



ASIATIC DEVELOPMENT BERHAD

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

FOURTH QUARTERLY REPORT

22 February 2006

Quarterly report on consolidated results for the fourth quarter ended 31 December 2005. The figures for the cumulative period have been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE PERIOD	CUMULATIVE PERIOD
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	RM'000	RM'000	RM'000	RM'000
Revenue	153,857	152,697	522,720	514,667
Cost of sales	(74,225)	(67,554)	(282,885)	(248,608)
Gross profit	79,632	85,143	239,835	266,059
Other income	3,297	2,791	37,175	13,569
Other expenses	(23,812)	(21,240)	(63,315)	(56,851)
Profit from operations	59,117	66,694	213,695	222,777
Finance cost	-	(218)	-	(878)
Share of results in associates	939	1,390	3,838	4,725
Profit from ordinary activities before taxation	60,056	67,866	217,533	226,624
Taxation	(12,782)	(17,303)	(43,675)	(49,453)
Profit from ordinary activities after taxation	47,274	50,563	173,858	177,171
Minority shareholders' interests	(783)	(837)	(2,049)	(2,600)
Net profit for the period	46,491	49,726	171,809	174,571
Basic earnings per share (sen)	6.24	6.70	23.12	23.52
Diluted earnings per share (sen)	6.20	6.67	23.02	23.42

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2004.)



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

	<i>(Audited)</i> AS AT 31 DEC 2005 RM'000	<i>(Audited)</i> AS AT 31 DEC 2004 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,022,312	989,716
Land held for property development	225,427	232,565
Associates	12,864	11,919
Long term receivables	16,977	4,918
Deferred taxation	6,250	1,788
CURRENT ASSETS		
Property development costs	111,382	105,397
Inventories	120,796	112,824
Trade and other receivables	74,329	55,955
Amount due from other related companies	16	-
Amount due from associates	683	718
Short term investments	114,067	62,314
Bank balances and deposits	65,536	46,294
	<u>486,809</u>	<u>383,502</u>
CURRENT LIABILITIES		
Trade and other payables	92,950	84,578
Amount due to ultimate holding and other related companies	1,204	1,517
Taxation	3,215	9,256
	<u>97,369</u>	<u>95,351</u>
NET CURRENT ASSETS	<u>389,440</u>	<u>288,151</u>
	<u>1,673,270</u>	<u>1,529,057</u>
FINANCED BY		
SHARE CAPITAL	372,779	371,252
RESERVES	1,257,116	1,115,294
SHAREHOLDERS' EQUITY	1,629,895	1,486,546
MINORITY INTERESTS	10,634	9,898
NON-CURRENT LIABILITIES		
Deferred taxation	23,309	27,395
Provision for directors' retirement gratuities	5,312	5,218
Other payables	4,120	-
	<u>32,741</u>	<u>32,613</u>
	<u>1,673,270</u>	<u>1,529,057</u>
NET ASSETS PER SHARE (RM)	2.20	2.02
NET TANGIBLE ASSETS PER SHARE (RM)	2.19	2.00

