

# Income Statements

For The Financial Year Ended 31 December 2005

Amounts in RM'000 unless otherwise stated

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

# Balance Sheets

As At 31 December 2005

Amounts in RM'000 unless otherwise stated

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

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

# Statements of Changes in Equity

For The Financial Year Ended 31 December 2005

Amounts in RM'000 unless otherwise stated

	Share Capital	Share Premium	Revaluation Reserve	Reserve on Exchange Differences	Unappro- priated Profit	Total
<b>Group</b>						
<b>Balance at 1 January 2005</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>
Issue of shares (see Note 25)	1,527	2,116	-	-	-	3,643
Net loss not recognised in income statement - exchange difference	-	-	-	(2)	-	(2)
Net profit for the financial year	-	-	-	-	171,809	171,809
<b>Appropriation:</b>						
- Final dividend paid for financial year ended 31 December 2004 (3.5 sen less 28% tax) (See Note 13)	-	-	-	-	(18,716)	(18,716)
- Interim dividend paid for financial year ended 31 December 2005 (2.5 sen less 28% tax) (See Note 13)	-	-	-	-	(13,385)	(13,385)
	-	-	-	-	(32,101)	(32,101)
<b>Balance at 31 December 2005</b>	<b>372,779</b>	<b>28,269</b>	<b>18,115</b>	<b>288</b>	<b>1,210,444</b>	<b>1,629,895</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 25)	390	327	-	-	-	717
Realisation of previous disposal of a foreign subsidiary	-	-	-	1,005	(1,005)	-
Revaluation surplus realised upon sale of land, net of tax	-	-	(28)	-	28	-
Net gains/(losses) not recognised in income statement	-	-	(28)	1,005	(977)	-
Net profit for the financial year	-	-	-	-	174,571	174,571
<b>Appropriation:</b>						
- Final dividend paid for financial year ended 31 December 2003 (2.75 sen less 28% tax)	-	-	-	-	(14,700)	(14,700)
- Interim dividend paid for financial year ended 31 December 2004 (2.0 sen less 28% tax) (See Note 13)	-	-	-	-	(10,691)	(10,691)
	-	-	-	-	(25,391)	(25,391)
<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>

# Statements of Changes in Equity

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

Amounts in RM'000 unless otherwise stated

	Non-Distributable		Distributable		Total
	Share Capital	Share Premium	Revaluation Reserve	Unappropriated Profit	
<b>Company</b>					
<b>Balance at 1 January 2005</b>	<b>371,252</b>	<b>26,153</b>	<b>26,613</b>	<b>781,340</b>	<b>1,205,358</b>
Issue of shares (see Note 25)	1,527	2,116	-	-	3,643
Net profit for the financial year	-	-	-	130,385	130,385
<b>Appropriation:</b>					
- Final dividend paid for financial year ended 31 December 2004 (3.5 sen less 28% tax) (See Note 13)	-	-	-	(18,716)	(18,716)
- Interim dividend paid for financial year ended 31 December 2005 (2.5 sen less 28% tax) (See Note 13)	-	-	-	(13,385)	(13,385)
	-	-	-	(32,101)	(32,101)
<b>Balance at 31 December 2005</b>	<b>372,779</b>	<b>28,269</b>	<b>26,613</b>	<b>879,624</b>	<b>1,307,285</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 25)	390	327	-	-	717
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(28)	28	-
Net profit for the financial year	-	-	-	77,979	77,979
<b>Appropriation:</b>					
- Final dividend paid for financial year ended 31 December 2003 (2.75 sen less 28% tax)	-	-	-	(14,700)	(14,700)
- Interim dividend paid for financial year ended 31 December 2004 (2.0 sen less 28% tax) (See Note 13)	-	-	-	(10,691)	(10,691)
	-	-	-	(25,391)	(25,391)
<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 40 to 75 form part of these financial statements.

