# 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,
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**FOURTH QUARTERLY REPORT** 28 February 2007

Quarterly report on consolidated results for the fourth quarter ended 31 December 2006. The figures for the cumulative period have been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

| | **INDIVIDUAL QUARTER** *(Unaudited)* | | **CUMULATIVE PERIOD** | |
|---|---|---|---|---|
| | **CURRENT YEAR QUARTER 31/12/2006** RM'000 | **Restated PRECEDING YEAR CORRESPONDING QUARTER 31/12/2005** RM'000 | **CURRENT YEAR TO-DATE 31/12/2006** RM'000 | **Restated PRECEDING YEAR CORRESPONDING PERIOD 31/12/2005** RM'000 |
| Revenue | **171,391** | 153,857 | **576,578** | 522,720 |
| Cost of sales | **(80,710)** | (74,225) | **(309,350)** | (282,885) |
| **Gross profit** | **90,681** | 79,632 | **267,228** | 239,835 |
| Other income | **4,162** | 3,297 | **15,426** | 37,175 |
| Other expenses | **(19,374)** | (23,812) | **(64,054)** | (63,315) |
| **Profit from operations** | **75,469** | 59,117 | **218,600** | 213,695 |
| Share of results in associates | **979** | 665 | **1,825** | 2,761 |
| **Profit before taxation** | **76,448** | 59,782 | **220,425** | 216,456 |
| Taxation | **(13,957)** | (14,520) | **(47,207)** | (44,610) |
| **Profit for the period/year** | **62,491** | 45,262 | **173,218** | 171,846 |
| Attributable to: | | | | |
| Equity holders of the Company | **61,696** | 44,479 | **171,147** | 169,797 |
| Minority interests | **795** | 783 | **2,071** | 2,049 |
| | **62,491** | 45,262 | **173,218** | 171,846 |
| Basic earnings per share - sen | **8.24** | 5.97 | **22.91** | 22.84 |
| Diluted earnings per share - sen | **8.15** | 5.93 | **22.69** | 22.75 |

*(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005.)*

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## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

| | AS AT 31 DECEMBER 2006 RM'000 | Restated AS AT 31 DECEMBER 2005 RM'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **616,870** | 583,535 |
| Land held for property development | **226,253** | 225,427 |
| Investment properties | **10,874** | 9,065 |
| Biological assets | **445,512** | 429,712 |
| Associates | **12,961** | 12,864 |
| Long term investment | **32,653** | - |
| Long term receivables | **5,000** | 16,977 |
| Deferred taxation | **5,669** | 6,250 |
| **Current assets** | | |
| Property development costs | **104,134** | 111,382 |
| Inventories | **114,926** | 120,796 |
| Trade and other receivables | **97,426** | 74,345 |
| Amount due from associates | **1,094** | 683 |
| Short term investments | **121,184** | 114,067 |
| Bank balances and deposits | **140,179** | 65,536 |
| | **578,943** | 486,809 |
| **TOTAL ASSETS** | **1,934,735** | 1,770,639 |
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to equity holders of the Company** | | |
| Share capital | **375,211** | 372,779 |
| Reserves | **1,382,152** | 1,241,560 |
| | **1,757,363** | 1,614,339 |
| **Minority interests** | **11,392** | 10,634 |
| ***Total equity*** | **1,768,755** | 1,624,973 |
| **Non-current liabilities** | | |
| Other payables | **17,220** | 4,120 |
| Provision for directors' retirement gratuities | **5,566** | 5,312 |
| Deferred taxation | **41,088** | 38,865 |
| | **63,874** | 48,297 |
| **Current liabilities** | | |
| Trade and other payables | **94,922** | 92,950 |
| Amount due to ultimate holding and other related companies | **1,887** | 1,204 |
| Taxation | **5,297** | 3,215 |
| | **102,106** | 97,369 |
| ***Total liabilities*** | **165,980** | 145,666 |
| **TOTAL EQUITY AND LIABILITIES** | **1,934,735** | 1,770,639 |
| **NET ASSETS PER SHARE (RM)** | **2.34** | 2.17 |

