		
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>36,862</u>	<u>373,252</u>
Weighted average number of ordinary shares in issue ('000)	<u>756,723</u>	<u>756,296</u>
Basic earnings per share (sen)	<u>4.87</u>	<u>49.35</u>
b) Diluted earnings per share		
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>36,862</u>	<u>373,252</u>
<i>Adjusted weighted average number of ordinary shares in issue ('000)</i>		
Weighted average number of ordinary shares in issue	<u>756,723</u>	<u>756,296</u>
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	<u>1,207</u>	<u>1,789</u>
	<u>757,930</u>	<u>758,085</u>
Diluted earnings per share (sen)	<u>4.86</u>	<u>49.24</u>

14) Disclosure of Audit Report Qualification and Status of Matters Raised

The audit report of the Group's annual financial statements for the financial year ended 31 December 2007 did not contain any qualification.

TAN SRI MOHD AMIN BIN OSMAN
Chairman
Asiatic Development Berhad