# Cash Flow Statements

For The Financial Year Ended 31 December 2005

Amounts in RM'000 unless otherwise stated

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

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

# Cash Flow Statements

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

Amounts in RM'000 unless otherwise stated

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

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

# Cash Flow Statements

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

Amounts in RM'000 unless otherwise stated

<i>Notes</i>	<b>Group</b>
	2004
<b>(a) Analysis of the acquisition of subsidiaries in 2004</b>	
<i>Net assets acquired:</i>	
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	<u>108,315</u>
Less : Bank balances and deposits of subsidiaries acquired	(3,195)
Net cash outflow on acquisition of subsidiaries	<u>105,120</u>

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

Included in the above bank balances and deposits for the Group is an amount of RM14.3 million (2004 : RM13.1 million) deposited by a subsidiary involved in property development activities, into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

# Notes To The Financial Statements

31 December 2005

Amounts in RM'000 unless otherwise stated

## 1. PRINCIPAL ACTIVITIES

The Company is principally involved in plantation and investment holding.

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

Details of the principal activities of the subsidiaries and associates are set out in Note 33 to the financial statements.

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

## 2. BASIS OF PREPARATION

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

### **Basis of Consolidation**

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

#### **a) Subsidiaries**

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

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date when control ceases. Subsidiaries are consolidated using the acquisition method of accounting whereby the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date when control ceases. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost

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

of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill. See accounting policy note on treatment of goodwill.

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

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

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

#### **b) Associates**

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

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

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

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

Property, plant and equipment are stated at cost modified by the revaluation of certain property, plant and equipment less accumulated depreciation, amortisation and impairment loss, where applicable. In accordance with the transitional provisions allowed by the Financial Reporting Standards ("FRS") on adoption of FRS 116 (*previously MASB No. 15*), *Property, Plant and Equipment*, the valuation of these assets have not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation, amortisation and impairment losses.

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

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

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

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

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

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

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

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

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

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

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

#### **Property Development Activities**

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

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

Cost comprises cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at revalued amounts, it continues to retain these amounts as its surrogate cost as allowed by FRS 201<sup>2004</sup> (previously MASB No. 32), *Property Development Activities*. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

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

##### **b) Property Development Costs and Revenue Recognition**

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

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

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

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

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

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

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

#### **Investments**

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

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

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

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

#### **Goodwill**

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

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

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

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

#### **Inventories**

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

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

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

#### **Receivables**

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

#### **Cash and Cash Equivalents**

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

#### **Borrowing Costs**

Borrowings are initially recognised based on the proceeds received.

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

#### **Impairment of Assets**

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

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

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

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

#### Contingent Liabilities and Contingent Assets

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

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

#### Provisions

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

#### Income Taxes

##### a) *Current taxation*

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

##### b) *Deferred taxation*

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

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

#### Employee Benefits

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

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

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

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

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

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

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

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

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

#### *d) Equity compensation benefits*

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

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

### **Income Recognition**

#### *i) Revenue*

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

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

#### *ii) Other Income*

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

### **Dividends**

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

### **Foreign Currencies**

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

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

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

#### Foreign Currencies (Cont'd)

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

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

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

(RM to one unit of foreign currency)

Currency	Financial year end rate	
	2005	2004
US Dollar	3.7785	3.8000
Singapore Dollar	2.2728	2.3280

#### Financial Instruments

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

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

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

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

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

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

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

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

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

#### Segmental Reporting

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

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

### 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

#### Interest Rate Risk

The Group has no significant exposure to interest rate risk.

#### Market Risk

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

#### Credit Risk

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

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

#### Liquidity and Cash Flow Risks

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

## 5. SEGMENT ANALYSIS

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

## 5. SEGMENT ANALYSIS (Cont'd)

The segment analysis is organised as follows:

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

## 6. REVENUE

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

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

## 7. COST OF SALES

	Group		Company	
	2005	2004	2005	2004
Cost of inventories recognised as an expense	281,369	247,003	31,589	63,213
Cost of services recognised as an expense	1,516	1,605	-	-
	<b>282,885</b>	<b>248,608</b>	<b>31,589</b>	<b>63,213</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	
	2005	2004	2005	2004
<b>Charges:</b>				
Depreciation of property, plant and equipment	17,796	16,280	1,731	2,795
Replanting expenditure	3,706	5,439	2,729	3,782
Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 10)	2,311	2,855	1,930	2,326
Charges payable to other related companies:				
- Rental of premises	885	888	767	810
- Shared services fee	570	507	570	507
- Hire of equipment	210	49	210	49
Property, plant and equipment written off	470	565	17	18
Shared services fee payable to ultimate holding company	716	712	716	712
Finance cost - interest expense	-	878	-	-
Bad debts written off	483	523	-	-
Allowance for doubtful debts	56	-	-	-
Auditors' remuneration	154	140	60	58
Rental of land paid to a subsidiary	-	-	499	492