*(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005.)*

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

| | <---------- Attributable to equity holders of the Company ----------> | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Share Capital** RM'000 | **Share Premium** RM'000 | **Re-valuation Reserve** RM'000 | **Reserve on Exchange Differences** RM'000 | **Option Reserve** RM'000 | **Retained Earnings** RM'000 | **Total** RM'000 | **Minority Interests** RM'000 | **Total Equity** RM'000 |
| **Balance at 1 January 2006** | | | | | | | | | |
| As previously stated | **372,779** | **28,269** | **18,115** | **288** | **-** | **1,210,444** | **1,629,895** | **10,634** | **1,640,529** |
| Prior year adjustment *[See Note I (a iv)]* | **-** | **-** | **-** | **-** | **-** | **(15,556)** | **(15,556)** | **-** | **(15,556)** |
| Restated balances | **372,779** | **28,269** | **18,115** | **288** | **-** | **1,194,888** | **1,614,339** | **10,634** | **1,624,973** |
| Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement | **-** | **-** | **(40)** | **-** | **-** | **40** | **-** | **-** | **-** |
| Net loss not recognised in income statement – exchange difference | **-** | **-** | **-** | **(643)** | **-** | **-** | **(643)** | **-** | **(643)** |
| Net income/(expense) recognised directly in equity | **-** | **-** | **(40)** | **(643)** | **-** | **40** | **(643)** | **-** | **(643)** |
| Profit for the financial year | **-** | **-** | **-** | **-** | **-** | **171,147** | **171,147** | **2,071** | **173,218** |
| Total recognised income and expense for the year | **-** | **-** | **(40)** | **(643)** | **-** | **171,187** | **170,504** | **2,071** | **172,575** |
| Employees share option scheme *[see Note I(f)]* | | | | | | | | | |
| *- Shares issued* | **2,432** | **4,679** | **-** | **-** | **-** | **-** | **7,111** | **-** | **7,111** |
| *- Options granted* | **-** | **-** | **-** | **-** | **379** | **-** | **379** | **-** | **379** |
| Minority interests arising on business combination | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **120** | **120** |
| Minority interests' share of dividends paid | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(1,433)** | **(1,433)** |
| Dividends paid to equity holders of the Company | **-** | **-** | **-** | **-** | **-** | **(34,970)** | **(34,970)** | **-** | **(34,970)** |
| **Balance at 31 December 2006** | **375,211** | **32,948** | **18,075** | **(355)** | **379** | **1,331,105** | **1,757,363** | **11,392** | **1,768,755** |

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006** *(Continued)*

| | <----------- Attributable to equity holders of the Company -----------> | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share Capital** RM'000 | **Share Premium** RM'000 | **Re-valuation Reserve** RM'000 | **Reserve on Exchange Differences** RM'000 | **Retained Earnings** RM'000 | **Total** RM'000 | **Minority Interests** RM'000 | **Total Equity** RM'000 |
| Balance at 1 January 2005 | | | | | | | | |
| As previously stated | 371,252 | 26,153 | 18,115 | 290 | 1,070,736 | 1,486,546 | 9,898 | 1,496,444 |
| Prior year adjustment | - | - | - | - | (13,544) | (13,544) | - | (13,544) |
| Restated balances | 371,252 | 26,153 | 18,115 | 290 | 1,057,192 | 1,473,002 | 9,898 | 1,482,900 |
| Net loss not recognised in income statement - exchange difference | - | - | - | (2) | - | (2) | - | (2) |
| Net expense recognised directly in equity | - | - | - | (2) | - | (2) | - | (2) |
| Profit for the financial year | - | - | - | - | 169,797 | 169,797 | 2,049 | 171,846 |
| Total recognised income and expenses for the year | - | - | - | (2) | 169,797 | 169,795 | 2,049 | 171,844 |
| Issue of shares on exercise of share options | 1,527 | 2,116 | - | - | - | 3,643 | - | 3,643 |
| Minority interests' share of dividends paid | - | - | - | - | - | - | (1,313) | (1,313) |
| Dividends paid to equity holders of the Company | - | - | - | - | (32,101) | (32,101) | - | (32,101) |
| Balance at 31 December 2005 | 372,779 | 28,269 | 18,115 | 288 | 1,194,888 | 1,614,339 | 10,634 | 1,624,973 |