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2004.)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reserve on Exchange Differences RM'000	Unappro- priated Profits RM'000	Total RM'000
Balance at 1 January 2005	371,252	26,153	18,115	290	1,070,736	1,486,546
Issue of shares [see note 1(f)]	1,527	2,116				3,643
Exchange difference not recognised in income statement	-	-	-	(2)	-	(2)
Net profit for the financial year	-	-	-	-	171,809	171,809
Appropriation:						
- Final dividend paid for the financial year ended 31 December 2004 (3.5 sen less 28% tax)	-	-	-	-	(18,716)	(18,716)
- Interim dividend paid for the financial year ended 31 December 2005 (2.5 sen less 28% tax)	-	-	-	-	(13,385)	(13,385)
	-	-	-	-	(32,101)	(32,101)
Balance at 31 December 2005	<u>372,779</u>	<u>28,269</u>	<u>18,115</u>	<u>288</u>	<u>1,210,444</u>	<u>1,629,895</u>
Balance at 1 January 2004	370,862	25,826	18,143	(715)	922,533	1,336,649
Issue of shares	390	327	-	-	-	717
Revaluation surplus realised upon sale of land	-	-	(28)	-	28	-
Realisation of previous disposal of a foreign subsidiary	-	-	-	1,005	(1,005)	-
Net gains/(losses) not recognised in income statement	-	-	(28)	1,005	(977)	-
Net profit for the financial year	-	-	-	-	174,571	174,571
Appropriation:						
- Final dividend paid for the financial year ended 31 December 2003 (2.75 sen less 28% tax)	-	-	-	-	(14,700)	(14,700)
- Interim dividend paid for the financial year ended 31 December 2004 (2.0 sen less 28% tax)	-	-	-	-	(10,691)	(10,691)
	-	-	-	-	(25,391)	(25,391)
Balance at 31 December 2004	<u>371,252</u>	<u>26,153</u>	<u>18,115</u>	<u>290</u>	<u>1,070,736</u>	<u>1,486,546</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2004.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<i>(Audited)</i> 2005 RM'000	<i>(Audited)</i> 2004 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit from ordinary activities before taxation	217,533	226,624
Adjustments for:		
Depreciation of property, plant and equipment	17,796	16,280
Interest income	(3,981)	(4,102)
Share of results in associates	(3,838)	(4,725)
Net surplus arising from compulsory acquisition of freehold land	(25,797)	(1,058)
Other adjustments	987	1,217
	<u>(14,833)</u>	<u>7,612</u>
Operating profit before changes in working capital	202,700	234,236
Changes in working capital:		
Net change in current assets	(8,542)	(9,392)
Net change in current liabilities	(4,755)	8,661
	<u>(13,297)</u>	<u>(731)</u>
Cash generated from operations	189,403	233,505
Tax paid	(55,909)	(53,445)
Retirement gratuities paid	(66)	(2,981)
	<u>(55,975)</u>	<u>(56,426)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	133,428	177,079
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(48,496)	(144,414)
Acquisition of subsidiaries *	-	(105,120)
Other investing activities	15,834	3,927
NET CASH USED IN INVESTING ACTIVITIES	(32,662)	(245,607)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares:		
- exercise of share options by executive employees	3,643	717
Dividend paid	(32,101)	(25,391)
Dividend paid to minority shareholders	(1,313)	(2,154)
Proceeds from bank borrowings	-	79,000
Repayments of borrowings	-	(81,667)
Finance cost paid	-	(878)
NET CASH USED IN FINANCING ACTIVITIES	(29,771)	(30,373)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	70,995	(98,901)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	108,608	207,509
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	179,603	108,608

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2004.)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005 (Continued)

	<i>(Audited)</i> 2005 RM'000	<i>(Audited)</i> 2004 RM'000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	114,067	62,314
Bank balances and deposits	65,536	46,294
Cash and cash equivalents at end of financial year	<u>179,603</u>	<u>108,608</u>

* ANALYSIS OF THE ACQUISITION OF SUBSIDIARIES IN 2004

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

Property, plant and equipment	(104,321)
Inventories	(60)
Trade and other receivables	(5,494)
Bank balances and deposits	(3,195)
Trade and other payables	1,335
Taxation	528
Bank borrowings	2,667
Minority interests	225

Total purchase consideration	(108,315)
Less : Bank balances and deposits of subsidiaries acquired	3,195

Net cash outflow on acquisition of subsidiaries	<u>(105,120)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2004.)



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NOTES TO THE INTERIM FINANCIAL REPORT - FOURTH QUARTER ENDED 31 DECEMBER 2005

D) Compliance with Financial Reporting Standards (“FRS”) 134

a) *Accounting Policies and Methods of Computation*

The interim financial report has been prepared in accordance with FRS 134 (*formerly MASB 26*) – “*Interim Financial Reporting*” and paragraph 9.22 of Bursa Malaysia Securities Berhad (“*Bursa Malaysia*”) Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2004.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2004.

b) *Disclosure of Audit Report Qualification and Status of Matters Raised*

The audit report of the Group’s annual financial statements for the financial year ended 31 December 2004 did not contain any qualification.

c) *Seasonal or Cyclical Factors*

The production of fresh fruit bunches (“*FFB*”) is seasonal in nature and normally peaks in the second half of the year.