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

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

**9. STAFF COSTS**

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

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

## 10. DIRECTORS' REMUNERATION

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

\* A Non-Executive Director of the Company receives salary and related benefits from a subsidiary by virtue of him being an Executive Director of the said subsidiary. In addition, another Non-Executive Director of the Company received retirement gratuities upon his retirement during the year.

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

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

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

Executive Directors of the Company and its subsidiaries have been granted options under the Asiatic Executive Share Option Scheme ("the Scheme") on the same terms and conditions as those offered to other executive employees. Details of the Scheme are set out in Note 25. The unissued shares under the Scheme in respect of Directors are as follows:

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 31.12.2005:</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>-</b>	<b>(200)</b>	<b>2,275</b>
<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>-</b>	<b>-</b>	<b>2,475</b>
				<b>2005</b>	<b>2004</b>
				<b>'000</b>	<b>'000</b>
Number of share options vested at balance sheet date				<b>766</b>	<b>200</b>

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

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

## 11. TAXATION

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

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

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

Subject to the agreement by the Inland Revenue Board, the amount of unutilised tax losses of subsidiaries available for which the related tax effects have not been recognised in the net income amounted to approximately RM378,000 (2004 : RM378,000) as at the financial year end. The amount of tax savings in respect of brought forward tax losses for which credit has been recognised by subsidiaries during the financial year amounted to RM122,000 (2004 : RM1,015,000).

## 12. EARNINGS PER SHARE

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

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

## 13. DIVIDENDS

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

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2005 of 3.75 sen less 28% tax (2004 : 3.5 sen less 28% tax) per ordinary share of 50 sen each amounting to RM20.1 million (2004 : RM18.7 million) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability upon approval by shareholders.

## 14. PROPERTY, PLANT AND EQUIPMENT

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

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

2004 Group	Long							Total
	Freehold land and plantation	leasehold land and plantation	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	
<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	-	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)

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

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

2004 Company	Long		Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
	Freehold land and plantation	leasehold land and plantation						
<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

The valuation of the freehold land and plantation made by the Directors in 1981 were based upon valuations carried out by an independent firm of professional valuers using fair market value basis. The net book value of the revalued freehold land and plantation for the Group and the Company would have amounted to RM94,311,000 (2004 : RM94,311,000) and RM82,167,000 (2004 : RM82,167,000) respectively had they been stated in the financial statements at cost.

## 15. PROPERTY DEVELOPMENT ACTIVITIES

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

## 16. SUBSIDIARIES

	Company	
	2005	2004
Unquoted shares - at cost	160,822	160,822
Less : Amounts written down to-date	(3,635)	(3,635)
	<b>157,187</b>	157,187
<i>Current:</i>		
Amounts due from subsidiaries	<b>973,426</b>	911,236
Amounts due to subsidiaries	<b>(197,479)</b>	(210,905)

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

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

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

The subsidiaries are listed in Note 33.

## 17. ASSOCIATES

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

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

The amounts due from associates represent outstanding amounts arising from trade transactions and advances and payments made on behalf of associates, are unsecured and interest free and with no fixed repayment terms.

The associates are listed in Note 33.