*(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 2005.)*

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

| | 2006<br>RM'000 | Restated<br>2005<br>RM'000 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | **220,425** | 216,456 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **18,619** | 17,338 |
| Depreciation of investment property | **320** | 450 |
| Interest income | **(7,387)** | (3,981) |
| Share of results in associates | **(1,825)** | (2,761) |
| Net surplus arising from compensation in respect of freehold land acquired by the Government | **(1,770)** | (25,797) |
| Other adjustments | **2,020** | 995 |
| | **9,977** | (13,756) |
| **Operating profit before changes in working capital** | **230,402** | 202,700 |
| Changes in working capital: | | |
| Net change in current assets | **8,408** | (8,542) |
| Net change in current liabilities | **(13,724)** | (4,755) |
| | **(5,316)** | (13,297) |
| **Cash generated from operations** | **225,086** | 189,403 |
| Tax paid *(net of tax refund)* | **(53,983)** | (55,909) |
| Retirement gratuities paid | **-** | (66) |
| | **(53,983)** | (55,975) |
| ***NET CASH GENERATED FROM OPERATING ACTIVITIES*** | **171,103** | 133,428 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | **(36,350)** | (29,804) |
| Purchase of investment properties | **(772)** | (3,871) |
| Planting and development expenditure *(classified under biological assets)* | **(12,120)** | (14,821) |
| Purchase of long term investments | **(32,653)** | - |
| Acquisition of a subsidiary | **1,042** | - |
| Repayment of long term receivables from an associate | **1,977** | 2,941 |
| Long term receivable | **10,000** | 5,770 |
| Other investing activities | **8,825** | 7,123 |
| ***NET CASH USED IN INVESTING ACTIVITIES*** | **(60,051)** | (32,662) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares *[see Note I(f)]* | **7,111** | 3,643 |
| Dividends paid | **(34,970)** | (32,101) |
| Dividends paid to minority shareholders | **(1,433)** | (1,313) |
| ***NET CASH USED IN FINANCING ACTIVITIES*** | **(29,292)** | (29,771) |
| ***NET INCREASE IN CASH AND CASH EQUIVALENTS*** | **81,760** | 70,995 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR** | **179,603** | 108,608 |
| ***CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*** | **261,363** | 179,603 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | |
| Short term investments | **121,184** | 114,067 |
| Bank balances and deposits | **140,179** | 65,536 |
| **Cash and cash equivalents at end of financial period** | **261,363** | 179,603 |

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005.)*

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**ASIATIC DEVELOPMENT BERHAD**
**NOTES TO THE INTERIM FINANCIAL REPORT**
**- FOURTH QUARTER ENDED 31 DECEMBER 2006**

## I) Compliance with Financial Reporting Standard ("FRS") 134

### *a) Accounting Policies and Methods of Computation*

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2005. 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 2005 as well as the new/revised MASB approved accounting standards that are effective and applicable in the current financial year.

In the current financial year ended 31 December 2006, the Group adopted the following new/revised FRSs which are applicable to financial statements for annual periods beginning on or after 1 January 2006 and are relevant to its operations. The 2005 comparatives have been restated as required, in accordance with the relevant requirements.

| | |
|---|---|
| FRS 2 | Share-based Payment |
| FRS 3 | Business Combinations |
| FRS 5 | Non-Current Assets Held for Sale and Discontinued Operations |
| FRS 101 | Presentation of Financial Statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date |
| FRS 116 | Property, Plant and Equipment |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 128 | Investments in Associates |
| FRS 132 | Financial Instruments: Disclosure and Presentation |
| FRS 133 | Earnings Per Share |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |
| FRS 140 | Investment Property |

The Group has not adopted the following FRSs which are applicable to financial statements for annual periods beginning on or after 1 October 2006:

| | |
|---|---|
| FRS117 | Leases |
| FRS124 | Related Party Disclosures |

The adoption of the new/revised FRSs did not result in substantial changes to the Group's accounting policies other than the effects arising from the following FRSs:

| | |
|---|---|
| FRS 2 | Share-based Payment |
| FRS 101 | Presentation of Financial Statements |
| FRS 140 | Investment Property |

The principal effects of the changes in accounting policies resulting from the adoption of the above FRSs by the Group are as set-out below:

**i) FRS 2: Share-based Payment**

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

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

Prior to 1 January 2006, no compensation expense was recognised in the income statement for share options granted. Effective 1 January 2006, with the adoption of FRS 2, the fair value of employees' services rendered in exchange for the grant of the share options is recognised as an expense over the vesting period. The fair value is measured by the use of a trinomial model. The total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each share option granted at the grant date and the number of share options vested by vesting date, with a corresponding increase in equity. Before the end of the vesting period, at each balance sheet date, the Group will revise its estimates of the number of share options that are expected to be vested at the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement is made. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account when the share options are exercised.