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

The unusual item included in the interim financial statements for the current financial year ended 31 December 2005 was an additional compensation in respect of freehold land previously acquired by the government. The additional compensation gave rise to a net surplus of RM25.8 million and was included under other income of the Group.

e) *Material Changes in Estimates*

There were no significant changes made in estimates of amounts reported in prior financial years.

f) Changes in Debt and Equity Securities

The Company issued 3,055,000 new ordinary shares of 50 sen each, for cash, arising from the exercise of options granted under the Asiatic Executive Share Option Scheme at exercise prices of RM0.92 and RM1.45 per ordinary share for the current financial year ended 31 December 2005.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company for the current financial year ended 31 December 2005.

g) Dividends Paid

Dividends paid during the current financial year are as follows:

Date of Payment	Description	RM'000
21 July 2005	Final dividend of 3.5 sen per ordinary share of 50 sen each, less 28% tax, for the financial year ended 31 December 2004	18,716
21 October 2005	Interim dividend of 2.5 sen per ordinary share of 50 sen each, less 28% tax, for the financial year ended 31 December 2005	13,385
		32,101

h) Segment Information

Segment analysis for the current financial year ended 31 December 2005 is set out below:

	Plantation RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue – external	441,879	80,841	-	522,720
Segment profit	173,192	8,722	2,003	183,917
Net surplus arising from additional compensation in respect of freehold land previously acquired by the government	25,797	-	-	25,797
Interest income				3,981
Share of results in associates	3,016	822	-	3,838
Profit from ordinary activities before taxation				217,533
Taxation				(43,675)
Profit from ordinary activities after taxation				173,858
Minority interests				(2,049)
Net profit for the current financial year				171,809

i) Valuation of Property, Plant and Equipment

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

j) Material Events Subsequent to the End of Financial Period

There were no material events subsequent to the end of the current financial year ended 31 December 2005 that have not been reflected in this interim financial report.

k) Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current financial year ended 31 December 2005.

l) Changes in Contingent Liabilities or Contingent Assets

There were no significant changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2004.

m) Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 31 December 2005 are as follows:

	Contracted RM'000	Not Contracted RM'000	Total RM'000
Property, plant and equipment	15,470	83,656	99,126
Investments in subsidiaries	1,460	-	1,460
	-----	-----	-----
	16,930	83,656	100,586
	=====	=====	=====



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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA – FOURTH QUARTER ENDED 31 DECEMBER 2005

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

1) Review of Performance

The results of the Group are tabulated below:

	Individual Quarter			Preceding Quarter		Full Year		
	4Q2005	4Q2004	%	3Q2005	%	2005	2004	%
	RM'Million	RM'Million	+/-	RM'Million	+/-	RM'Million	RM'Million	+/-
Revenue								
Plantation	128.1	143.5	-11	111.9	+14	441.9	467.2	-5
Property	25.7	9.2	N/A	27.1	-5	80.8	47.5	+70
	-----	-----		-----		-----	-----	
	153.8	152.7	+1	139.0	+11	522.7	514.7	+2
	=====	=====		=====		=====	=====	
Profit before tax and unusual items								
o Plantation	54.9	65.2	-16	42.4	+29	173.2	210.1	-18
o Property	2.5	0.1	N/A	3.7	-32	8.7	4.5	+93
o Others	2.6	2.3	+13	1.9	+37	9.8	10.9	-10
	-----	-----		-----		-----	-----	
	60.0	67.6	-11	48.0	+25	191.7	225.5	-15
	=====	=====		=====		=====	=====	
Net surplus arising from compulsory acquisition of freehold land [see Note 1(d)(i)]	-	0.3	N/A	-	N/A	25.8	1.1	N/A
	-----	-----		-----		-----	-----	
Profit before tax	60.0	67.9	-12	48.0	+25	217.5	226.6	-4
	=====	=====		=====		=====	=====	

Revenue for the current quarter and current financial year ended 31 December 2005 were marginally higher than that of the previous year's corresponding periods mainly due to higher progress billings from properties which more than offset the lower plantation revenue.

