



REVIEW OF OPERATIONS



Good water management



Various infield activities

PLANTATION

Malaysia

The country's plantation sector had a good head start with the bullish commodity prices continuing its uptrend well into 2007. With fundamentals supporting high prices in place throughout 2007, it was a year of stellar performance for the plantation sector. Fuelled by historical high crude oil prices of USD100 per barrel, coupled with continued robust demand from emerging markets such as China and India against tightness in global oils and fats supply, crude palm oil prices reached to unprecedented highs of nearly RM3,000 per tonne. Against this backdrop, the Malaysian oil palm industry registered an impressive 40% increase in its export earnings to a record RM45 billion from RM32 billion in 2006.

In tandem with the exceptional bullish market sentiment of the plantation sector, the Group saw another year of remarkable performance, surpassing all expectations. The Group registered a 105% increase in pre-tax profits from RM220 million to RM451 million in 2007 on the back of higher revenues of RM906 million as compared with RM577 million in the preceding year. The Plantation Division performed significantly better than last year and continued to be the key profit driver for the Group, accounting for RM846 million, or 93%, of the Group's total revenues. Pre-tax profit of the Division surged to an all-time high of RM429 million, a laudable growth of 120% from that of previous year.

The Plantation Division's commendable growth in the year under review was largely due to strong palm product prices and higher crop production. Crude palm oil ("CPO") prices soared significantly over the past year to never before price levels. It is gratifying to note that the Group was able to benefit from this robust market sentiment and saw a surge in its achieved average CPO selling price to RM2,500 per tonne representing a 64% increase from 2006's level of RM1,520 per tonne.

On a similar note, palm kernel ("PK"), which was well supported by a tight supply of coconut oil following the typhoons in the Philippines in 2006, witnessed a much improved achieved average selling price of RM1,445 per tonne, a substantial 61% upturn from that of the previous year's RM897 per tonne.

For the year under review, the Group scored another record harvest of fresh fruit bunches ("FFB") as production grew by 7% to 1.21 million tonnes from 1.13 million tonnes in 2006. The main catalysts for this growth were the improvement in the average yield per mature hectare for the Group by 5% from 21.4 tonnes to 22.4 tonnes, and the increase in harvesting area as some new plantings in Sabah, particularly Asiatic Indah and Asiatic Permai Estates, progressed into the "maturity" bracket.

REVIEW OF OPERATIONS



Asiatic Ayer Item Oil Mill



Various activities at oil mill

The year under review saw the closure of Asiatic Kulai Besar Oil Mill sited at the Asiatic Kulai Besar Estate, Kulai in end March 2007 to make way for the Group's property development activities. The Group's five remaining oil mills' total intake, inclusive of outside purchased FFB, of 1.28 million tonnes was 5% more than the preceding year's intake of 1.22 million tonnes. With the enlarged FFB intake, the milling throughput increased capacity utilisation to 99% from 89% in 2006. Improvements were also registered in the average oil and kernel extraction rates, albeit marginal, as more vigilant monitoring and controls on harvesting standards were exercised at ground level. In 2007, oil extraction rate inched from 20.52% to 20.70% whilst kernel extraction rate improved from 4.91% to 4.98%. Correspondingly, these better rates translated into CPO and PK production for the year at 264,914 tonnes (2006: 250,308 tonnes) and 63,745 tonnes (2006: 59,831 tonnes) respectively.

Asiatic Ayer Item Oil Mill continued to successfully obtain renewal for its ISO 9001:2000 Quality Management System status which was previously accredited by SIRIM in October 2002.

The construction works of the Asiatic Indah Oil Mill, a 30 tonne-per-hour oil mill sited on Asiatic Indah Estate, commenced in March 2007. This new oil mill will cater to the crop production from both Asiatic Indah and Permai Estates, as well as surrounding smallholders.

As at end 2007, the preparation of the mill site was nearing

completion while construction works such as civil, structural, and building and related works were in progress. As a responsible corporate citizen, Management has taken measures to ensure that the implementation of the project has incorporated practices which emphasised the preservation and conservation of the environment. Sedimentation ponds with silt traps were constructed to prevent siltation in waterways, and exposed areas have been planted with topsoil vegetation to prevent erosion. In addition, environmental monitoring and compliance audit is periodically conducted once in every four months by an accredited consultant to ensure adherence to regulatory requirements.

As at end 2007, the Division had completed the planting of about 3,413 hectares on Asiatic Jambongan Estate with oil palm.