## 18. DEFERRED TAXATION

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

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

## 18. DEFERRED TAXATION (Cont'd)

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

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

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

## 19. INVENTORIES

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

## 20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005	2004	2005	2004
<i>Current :</i>				
Trade receivables	36,495	33,398	1,704	3,693
Less : Allowance for bad and doubtful debts	(665)	(1,233)	-	-
	<b>35,830</b>	32,165	<b>1,704</b>	3,693
Accrued billings in respect of property development	14,999	7,262	-	-
Income tax recoverable	1,752	3,030	552	-
Deposits	2,024	4,654	555	539
Prepayments	702	696	194	158
Other receivables	19,022	8,148	11,176	1,074
	<b>74,329</b>	55,955	<b>14,181</b>	5,464
<i>Non-current :</i>				
Amount due from an associate (See Note 17)	1,977	4,918	1,977	4,918
Other receivable	15,000	-	15,000	-
	<b>16,977</b>	4,918	<b>16,977</b>	4,918
	<b>91,306</b>	60,873	<b>31,158</b>	10,382
The maturity profile for non-current receivables is as follows:				
More than one year and less than two years	11,977	4,918	11,977	4,918
More than two years and less than five years	5,000	-	5,000	-
	<b>16,977</b>	4,918	<b>16,977</b>	4,918
Fair value for non-current receivables				
- Amount due from an associate	1,977	4,918	1,977	4,918
- Other receivable	13,831	-	13,831	-
	<b>15,808</b>	4,918	<b>15,808</b>	4,918

Credit terms offered by the Group range from 7 to 14 days (2004 : 7 to 14 days) from date of invoice.

Bad debts written off during the financial year against allowance created in previous financial years for the Group amounted to RM624,000 (2004 : RM750,000).

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

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

## 21. SHORT TERM INVESTMENTS

Short term investments represent investments in unquoted money market instruments and are stated at cost. Money market instruments comprise negotiable certificates of deposit and bankers' acceptances. The short term investments of the Company as at 31 December 2005 have maturity periods ranging between overnight and one month (2004 : *between overnight and one month*).

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

## 22. BANK BALANCES AND DEPOSITS

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

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

	Group				Company			
	Currency Profile		Interest per annum (%)		Currency Profile		Interest per annum (%)	
	2005	2004	2005	2004	2005	2004	2005	2004
Ringgit Malaysia	65,155	45,908	2.68	2.46	41,807	23,762	2.89	2.67
US Dollars	381	386	4.16	2.25	-	-	-	-
	<b>65,536</b>	<b>46,294</b>			<b>41,807</b>	<b>23,762</b>		

The deposits of the Group and of the Company as at 31 December 2005 have maturity period of one month (2004 : *one month*). Cash and bank balances of the Group and of the Company are held at call.

Included in deposits with licensed banks for the Group is an amount of RM14.3 million (2004 : *RM13.1 million*) deposited by a subsidiary into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

**23. TRADE AND OTHER PAYABLES**

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

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

More than one year and less than two years	2,708	-	2,708	-
More than two years and less than five years	1,412	-	1,412	-
	<b>4,120</b>	<b>-</b>	<b>4,120</b>	<b>-</b>
Fair value of non-current payables	<b>3,733</b>	<b>-</b>	<b>3,733</b>	<b>-</b>

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

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

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

**24. HOLDING COMPANY AND OTHER RELATED COMPANIES**

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

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

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

## 25. SHARE CAPITAL

	Company	
	2005	2004
Authorised:		
1,000,000,000 ordinary shares of 50 sen each	<b>500,000</b>	500,000
Issued and fully paid:		
Ordinary shares of 50 sen each		
At beginning of the financial year		
- 742,503,000 (2004 : 741,724,000)	<b>371,252</b>	370,862
Issue of shares		
- 3,055,000 (2004 : 779,000)	<b>1,527</b>	390
At end of the financial year		
- 745,558,000 (2004 : 742,503,000)	<b>372,779</b>	371,252

During the financial year, the Company issued a total of 3,055,000 new ordinary shares of 50 sen each fully paid at subscription prices of 92 sen and 145 sen per ordinary share which new ordinary shares rank pari passu with the then existing issued ordinary shares of the Company by virtue of the exercise of Option to take up unissued shares of the Company by the executive employees of the Group pursuant to The Asiatic Executive Share Option Scheme ("the Scheme"). This Option was granted before the financial year end.