For the current quarter and current financial year ended 31 December 2005, profit before tax of the Group declined by **12%** and **4%** respectively mainly due to lower selling prices of palm products coupled with higher production costs. The overall decline was moderated by higher FFB production and profit contribution from the property segment along with a net surplus arising from additional compensation in respect of land previously acquired by the government.

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

Profit before tax for the current quarter was 25% higher than that of the immediate preceding quarter mainly due to higher CPO selling price and FFB production.

3) ***Prospects***

Barring any unforeseen circumstances, the performance of the Group for the financial year ending 31 December 2006 is expected to be satisfactory.

4) ***Variance of Actual Profit from Forecast Profit***

The Group did not issue any profit forecast or profit guarantee.

5) ***Taxation***

Tax charge/(credit) for the current quarter and current financial year ended 31 December 2005 are set out below:

	Current Quarter RM'000	Current Financial Year-to-date RM'000
Current tax charge:		
- Malaysian income tax	14,092	47,540
- Deferred tax	(757)	(2,295)
Share of tax in associates	274	1,077
	----- 13,609	----- 46,322
Prior year's taxes:		
- Income tax (over)/under provided	(312)	3,606
- Deferred tax over provided	(515)	(6,253)
	(827)	(2,647)
	----- 12,782	----- 43,675

The effective tax rate for the current quarter and current financial year ended 31 December 2005 is lower than the statutory tax rate mainly due to certain non-taxable income, utilisation of agriculture allowance and adjustments relating to prior year's tax.

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

The results for the current quarter and current financial ended 31 December 2005 do not include any profit or loss on sale of unquoted investments and properties which are not in the ordinary course of business of the Group.

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

There were no dealings in quoted securities for the current quarter and current financial year ended 31 December 2005.

8) *Status of Corporate Proposals Announced*

On 8 June 2005, the Company announced that 5 of its 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, Indonesia (“the Land”) (“the Proposed Joint Venture”). As at 15 February 2006, 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:

- a) the letter of confirmation from the local government of Kabupaten Ketapang on the Proposed Joint Venture;
- b) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board in Indonesia;
- c) the issuance of the Hak Guna Usaha certificates or Right/Title to Cultivate the Land;
- d) due diligence study on the Land and the Joint Venture Companies; and
- e) any other approvals, licenses and permits required for the Proposed Joint Venture.

9) *Group Borrowings and Debt Securities*

The Group does not have any borrowings or debt securities as at 31 December 2005.

10) *Off Balance Sheet Financial Instruments*

There are no off balance sheet financial instruments as at 15 February 2006.

11) *Changes in Material 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 which was acquired by ATBSB from Hap Seng Consolidated Berhad (“HSCB”) (“the Tongod Land”). 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 15 February 2006.

12) Dividend Proposed or Declared

- a) (i) A final dividend for the financial year ended 31 December 2005 has been recommended by the Directors for approval by shareholders;
- (ii) The recommended final dividend, if approved, would amount to 3.75 sen less 28% tax per ordinary share of 50 sen each;
- (iii) The final dividend paid for the previous financial year ended 31 December 2004 was 3.5 sen less 28% tax per ordinary share of 50 sen each; and
- (iv) The date of payment of the recommended final dividend shall be determined by the Directors and announced at a later date; and
- b) Total dividend payable for the current financial year ended 31 December 2005, including the above recommended final dividend, if approved, would amount to 6.25 sen less 28% tax per ordinary share of 50 sen each.

13) Earnings per Share

	Current Quarter	Current Financial Year
a) Basic earnings per share		
Net profit for the financial period (<i>RM'000</i>)	46,491	171,809
Weighted number of ordinary shares in issue	745,050,652	743,274,803
Basic earnings per share (<i>sen</i>)	6.24	23.12
b) Diluted earnings per share		
Net profit for the financial period (<i>RM'000</i>)	46,491	171,809
<i>Adjusted weighted number of ordinary shares in issue</i>		
Weighted number of ordinary shares in issue	745,050,652	743,274,803
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	4,974,201	2,970,541
	750,024,853	746,245,344
Diluted earnings per share (<i>sen</i>)	6.20	23.02

TAN SRI MOHD AMIN BIN OSMAN
Chairman
Asiatic Development Berhad