As reported in the last annual report, the lawsuit instituted by certain individuals claiming native customary rights over some 2,634 hectares in Asiatic Permai Estate, remains status quo. Nevertheless, Management will continue to actively pursue the case and our solicitors maintained their opinion that the suit is unsustainable and misconceived and that it is unlikely that the individuals will succeed.

Serian Palm Oil Mill, the Group's 40% owned joint venture with Sarawak Land Consolidation and Rehabilitation Authority, also benefited from the sharp gains in palm product prices, posting admirable results.



Maiden planting ceremony - 9 June 2007



Cover crop establishment



Nursery maintenance works



Main office, Ketapang

PLANTATION

Indonesia

The year 2007 was the second year of operations for all ground activities of the joint venture between the Group and its Indonesian partner (“the JV”) in Kabupaten Ketapang, Kalimantan Barat.

As planned, the contracts for land clearing works were awarded in February and as at year end, more than 60% of the total land bank of 14,261 hectares have been packaged out to contractors. Maiden planting ceremony which officially kicked off planting activities was held on 9 June 2007. The event was graced jointly by the Deputy Governor of the Kalimantan Barat and the Bupati of Ketapang and witnessed by Management of the JV. As at end 2007, 1,716 hectares of land had been planted. Land clearing and planting works will continue despite facing some issues with the local indigenous people. Other than planting works, we have also made arrangements to expand the nursery size and as at year end, the nursery size has increased to 102 hectares, from the initial area of 30 hectares in 2006. This should be sufficient to support about 1.4 million seedlings. In order to maintain a good mix of planting materials, the JV has also used imported germinated seeds from Malaysia.

In the year under review, the JV grew from a zero start up position and placed itself amongst the bigger players in the



location, employing more than 900 people, most of whom are from the surrounding villages around the estates, thus creating employment opportunities for the indigenous people.

To support the growing population of employees in the estate and its head office in Ketapang, we have embarked and have since completed the upgrading works of the head office, and the construction of the estate office, 20 units of worker quarters, a surau, and a polyclinic.

REVIEW OF OPERATIONS



Asiatic Indahpura



PROPERTY

Property developers faced a difficult period in 2007. With rocketing oil prices, the general market sentiment was weak amidst growing concerns on rising inflation and a possible slowdown in the US and global economies.

Amongst the three major sub-sectors of the market i.e. residential, commercial and industrial, the residential sub-sector continued to be the most active, particularly for projects in well sought-after locations.

The challenging market condition took a toll on the Division's performance despite its concerted efforts to achieve higher sales. During the year, there was a drop in both the revenue (2007:RM60.7 million) and pre-tax profit (2007:RM7.4 million) by 33% and 43% respectively compared to 2006.

Asiatic Indahpura – the Group's flagship project in Kulai, Johor and key revenue contributor achieved total sales of RM41.0 million. Sales were mainly derived from the single-storey terrace houses type Iris and double-storey terrace houses type Diamond, where sales of RM20.2 million was achieved.



Aerial view (artist impression) - Asiatic Pura Kencana, Sri Gading



Although currently at the tail end of development, Asiatic Cheng Perdana, Melaka – the Group’s maiden project kept its good performance by generating RM14.2 million in sales. The sales were derived mainly from its newly launched single- and double-storey terrace houses and semi-detached houses, which contributed a combined sales of RM11.0 million, or over 77% of the project’s total sales.

Over at Asiatic Permaipura, Kedah, the thrust was on clearing inventories as the local property market was not favourable for new launches. On the golf course front, the Permaipura Golf and Country Club (PGCC) performed reasonably well in the face of stiff competition from other clubs. During the year under review, PGCC continued its marketing efforts to encourage tournament packages to attract more golfers both local and foreign and boost members’ patronage to the club.

Year 2007 also saw the soft launch of the Group’s fourth property project, a 320-acre mixed development called Asiatic Pura Kencana in Sri Gading, Batu Pahat, Johor. As part of its maiden launch, 122 units of double-storey shop offices were offered for sale. The take-up rate was good with over 50% of the shops sold at a sales value of RM22.9 million.



Official opening of Tan Sri Lim Goh Tong Hall at Foon Yew High School by Tan Sri Lim Kok Thay

The Sri Gading Industrial Estate, a joint venture project between the Group and TPM Technopark Sdn Bhd registered a pre-tax profit of RM58.8 million in 2007 compared to RM19.6 million in 2006.