The Group has adopted the transitional provision in FRS 2 to account for those share options that were granted after 31 December 2004 and had not yet been vested on 1 January 2006. However, the impact from the adoption of FRS 2 on the financial statements of the Group is immaterial and is not separately disclosed.

**ii) FRS 101: Presentation of Financial Statements**

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

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

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

In line with the requirement of FRS 101, roads and bridges previously classified under land, planting and development expenditure have been separately categorised as land improvements and depreciated over its useful life. Accordingly, the timing effects on taxation arising from utilisation of capital allowances and depreciation for roads and bridges were quantified. Where the impact has retrospective effect on prior years, the comparatives have been restated. The effects of the above changes on the adoption of FRS 101 are set out in item (iv) below.

**iii) FRS 140: Investment Property**

FRS 140 defines an investment property as a property held for long-term rental yield and/or for capital appreciation and is not occupied by the companies in the Group. It is initially measured at cost, including direct transaction costs.

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

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

**iv)** The effects on the comparatives to the Group on adoption of FRS 101 and FRS 140 are as follows:

| **RM'000** | **As previously reported** | **Effects on adoption of FRSs** | **Prior years' adjustment** | **As restated** |
|---|---|---|---|---|
| **Group** | | | | |
| **At 1 January 2006** | | | | |
| Property, plant and equipment | 1,022,312 | (438,777) | - | 583,535 |
| Investment properties | - | 9,065 | - | 9,065 |
| Biological assets | - | 429,712 | - | 429,712 |
| Deferred tax liabilities | 23,309 | - | 15,556 | 38,865 |
| Retained earnings | 1,210,444 | - | (15,556) | 1,194,888 |
| **At 1 January 2005** | | | | |
| Deferred tax liabilities | 27,395 | - | 13,544 | 40,939 |
| Retained earnings | 1,070,736 | - | (13,544) | 1,057,192 |
| **4th quarter ended 31 December 2005** | | | | |
| Share of results in associates | 939 | (274) | - | 665 |
| Profit before taxation | 60,056 | (274) | - | 59,782 |
| Taxation | 12,782 | (274) | 2,012 | 14,520 |
| Profit for the period | 46,491 | 783 | (2,012) | 45,262 |
| **Financial year ended 31 December 2005** | | | | |
| Share of results in associates | 3,838 | (1,077) | - | 2,761 |
| Profit before taxation | 217,533 | (1,077) | - | 216,456 |
| Taxation | 43,675 | (1,077) | 2,012 | 44,610 |
| Profit for the year | 171,809 | 2,049 | (2,012) | 171,846 |

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

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

| | **Individual Quarter 31 December 2005** | | **Financial Year ended 31 December 2005** | |
|---|---|---|---|---|
| | **As previously reported** | **Restated** | **As previously reported** | **Restated** |
| | sen | sen | sen | sen |
| Basic earnings per share | 6.24 | 5.97 | 23.12 | 22.84 |
| Diluted earnings per share | 6.20 | 5.93 | 23.02 | 22.75 |

**_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 2005 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_**

There were no unusual items affecting the assets, liabilities, equities, net income or cash flow for the financial year ended 31 December 2006.

**_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_**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity during the financial year ended 31 December 2006 other than the issuance of 4,864,000 new ordinary shares of 50 sen each, for cash, arising from the exercise of options granted under the Asiatic Executive Share Option Scheme at exercise prices of ***92*** sen, ***145*** sen and ***165*** sen per ordinary share.

