

# Financial Statements

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# INCOME STATEMENTS

for the financial year ended 31 December 2004

Amounts in RM'000 unless otherwise stated

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

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

# BALANCE SHEETS

as at 31 December 2004

Amounts in RM'000 unless otherwise stated

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

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

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2004

Amounts in RM'000 unless otherwise stated

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

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

# STATEMENTS OF CHANGES IN EQUITY

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

Amounts in RM'000 unless otherwise stated

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

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

# CASH FLOW STATEMENTS

for the financial year ended 31 December 2004

Amounts in RM'000 unless otherwise stated

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

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

# CASH FLOW STATEMENTS

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

Amounts in RM'000 unless otherwise stated

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

**Amounts in RM'000 unless otherwise stated**

## 1. PRINCIPAL ACTIVITIES

The Company is principally involved in plantation and investment holding.

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

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

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

## 2. BASIS OF PREPARATION

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

### **Basis of Consolidation**

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

#### **a) Subsidiaries**

The consolidated financial statements include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

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

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

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

#### a) *Subsidiaries (cont'd)*

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

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

#### b) *Associates*

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

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

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

#### **Property, Plant and Equipment**

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

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

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

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

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

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

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

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

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

#### **New Planting and Replanting Expenditure**

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

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

#### **Property Development Activities**

##### **a) Land Held for Property Development**

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

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

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

##### **b) Property Development Costs**

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

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

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

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

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

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

#### **Investments**

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

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

#### Investments (Cont'd)

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

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

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

#### Goodwill

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

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

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

#### Inventories

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

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

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

#### Receivables

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

#### Cash and Cash Equivalents

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

#### Borrowing Costs

Borrowings are initially recognised based on the proceeds received.

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

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

#### Impairment of Assets

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

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

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

#### Contingent Liabilities and Contingent Assets

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

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

#### Provisions

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

#### Income Taxes

##### a) *Current taxation*

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

##### b) *Deferred taxation*

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

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

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

#### Employee Benefits

##### a) *Short-term employee benefits*

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

##### b) *Post-employment benefits*

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

##### c) *Long-term employee benefits*

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

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

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

##### d) *Equity compensation benefits*

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

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

#### Income Recognition

##### a) *Revenue*

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

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

##### b) *Other Income*

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

#### Dividends

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

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

#### Foreign Currencies

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

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

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

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

The principal rates of exchange used in translation are as follows:

*(RM to one unit of foreign currency)*

Currency	Financial year end rate	
	2004	2003
US Dollar	<b>3.8000</b>	3.8000
Australian Dollar	<b>2.9623</b>	2.8544

#### Financial Instruments

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

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

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

#### a) *Financial instruments recognised on the balance sheet*

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

#### b) *Fair value estimation for disclosure purposes*

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

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

#### Segmental Reporting

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

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

#### Segmental Reporting (Cont'd)

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

### 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

#### Interest Rate Risk

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

#### Market Risk

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

#### Credit Risk

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

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

#### Liquidity and Cash Flow Risks

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

## 5. SEGMENT ANALYSIS

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

## 5. SEGMENT ANALYSIS (Cont'd)

The segment analysis is organised as follows:

- i) *Plantation* - comprises mainly activities relating to oil palm plantation.
- ii) *Property* - comprises mainly activities relating to property development and the operation of a golf course.
- iii) *Others* - comprises other insignificant businesses and are not reported separately.

## 6. REVENUE

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

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

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

## 7. COST OF SALES

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

## 8. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

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

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

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

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

**9. STAFF COSTS**

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

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

**10. DIRECTORS' REMUNERATION**

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

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

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

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

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

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

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

## 10. DIRECTORS' REMUNERATION (Cont'd)

Date granted	Subscription price (sen/share)	Number of shares			
		At 1 January '000	Offered and accepted '000	Exercised/relinquished/lapsed '000	At 31 December '000
<b>Financial year ended 31.12.2003:</b>					
11.11.2000	92	200	-	-	200
2.9.2002	145	2,108	-	-	2,108
1.12.2003	165	-	992	-	992
		2,308	992	-	3,300
				<b>2004</b>	<b>2003</b>
				<b>'000</b>	<b>'000</b>
Number of share options vested at balance sheet date				<b>200</b>	<b>100</b>

## 11. TAXATION

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

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

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

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

## 12. EARNINGS PER SHARE

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

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

## 13. DIVIDENDS

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

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

## 14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

## 15. PROPERTY DEVELOPMENT ACTIVITIES

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

**16. SUBSIDIARIES**

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

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

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

The subsidiaries are listed in Note 35.

**17. ASSOCIATES AND RECEIVABLES FROM ASSOCIATES**

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

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

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

The associates are listed in Note 35.