REVIEW OF OPERATIONS



YAB Dato' Seri Abdullah Ahmad Badawi accompanied by Tan Sri Mohd Amin visiting ACCT's exhibition booth during BioMalaysia 2007



Launch of ACCT's logo in July 2007



ACCT's Laboratory



BIOTECHNOLOGY

Asiatic Centre for Genome Technology ("ACGT") has been set up as a centre of excellence in genomic science. The centre focuses on research and development ("R&D") in genome sequencing and biomarker discovery that will lead to innovations for enhancing the productivity and sustainability of palm oil production. ACGT is one of the first seven biotechnology companies to be awarded BioNexus status by the Malaysian Biotechnology Corporation, an agency under the purview of the Ministry of Science, Technology and Innovation (MOSTI).



ACGT's logo was launched in July 2007 in conjunction with the Malaysian Biotechnology Corporation's Second Eminent Speakers Series in which Dr. Aristides A.N. Patrinos, President of Synthetic Genomics, Inc., spoke on the impact of global

warming and synthetic biology on the development of industrial biotechnology in Malaysia.

Since then, ACGT has participated in exhibitions and among them is the BioMalaysia 2007 which was held at the Putra World Trade Centre in Kuala Lumpur from 27 to 30 November 2007.

In August 2007, ACGT moved into its office and laboratory at Technology Park Malaysia, Bukit Jalil. The new office and laboratory are located in two adjacent lots with a total area of 5,509 square feet. The laboratory is equipped to carry out experiments in bioinformatics, DNA and RNA extraction, DNA sequencing, gene cloning, marker analysis and microbial isolation. Nine scientists have been recruited, and one of the scientists has undergone training in bioinformatics at the J. Craig Venter Institute ("JCVI") in Rockville, Maryland, USA.



CORPORATE SOCIAL RESPONSIBILITY



Mulching replenishes organic matter to the land



Integrated pest management practices



Terracing reduces soil erosion



Asiatic works closely with WWF in their "Partners for Wetlands" programme

The Group upholds the highest standards of operations and conduct. As a socially responsible corporation, we will continue to contribute positively to the sustainable development of the economy and the community in the various countries where the Group operates.

The Group will continue to place importance on its CSR and remain committed to care for the environment, care for employees, fostering strong relationships with business associates and supporting many community welfare causes as part of its business ethics and responsibilities.

ENVIRONMENT

Asiatic has made consistent efforts to uphold its long-term commitment to environmental conservation and sustainable development. As a member of the Roundtable on Sustainable Palm Oil ("RSPO") since 2004, the Group will continuously pursue and adopt various good agronomic and eco-friendly practices in its oil palm plantation operations. In Indonesia, the Group's joint venture company, PT Sepanjang Intisurya Mulia, has also stepped up efforts to ensure the observance of environmental friendly practices in its land development activities.

Asiatic recognises that its business operations may impact the environment adversely if left unmonitored, and concern and

regard for the environment are integral to sustainable oil palm cultivation. Accordingly, the Group continues to monitor and emphasise that good practices are always observed from land preparation which include zero burning in land development and establishing cover crops to prevent soil erosion, through to the processing of the crops, where the by-products are used as feedstock for power generation and boiler fuel; thus reducing the consumption of fossil fuel.

The Group is proud to be part of the "Partners for Wetlands" programme in Sabah for which the Group had dedicated an area of approximately 86.5 hectares. Asiatic is notably the first plantation company to participate in this programme in 1999. The programme, which was initiated by World Wide Fund for Nature Malaysia, is an effort to conserve the lower Kinabatangan floodplains. This involves the rehabilitation and restoration of riverine and wetland habitats as wildlife sanctuary, and the conservation of biodiversity.

Within the Asiatic Tenegang Group of Estates, an area of some 175 hectares of land has been converted into worthy use. Known as the Baha Sanctuary and Tanjung Sanctuary, these areas which were turned into wildlife sanctuaries more than 10 years ago, are still being preserved in their natural state and is home to orang utans, proboscis monkeys and hornbills, among others.

CORPORATE SOCIAL RESPONSIBILITY



Participants at the 27th Management Conference



Company trip to Pulau Redang



Asiatic's team for the Kuala Lumpur Rat Race 2007

WORKPLACE

Cognisant that a team of dedicated and motivated human resources plays a crucial role in ensuring that the Group is well poised to meet present and future challenges, the Group continues to place emphasis to develop its human capital, the organisation's most valuable asset. The Group, in both its Malaysian and Indonesian operations, had a total workforce of over 8,800 as at 31 December 2007.