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

The main features of the Scheme are as follows:

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

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

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

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

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

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

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

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

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

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

Date granted	Exercisable period	Subscription price (sen/share)	At 1 January	Offered and accepted	Exercised	Lapsed	At 31 December
				(Number of Options)			
<b>Financial year ended</b>							
<b>31.12.2005:</b>							
11.11.2000	11.11.2003						
	- 31.8.2010	92	1,786,000	-	(1,485,000)	-	301,000
2.9.2002	2.9.2005						
	- 31.8.2010	145	7,740,000	-	(1,570,000)	(180,000)	5,990,000
1.12.2003	1.12.2006						
	- 31.8.2010	165	5,780,000	-	-	(335,000)	5,445,000
29.8.2005	29.8.2008						
	- 31.8.2010	183	-	1,979,000	-	(13,000)	1,966,000
			<b>15,306,000</b>	<b>1,979,000</b>	<b>(3,055,000)</b>	<b>(528,000)</b>	<b>13,702,000</b>

## 25. SHARE CAPITAL (Cont'd)

Date granted	Exercisable period	Subscription price (sen/share)	At 1 January	Offered and accepted	Exercised	Lapsed	At 31 December
				(Number of Options)			
<i>Financial year ended 31.12.2004:</i>							
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>

	2005	2004
Number of share options vested at balance sheet date	<b>2,702,000</b>	1,786,000

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

Exercise date	Fair value of shares at share issue date (sen/share)	Subscription price (sen/share)	Number of shares issued	
			2005	2004
January - February 2004	173 - 226	92	-	333,000
March 2004	209 - 218	92	-	300,000
April 2004	199 - 223	92	-	41,000
May - July 2004	174 - 180	92	-	18,000
October - December 2004	172 - 182	92	-	87,000
January - March 2005	163 - 179	92	<b>180,000</b>	-
July - September 2005	171 - 234	92 - 145	<b>935,000</b>	-
October - December 2005	201 - 246	92 - 145	<b>1,940,000</b>	-
			<b>3,055,000</b>	779,000

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

**26. RESERVES**

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

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

Based on the prevailing tax rate applicable to dividends, the estimated tax credit position is sufficient to frank approximately RM369.1 million (2004 : RM346.9 million) of the Company's unappropriated profits if distributed by way of dividends without additional tax liabilities being incurred.

In addition, the estimated tax exempt income of the Company as at 31 December 2005, under the Income Tax Act, 1967 and Income Tax (Amendment) Act, 1999, is sufficient to frank tax exempt dividend of approximately RM105.5 million (2004 : RM105.5 million). The estimated tax credit and tax exempt income are subject to agreement by the Inland Revenue Board. Based on the foregoing, the extent of unappropriated profits of the Company not covered by available tax credit and tax exempt income, if all of the unappropriated profits were to be distributed as dividends, would amount to RM405.0 million (2004 : RM328.9 million).

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

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

**28. ON GOING LITIGATION**

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

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

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

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

**29. CAPITAL COMMITMENTS**

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

**30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR****a) Acquisition of subsidiaries**

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

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

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

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

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

- i) the letter of confirmation from the local government of Kabupaten Ketapang on the Proposed Joint Venture;
- ii) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board in Indonesia;
- iii) the issuance of the Hak Guna Usaha certificates or Rights/Titles to Cultivate the Land;
- iv) due diligence study on the Land and the Joint Venture Companies; and
- v) any other approvals, licenses and permits required for the Proposed Joint Venture.

### 31. GROUP RATIONALISATION EXERCISE (“THE PROPOSED EXERCISE”)

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

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

The Proposed Exercise was completed for the transfer of all the Sabah estates and the transfer of a palm oil mill together with all plant, machinery, equipment and furniture on 1 January 2005.

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

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

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

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

### 32. SIGNIFICANT RELATED PARTY DISCLOSURES

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

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

	Group	
	2005	2004
(a) (i) Progress payments made by a wholly-owned subsidiary, Asiatic Land Development Sdn Bhd ("ALDSB") to the constructor, Kien Huat Development Sdn Bhd ("KHD"), a company in which Datuk Lim Chee Wah, a brother of Tan Sri Lim Kok Thay, is a director and has deemed substantial financial interest, for the development of properties in Kulai, Johor. The progress payments include fees and reimbursables totalling RM1,829,300 (2004 : RM1,505,900).	47,881	40,857
(ii) Project management fee payable by ALDSB to the Project Manager, KHD Management Sdn Bhd, a wholly-owned subsidiary of KHD, for the management of its properties development project in Melaka.	529	-
	<b>48,410</b>	<b>40,857</b>
b) Amount payable for the following services rendered:		
(i) Provision of information technology and system implementation services and rental of equipment by eGenting Sdn Bhd and Genting Information Knowledge Enterprise Sdn Bhd to the Company; and	1,513	1,191
(ii) Provision of management services for the implementation of the co-brand card issuer program (Asiatic Lifestyle WorldCard) by Genting WorldCard Services Sdn Bhd to ALDSB,	114	-
all of which are indirect subsidiaries of Genting Berhad, the Company's immediate and ultimate holding company.	<b>1,627</b>	<b>1,191</b>