**_g) Dividend Paid_**

Dividends paid during the current financial year are as follows:

| Date of Payment | Description | RM'000 |
|---|---|---|
| 19 July 2006 | Final dividend of 3.75 sen per ordinary share of 50 sen each, less 28% tax, for the financial year ended 31 December 2005 | **20,164** |
| 19 October 2006 | Interim dividend of 2.75 sen per ordinary share of 50 sen each, less 28% tax, for the financial year ended 31 December 2006 | **14,806** |
| | | **34,970** |

### *h) Segment Information*

Segment analysis for the financial year ended 31 December 2006 is set out below:

| | **Plantation** RM'000 | **Property** RM'000 | **Others** RM'000 | **Total** RM'000 |
|---|---|---|---|---|
| **Revenue – external** | **486,041** | **90,537** | **-** | **576,578** |
| Segment profit | **195,198** | **12,948** | **1,297** | **209,443** |
| Net surplus arising from compensation in respect of freehold land acquired by the Government | | | | **1,770** |
| Interest income | | | | **7,387** |
| Share of results in associates | | | | **1,825** |
| **Profit before taxation** | | | | **220,425** |
| Taxation | | | | **(47,207)** |
| **Profit for the year** | | | | **173,218** |

### *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 Year*

There were no material events subsequent to the end of the current financial year ended 31 December 2006 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 financial year ended 31 December 2006.

### *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 2005.

### *m) Capital Commitments*

Authorised capital commitments not provided for in the interim financial statements as at 31 December 2006 are as follows:

| | **Contracted** RM'000 | **Not Contracted** RM'000 | **Total** RM'000 |
|---|---|---|---|
| Property, plant and equipment | **29,297** | **83,075** | **112,372** |
| Investment properties | **1,087** | **283** | **1,370** |
| Biological assets | **1,463** | **35,495** | **36,958** |
| Investments | **1,119** | **-** | **1,119** |
| | **32,966** | **118,853** | **151,819** |

# ASIATIC DEVELOPMENT BERHAD

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**ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES – FOURTH QUARTER ENDED 31 DECEMBER 2006**

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

### 1) *Review of Performance*

The results of the Group are tabulated below:

| | **INDIVIDUAL QUARTER** | | | **PRECEDING QUARTER** | | **FULL YEAR** | | |
|---|---|---|---|---|---|---|---|---|
| | **4Q 2006** RM'Million | **4Q 2005** RM'Million | *%* +/- | **3Q 2006** RM'Million | *%* +/- | **2006** RM'Million | **2005** RM'Million | *%* +/- |
| **Revenue** | | | | | | | | |
| Plantation | **154.8** | 128.1 | *+21* | **119.8** | *+29* | **486.0** | 441.9 | *+10* |
| Property | **16.6** | 25.7 | *-35* | **24.5** | *-32* | **90.5** | 80.8 | *+12* |
| | **171.4** | 153.8 | *+11* | **144.3** | *+19* | **576.5** | 522.7 | *+10* |
| **Profit before tax** | | | | | | | | |
| o Plantation | **69.4** | 54.9 | *+26* | **49.2** | *+41* | **195.2** | 173.2 | *+13* |
| o Property | **3.6** | 2.5 | *+44* | **3.4** | *+6* | **12.9** | 8.7 | *+48* |
| o Others | **3.4** | 2.4 | *+42* | **2.6** | *+31* | **10.5** | 8.7 | *+21* |
| | **76.4** | 59.8 | *+28* | **55.2** | *+38* | **218.6** | 190.6 | *+15* |
| Net surplus arising from compensation in respect of freehold land acquired by the Government | **-** | **-** | - | **1.7** | *N/A* | **1.8** | 25.8 | *N/A* |
| | **76.4** | 59.8 | *+28* | **56.9** | *+34* | **220.4** | 216.4 | *+2* |

Overall, the Group's performance for the current quarter was an improvement on the back of higher crude palm oil ("CPO") selling price. The Group achieved an average CPO selling price of RM1,675/mt in the current quarter as compared to RM1,426/mt in 4Q 2005.

For the year, the higher revenue and better performances registered in both the plantation and property segments were mainly due to higher CPO selling price, fresh fruit bunches ("FFB") production coupled with higher progress billings from property sales.

The Group achieved an average CPO selling price of RM1,520/mt as compared to RM1,398/mt for 2005. The current year's performance was also boosted by a ***3%*** increase in FFB production and a ***48%*** increase in profit from the property segment.