**18. INVESTMENTS**

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

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

**19. DEFERRED TAXATION**

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

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

**19. DEFERRED TAXATION (Cont'd)**

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

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:

	2004	2003	2004	2003
Unutilised tax losses	378	378	-	-
Property, plant and equipment	836	789	-	-
	<b>1,214</b>	<b>1,167</b>	<b>-</b>	<b>-</b>

**20. INVENTORIES**

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

**21. TRADE AND OTHER RECEIVABLES**

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

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

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

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

**22. SHORT TERM INVESTMENTS**

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

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

**23. BANK BALANCES AND DEPOSITS**

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

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

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

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

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

**24. TRADE AND OTHER PAYABLES**

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

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

## 25. HOLDING COMPANY AND OTHER RELATED COMPANIES

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

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

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

## 26. SHARE CAPITAL

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

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

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

The main features of the Scheme are as follows:

- i) The Scheme shall be in force for a period of ten (10) years commencing from 1 September 2000.
- ii) Eligible executives are employees of the Group (including executive directors) or persons under an employment contract of the Group for a period of at least twelve (12) full months of continuous service before the date of offer. The eligibility for participation in the Scheme shall be at the discretion of the Remuneration, Compensation and Benefits Committee ("RCB Committee") which is established by the Board of Directors.
- iii) In the event of cessation of employment of a Grantee with the Group prior to the full exercise of the options, such options shall cease without any claim against the Company provided always that subject to the written approval of RCB Committee in its discretion where the Grantee ceases his employment with the Group by reason of:
  - his retirement at or after attaining retirement age;
  - ill-health or accident, injury or disability;
  - redundancy; and/or
  - other reasons or circumstances which are acceptable to the RCB Committee

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

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

- iv) The total number of shares to be offered under the Scheme shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at the time of the offer.
- v) Not more than 50% of the shares available under the Scheme would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than 10% of the shares available under the Scheme would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid up share capital of the Company.
- vi) The price at which the Grantee is entitled to subscribe upon exercise of his rights under the Option shall be based on the weighted average market price of the Shares as shown in the Daily Official List of the Malaysia Securities Exchange Berhad for the five (5) Market Days immediately preceding the Date of Offer. Notwithstanding this, the Option Price per Share shall in no event be less than the nominal value of the Share.
- vii) No option shall be granted for less than 1,000 shares nor more than 1,500,000 shares to any eligible employee.
- viii) An option granted under the Scheme can only be exercised by the Grantee in the fourth year from the Date of Offer until the expiry of the Option Period in the following manner:

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

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

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

- ix) All new ordinary shares issued upon exercise of the options granted under the Scheme will rank pari passu in all respects with the existing ordinary shares of the Company other than their entitlements to dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.
- x) The options shall not have any right to vote at general meeting of the Company and the Grantees shall not be entitled to any dividends, right or other entitlements in respect of their unexercised options.

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

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

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

Date granted	Exercisable period	Subscription price (sen/share)	At 1 January	Offered and accepted	Exercised (Number of options)	Lapsed	At 31 December	
<i>Financial year ended 31.12.2003:</i>								
11.11.2000	11.11.2003 - 31.8.2010	92	3,002,000	-	(389,000)	(24,000)	2,589,000	
2.9.2002	2.9.2005 - 31.8.2010	145	8,021,000	-	-	(125,000)	7,896,000	
1.12.2003	1.12.2006 - 31.8.2010	165	-	6,024,000	-	-	6,024,000	
			<b>11,023,000</b>	<b>6,024,000</b>	<b>(389,000)</b>	<b>(149,000)</b>	<b>16,509,000</b>	
							<b>2004</b>	<b>2003</b>
Number of share options vested at balance sheet date							<b>1,786,000</b>	<b>1,319,000</b>

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

Exercise Date	Fair value of shares at share issue date (sen/share)	Subscription price (sen/share)	Number of shares issued	
			2004	2003
November - December 2003	167 - 170	92	-	389,000
January - February 2004	173 - 226	92	<b>333,000</b>	-
March 2004	209 - 218	92	<b>300,000</b>	-
April 2004	199 - 223	92	<b>41,000</b>	-
May - July 2004	174 - 180	92	<b>18,000</b>	-
October - December 2004	172 - 182	92	<b>87,000</b>	-
			<b>779,000</b>	<b>389,000</b>
			<b>2004</b>	<b>2003</b>
Ordinary share capital - at par			<b>390</b>	194
Share premium			<b>327</b>	163
Proceeds received on exercise of share options			<b>717</b>	357
Fair value at exercise date of shares issued			<b>1,521</b>	655

**27. RESERVES**

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

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

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

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

**28. PROVISION FOR DIRECTORS' RETIREMENT GRATUITIES**

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

**29. ON GOING LITIGATION**

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

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

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

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

**30. CAPITAL COMMITMENTS**

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

**31. SIGNIFICANT ACQUISITIONS**
**(i) Acquisition of subsidiaries during the financial year**

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

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

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

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

**31. SIGNIFICANT ACQUISITIONS (Cont'd)****(i) Acquisition of subsidiaries during the financial year (Cont'd)**

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

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

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

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

**(ii) Acquisition of assets during the financial year**

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

- Approximately 1,749 acres of plantation land together with a palm oil mill and other plantation assets located in the District of Kinabatangan, Sabah for a total cash consideration of RM50.3 million from Syarikat Trushidup Sdn Bhd ("STSB").
- Other plantation assets for a total cash consideration RM1.0 million from Trushidup Resources Sdn Bhd.
- Approximately 5,110 acres of plantation land located in the District of Kinabatangan, Sabah for a total cash consideration of RM51.9 million from STSB.