### 33. SUBSIDIARIES AND ASSOCIATES

	Effective		Country of Incorporation	Principal Activities
	Percentage of Ownership			
	2005	2004		
<b>Direct Subsidiaries</b>				
Asiatic SDC Sdn Bhd	100	100	Malaysia	Plantation
AR Property Development Sdn Bhd	100	100	Malaysia	Plantation
Asiatic Plantations (WM) Sdn Bhd	100	100	Malaysia	Plantation
Asiatic Tanjung Bahagia Sdn Bhd	100	100	Malaysia	Plantation
Landworthy Sdn Bhd	84	84	Malaysia	Plantation
Kinavest Sdn Bhd	100	100	Malaysia	Plantation
Asiaticom Sdn Bhd	100	100	Malaysia	Plantation

## 33. SUBSIDIARIES AND ASSOCIATES (Cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2005	2004		
<b>Direct Subsidiaries (Cont'd)</b>				
Asiatic Oil Mills (WM) Sdn Bhd	100	100	Malaysia	FFB processing
ADB (Sarawak) Palm Oil Mill Management Sdn Bhd	100	100	Malaysia	Provision of palm oil mill management services
Asiatic Land Development Sdn Bhd	100	100	Malaysia	Property development
Technimode Enterprises Sdn Bhd	100	100	Malaysia	Property investment
Asiatic Properties Sdn Bhd	100	100	Malaysia	Property investment
Amalgamated Rubber (Penang) Sdn Bhd	100	100	Malaysia	Investments
Mediglove Sdn Bhd	100	100	Malaysia	Investments
Asiatic Commodities Trading Sdn Bhd	100	100	Malaysia	Pre-operating
ALD Construction Sdn Bhd	100	100	Malaysia	Pre-operating
Asiatic Vegetable Oils Refinery Sdn Bhd	100	100	Malaysia	Pre-operating
Glugor Development Sdn Bhd	100	100	Malaysia	Dormant
Asiatic Green Tech Sdn Bhd	100	100	Malaysia	Dormant
Plantation Latex (Malaya) Sdn Bhd	100	100	Malaysia	Dormant
Kenyalang Borneo Sdn Bhd	100	100	Malaysia	Dormant
<b>Indirect Subsidiaries</b>				
Setiamas Sdn Bhd	100	100	Malaysia	Plantation and property development
Wawasan Land Progress Sdn Bhd	100	100	Malaysia	Plantation
Sawit Sukau Usahasama Sdn Bhd	56	56	Malaysia	Plantation
Asiatic Indahpura Development Sdn Bhd	100	100	Malaysia	Property development
Asiatic Golf Course (Sg. Petani) Bhd	100	100	Malaysia	Golf course operation
+ Asiatic Overseas Limited	100	100	Isle of Man	Investments
+ Azzon Limited	100	100	Isle of Man	Investments

## 33. SUBSIDIARIES AND ASSOCIATES (Cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2005	2004		
Trushidup Plantations Sdn Bhd	100	100	Malaysia	Dormant
Dianti Plantations Sdn Bhd	100	100	Malaysia	Dormant
Cengkeh Emas Sdn Bhd	100	100	Malaysia	Dormant
Kituva Plantations Sdn Bhd	100	100	Malaysia	Dormant
Asiatic Awanpura Sdn Bhd	100	100	Malaysia	Pre-operating
* Asiatic Equities (S'pore) Pte Ltd	100	-	Singapore	Pre-operating
* Ketapang Holdings Pte Ltd	100	-	Singapore	Pre-operating
* Sandai Maju Pte Ltd	100	-	Singapore	Pre-operating
* Sri Kenyalang Pte Ltd	100	-	Singapore	Pre-operating
* Sri Nangatayap Pte Ltd	100	-	Singapore	Pre-operating
<b>Associates</b>				
Serian Palm Oil Mill Sdn Bhd	40	40	Malaysia	FFB processing
@ Sri Gading Land Sdn Bhd	49	49	Malaysia	Property development
Setiacahaya Sdn Bhd	50	50	Malaysia	Property investment
@ Asiatic Ceramics Sdn Bhd	49	49	Malaysia	In receivership

\* Subsidiaries acquired during the financial year.