### 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 higher than the preceding quarter mainly due to higher selling prices for palm products and FFB production.

***3) Prospects***

Barring any unforeseen circumstances, the performance of the Group for the coming financial year is expected to be satisfactory.

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

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

***5) Taxation***

Tax charge for the current quarter and current financial year ended 31 December 2006 are set out below:

| | **Current Quarter** RM'000 | **Current Financial Year** RM'000 |
|---|---|---|
| Current taxation: | | |
| - Malaysian income tax charge | **8,980** | **44,059** |
| - Deferred tax charge/(credit) | **4,925** | **2,849** |
| | ---------- | ---------- |
| Prior years' taxes: | **13,905** | **46,908** |
| - Income tax under provided | **97** | **344** |
| - Deferred tax over provided | **(45)** | **(45)** |
| | ---------- | ---------- |
| | **13,957** | **47,207** |
| | ====== | ====== |

The effective tax rate for the current quarter and financial year ended 31 December 2006 is lower than the statutory tax rate mainly due to utilisation of agriculture allowances and tax incentives which are subject to agreement of the relevant authorities.

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

The results for the current quarter 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 ended 31 December 2006.

***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"). The Proposed Joint Venture is subject to the following conditions being fulfilled within 12 months from the date of the Joint Venture Agreements or such period as may be mutually extended by parties to the said agreements:

i) the letter of confirmation from the local government of Kabupaten Ketapang on the Proposed Joint Venture;

ii) the approval of Badan Koordinasi Penanaman Modal ("BKPM") or Investment Coordinating Board in Indonesia;

iii) the issuance of the Hak Guna Usaha certificates or Right/Title to Cultivate the Land;

iv) due diligence study on the Land and the Joint Venture Companies; and

v) any other approvals, licenses and permits required for the Proposed Joint Venture.

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

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

Save for the foregoing, there have been no changes to the status of the Proposed Joint Venture as at 21 February 2007.

***9) Group Borrowings and Debt Securities***

The Group does not have any borrowings or debt securities as at 31 December 2006.

***10) Off Balance Sheet Financial Instruments***

There are no off balance sheet financial instruments as at 21 February 2007.

***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 ("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.

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

Other than the hearing of a case management on 16 January 2007, there have been no changes to the status of the aforesaid litigation as at 21 February 2007. There shall be a review of the case management on 26 November 2007.

***12) Dividend Proposed or Declared***

a) (i) A final dividend for the financial year ended 31 December 2006 has been recommended by the Directors for approval by shareholders;

(ii) The recommended final dividend, if approved, would amount to 4.25 sen less 27% tax per ordinary share of 50 sen each;

(iii) The final dividend paid for the previous financial year ended 31 December 2005 was 3.75 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 2006, including the above recommended final dividend, if approved, would amount to 7.00 sen per ordinary share of 50 sen each, comprising an interim dividend of 2.75 sen less 28% tax per ordinary share of 50 sen each and a proposed final dividend of 4.25 sen less 27% tax per ordinary share of 50 sen each.

### *13) Earnings per Share*

| | Current Quarter 4Q 2006 | Current Financial Year |
|---|---|---|
| a) **Basic earnings per share** | | |
| Profit for the financial period attributable to equity holders of the Company *(RM'000)* | **61,696** | **171,147** |
| | ========== | ========== |
| Weighted number of ordinary shares in issue *('000)* | **748,925** | **747,107** |
| | ========== | ========== |
| Basic earnings per share *(sen)* | **8.24** | **22.91** |
| | ========== | ========== |
| b) **Diluted earnings per share** | | |
| Profit for the financial year attributable to equity holders of the Company *(RM'000)* | **61,696** | **171,147** |
| | ========== | ========== |
| ***Adjusted weighted number of ordinary shares in issue*** *('000)* | | |
| Weighted number of ordinary shares in issue | **748,925** | **747,107** |
| Adjustment for share options granted under the Asiatic Executive Share Option Scheme | **7,966** | **7,050** |
| | **756,891** | **754,157** |
| | ========== | ========== |
| Diluted earnings per share *(sen)* | **8.15** | **22.69** |
| | ========== | ========== |

**TAN SRI MOHD AMIN BIN OSMAN**
**Chairman**
Asiatic Development Berhad