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

**31. SIGNIFICANT ACQUISITIONS (Cont'd)**
**(iii) Acquisition of subsidiaries in the previous financial year**

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

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

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

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

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

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

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

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

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

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

**32. GROUP RATIONALISATION EXERCISE (“THE PROPOSED EXERCISE”)**

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

- i) to relieve the Company from operating activities thus establishing the Company as an investment holding and management company; and
- ii) to streamline operating units currently held under various companies within the Group into distinct core entities.

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

- i) the transfer of approximately 14,159 acres of plantation land and buildings located in Sabah from the Company (the Vendor) to Asiatic Tanjung Bahagia Sdn Bhd (“ATBSB”) (*formerly known as Tanjung Bahagia Sdn Bhd*) (the Purchaser) for a total cash consideration of RM119.1 million;
- ii) the transfer of approximately 1,500 acres of plantation land and buildings located in Sabah from Asiatic Green Tech Sdn Bhd (the Vendor) to ATBSB (the Purchaser) for a total cash consideration of RM19.5 million; and
- iii) the transfer of a palm oil mill together with all plant, machinery, equipment and furniture from the Company (the Vendor) to Asiatic Oil Mills (WM) Sdn Bhd (*formerly known as Ayer Item Oil Mill Sdn Bhd*) (the Purchaser) for a total cash consideration of RM2.5 million.

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

- i) the transfer of approximately 34,769 acres of plantation land and buildings located in West Malaysia from the Company (the Vendor) to Asiatic Plantations (WM) Sdn Bhd (“APSB”) (*formerly known as Sing Mah Plantation Sdn Bhd*) (the Purchaser) for a total cash consideration of RM1.1 billion; and
- ii) the transfer of approximately 598 acres of plantation land and buildings located in West Malaysia from AR Property Sdn Bhd (the Vendor) to APSB (the Purchaser) for a total cash consideration of RM21.7 million.

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

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

**32. GROUP RATIONALISATION EXERCISE (“THE PROPOSED EXERCISE”) (Cont’d)**

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

**33. SIGNIFICANT RELATED PARTY DISCLOSURES**

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

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

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

**34. CHANGES IN ACCOUNTING POLICIES**

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

**(a) Goodwill**

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

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

**34. CHANGES IN ACCOUNTING POLICIES (Cont'd)****(a) Goodwill (Cont'd)**

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

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

**(b) MASB No. 32 – Property Development Activities**

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

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

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

**35. SUBSIDIARIES AND ASSOCIATES**

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

**35. SUBSIDIARIES AND ASSOCIATES (Cont'd)**

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

**35. SUBSIDIARIES AND ASSOCIATES (Cont'd)**

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

\* Subsidiaries acquired during the financial year.

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

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

## STATEMENT ON DIRECTORS' RESPONSIBILITY

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

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

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

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

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

## STATUTORY DECLARATION

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

I, **YONG CHEE KONG**, the Officer primarily responsible for the financial management of **ASIATIC DEVELOPMENT BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 35 to 75, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed )  
**YONG CHEE KONG**, at KUALA LUMPUR on ) **YONG CHEE KEONG**  
25 February 2005. )

Before me,

**DATO' NG MANN CHEONG**  
Commissioner for Oaths  
Kuala Lumpur

# REPORT OF THE AUDITORS

to the members of Asiatic Development Berhad

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

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also, includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements have been prepared in accordance with the provisions of the Company Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

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

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

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.








































**PRICEWATERHOUSECOOPERS**  
(No. AF: 1146)  
Chartered Accountants

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

Kuala Lumpur  
25 February 2005

# LIST OF GROUP PROPERTIES

as at 31 December 2004

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



Plantation



Permaipura Golf &amp; Country Club



Mill



Vacant land



Office



Property Development



Unplanted Agricultural Land



Factory



Residential Bungalow

## TEN-YEAR SUMMARY

## FINANCIAL

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

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

**OPERATIONS**

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

**LAND AREAS**

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

# ANALYSIS OF SHAREHOLDINGS

as at 29 April 2005

**Class of Shares : Ordinary shares of 50 sen each**

**Voting Rights : One vote per share**

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

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

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

# ANALYSIS OF SHAREHOLDINGS

as at 29 April 2005 (cont'd)

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

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

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

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

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

^ Deemed interested through Genting Berhad

# ANALYSIS OF SHAREHOLDINGS

as at 29 April 2005 (cont'd)

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

### INTEREST IN THE COMPANY

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

### INTEREST IN RELATED CORPORATIONS

#### Genting Berhad, the ultimate holding company

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

Note : # Deemed interested through Bemy Sdn Bhd

#### Resorts World Bhd, a related company

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

#### GB Credit & Leasing Sdn Bhd, a related company

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

Note : ^ Deemed interested through Fleetstar Corporation Sdn Bhd

#### Genting International PLC, a related corporation

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