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

@ The financial statements of these companies are audited by firms other than the auditors of the Company.

## Statement on Directors' Responsibility

Pursuant to Paragraph 15.27 (a) of the Listing Requirements of Bursa Malaysia Securities Berhad

As required under the Companies Act, 1965 ("Act"), the Directors of Asiatic Development Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with MASB approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company and of the Group for the financial year ended 31 December 2005.

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

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

This statement is made in accordance with a resolution of the Board dated 22 February 2006.

## Statutory Declaration

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

I, **CHEAH CHING MOOI**, the Officer primarily responsible for the financial management of **ASIATIC DEVELOPMENT BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 33 to 75, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed	)	
<b>CHEAH CHING MOOI</b> , at KUALA LUMPUR on	)	<b>CHEAH CHING MOOI</b>
22 February 2006.	)	

Before me,

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

# Report of the Auditors

To The Members of Asiatic Development Berhad

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

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

In our opinion:

- a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

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

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 33 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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

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

**PRICEWATERHOUSECOOPERS**

(No. AF: 1146)

Chartered Accountants

**ERIC OOI LIP AUN**

(No. 1517/06/06 (J))






































Partner of the firm

Kuala Lumpur

22 February 2006

# List of Group Properties

As at 31 December 2005

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

 Plantation

 Permaipura Golf & Country Club

 Mill

 Vacant Land

 Office

 Asiatic Indahpura Sports City

 Property Development

 Unplanted Agricultural Land

 Factory

 Residential Bungalow

 Asiatic Indahpura Car City

# Ten-Year Summary

## FINANCIAL

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

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

## Operations

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

## Land Areas

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

# Analysis of Shareholdings

as at 2 May 2006

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

**Voting Rights : One vote per share**

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	81	0.53	1,317	-
100 - 1,000	5,488	35.66	5,269,974	0.71
1,001 - 10,000	8,465	55.00	33,884,254	4.54
10,001 - 100,000	1,131	7.35	32,684,033	4.38
100,001 to less than 5% of issued shares	219	1.42	196,816,722	26.37
5% and above of issued shares	6	0.04	477,717,700	64.00
<b>Total</b>	<b>15,390</b>	<b>100.00</b>	<b>746,374,000</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. Genting Berhad	85,171,000	11.41
2. Genting Berhad	80,000,000	10.72
3. Genting Berhad	80,000,000	10.72
4. Genting Berhad	80,000,000	10.72
5. Genting Berhad	80,000,000	10.72
6. Lembaga Tabung Angkatan Tentera	72,546,700	9.72
7. Employees Provident Fund Board	14,612,400	1.96
8. Citigroup Nominees (Asing) Sdn Bhd <i>Bear Stearns Securities Corp For Third Avenue Global Value Fund LP</i>	10,892,100	1.46
9. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	9,253,600	1.24
10. Lembaga Tabung Haji	8,394,000	1.12
11. Genting Equities (Hong Kong) Limited	7,139,000	0.96
12. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Islamic Equity Fund</i>	4,246,100	0.57
13. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For DFA Emerging Markets Fund</i>	3,959,500	0.53
14. SBB Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	3,647,900	0.49
15. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Dividend Select Fund</i>	3,543,500	0.47
16. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Equity Fund</i>	3,200,600	0.43
17. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Growth Fund</i>	3,158,500	0.42
18. Crescendo Overseas Corporation Sdn Bhd	3,000,000	0.40
19. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	2,917,800	0.39
20. Citigroup Nominees (Tempatan) Sdn Bhd <i>ING Insurance Berhad (INV-IL PAR)</i>	2,813,900	0.38

# Analysis of Shareholdings

as at 2 May 2006 (cont'd)

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

Name	No. of Shares	% of Issued Capital
21. SBB Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Amanah Pencen</i>	2,668,900	0.36
22. Ke-Zan Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte. Ltd. For Exquisite Holdings Limited</i>	2,600,000	0.35
23. Citigroup Nominees (Asing) Sdn Bhd <i>GSI For North Of South Capital LLP</i>	2,563,000	0.34
24. Universal Trustee (Malaysia) Berhad <i>SBB High Growth Fund</i>	2,330,200	0.31
25. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For DFA Emerging Markets Small Cap Series</i>	2,323,500	0.31
26. BHLB Trustee Berhad <i>Public Focus Select Fund</i>	2,289,900	0.31
27. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Savings Fund</i>	2,215,300	0.30
28. Kian Hoe Plantations Berhad	2,024,000	0.27
29. Cimsec Nominees (Asing) Sdn Bhd <i>CIMB For Maimoon Omar @ Moonyra Baharuddin (PB)</i>	2,018,000	0.27
30. Universal Trustee (Malaysia) Berhad <i>SBB Retirement Balanced Fund</i>	2,013,200	0.27
<b>Total</b>	<b>581,542,600</b>	<b>77.92</b>

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

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

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

^ Deemed interested through Genting Berhad

# Analysis of Shareholdings

as at 2 May 2006 (cont'd)

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

### INTEREST IN THE COMPANY

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

### INTEREST IN RELATED CORPORATIONS

#### Genting Berhad, the ultimate holding company

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

Note : # Deemed interested through Bemy Sdn Bhd

#### Resorts World Bhd, a related company

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 P.L.C., a related corporation

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



# ASIATIC DEVELOPMENT BERHAD

(34993-X)

## FORM OF PROXY

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

**“A”** I/We \_\_\_\_\_ NRIC No./Co. No.: \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(ADDRESS)

being a member of ASIATIC DEVELOPMENT BERHAD hereby appoint

\_\_\_\_\_ NRIC No.: \_\_\_\_\_  
(FULL NAME)

of \_\_\_\_\_  
(ADDRESS)

or failing him \_\_\_\_\_ NRIC No.: \_\_\_\_\_  
(FULL NAME)

of \_\_\_\_\_  
(ADDRESS)

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

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

I/We \_\_\_\_\_ NRIC No./Co. No.: \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(ADDRESS)

being a member of ASIATIC DEVELOPMENT BERHAD hereby appoint

\_\_\_\_\_ NRIC No.: \_\_\_\_\_  
(FULL NAME)

of \_\_\_\_\_  
(ADDRESS)

or failing him \_\_\_\_\_ NRIC No.: \_\_\_\_\_  
(FULL NAME)

of \_\_\_\_\_  
(ADDRESS)

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

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

First Proxy “A”	%
Second Proxy “B”	%
	<u>100%</u>

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

My/our proxies shall vote as follows:

ORDINARY RESOLUTIONS		First Proxy "A"		Second Proxy "B"	
		For	Against	For	Against
To receive and adopt the Audited Financial Statements	Resolution 1				
To sanction the declaration of a final dividend	Resolution 2				
To approve Directors' fees	Resolution 3				
To re-elect Directors pursuant to Article 99 of the Articles of Association of the Company: i. Tan Sri Lim Kok Thay ii. Encik Mohd Din Jusoh	Resolution 4 Resolution 5				
To re-elect Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin as a Director pursuant to Article 104 of the Articles of Association of the Company	Resolution 6				
To re-appoint _____ as a Director in accordance with Section 129 of the Companies Act, 1965: i. Tan Sri Mohd Amin bin Osman ii. Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Resolution 7 Resolution 8				
To re-appoint Auditors	Resolution 9				
To empower Directors to issue and allot shares up to 10% of total issued and paid-up capital	Resolution 10				
To renew the authority for the purchase of own shares up to 10% of total issued and paid-up capital	Resolution 11				

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006

No. of Shares held	
--------------------	--

\_\_\_\_\_  
Signature of Member

\* Delete if inapplicable

**NOTES**

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

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

**EXPLANATORY NOTES ON SPECIAL BUSINESS**

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

(2) Ordinary Resolution 11, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten (10) per centum of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained profits and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy-Back are set out in the Share Buy-Back Statement of the Company dated 29 May 2006 which is despatched together with the Company's 2005 Annual Report.