Along with the expansion in its business operations, it becomes increasingly vital that the Group manages its present and future manpower requirements as well as retaining these talents. The Group continues to adopt the approach of reaching out to undergraduates and diploma holders by organising interviews at local universities and institutions of higher learning in its recruitment drive. Systematic development programmes and functional skill training for its employees are progressively reviewed and instituted, in its aim to develop a multi-skilled workforce capable of delivering their utmost. In line with this, employees of all levels are continuously encouraged to attend various external conferences and programmes over and above those organised internally.

During the year, some of the external courses and training attended by employees include motivational courses, ISO training, and courses in management and leadership programmes for the purpose of enhancing skills and knowledge

in planning, organising, problem solving, decision making and leadership capabilities. Various seminars and talks addressing issues on work, health and lifestyle management were organised internally by Genting Berhad to promote a healthy and positive work environment for employees of the Genting Group.

The 27th Management Conference, held in Hanoi, Vietnam, and the Assistant Managers' Conference, in Kota Kinabalu, Sabah, were themed "The Asiatic Challenge" and "Action Plans To Raise Yield – Role of Assistant Managers" respectively. Both conferences saw the active participation, and sharing of ground experiences and knowledge among the delegates.

In its efforts to create a safe and healthy working environment in compliance with Occupational Safety and Health Act (OSHA), the Group conducts safety committee meetings, safety audit and inspection, and fire safety and handling of chemical training regularly.

To encourage interaction among the employees and foster a sense of belonging to the Group, a company trip to Pulau Redang, Terengganu was organised in September 2007.

A total of 101 employees were honoured with Long Service Awards in appreciation of their loyalty and invaluable dedicated services to the Group.



Some of the amenities provided by Asiatic

COMMUNITY

As a plantation company, the Group is conscious that it is pertinent to co-exists not only with the environment, but also with the communities in the vicinity where it operates.

The Group had contributed RM19.7 million towards the Oil Palm Fruit Cess since its implementation in June 2007. The collection of the cess is to subsidise prices of cooking oil in the country.

Various activities, eg friendly games and football matches, and kenduri and celebrations of major festivals are often organised to promote interaction with villagers.

Over the years, the Group has established a policy to create and offer local workforce in nearby villages priorities to take up job opportunities, either by way of direct employment or through the award of contract works. This policy has proven effective in improving the living standards of these villagers.

The Group has also invested substantially in the construction of

roads in estates, workers’ quarters, clinic and places of worships, and the provision of electricity and treated water in the operating units.

The Group has rendered support in monetary terms and in-kind to schools and institutions. In Sabah, the Group assists to provide education to young school going children of plantation workers and the local communities in the 8 schools set up in the estates with Humana, a non-profit organisation. In addition, in Peninsula Malaysia estates, the Group has contributed land for the building of 5 government schools within the estates land. Other donations made by the Group include those made to the Foon Yew School in Asiatic Indahpura, Kulai, Johore, and the Monfort Youth Training Centre.

In advocating youth development, the Group has been providing industrial training and internship programmes to school leavers, and undergraduates from universities and other institutions of higher learning; and thereafter offering graduate placements wherever possible.

CORPORATE GOVERNANCE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Set out below is a statement on how the Company has applied the principles and complied with the best practices as set out in the Malaysian Code on Corporate Governance ("the Code").

A. DIRECTORS

(i) The Board

The Board has overall responsibility for the proper conduct of the Company's business. The Board meets on a quarterly basis and additionally as required. The Board has a formal schedule of matters specifically reserved for its decision, including overall strategic direction, annual operating plan, capital expenditure plan, acquisitions and disposals, major capital projects and the monitoring of the Group's operating and financial performance.

Formal Board Committees established by the Board in accordance with the Code namely, the Audit Committee, Nomination Committee and Remuneration Committee assist the Board in the discharge of its duties.

During the year under review, four meetings of the Board were held and all Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles of Association.

The details of Directors' attendances are set out below:

Name of Directors	Number of Meetings Attended
Tan Sri Mohd Amin bin Osman	4
Dato' Baharuddin bin Musa*	2
Tan Sri Lim Kok Thay	4
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	4
Encik Mohd Din Jusoh	4
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	4
Mr Quah Chek Tin	4
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	3

* Retired on 20 June 2007

(ii) Board Balance

On 20 June 2007, Dato' Baharuddin bin Musa retired as a Director of the Company. With his retirement, the Board members were reduced from eight to seven, comprising one executive Director and six non-executive Directors. Four of the six non-executive Directors are independent non-executive Directors. The Directors have wide ranging experience and all have occupied or currently occupy senior positions in the public and/or private sectors. The independent non-executive Directors provide a strong independent element on the Board with Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad as the senior independent non-executive Director to whom concerns may be conveyed. All the independent non-executive Directors participate in the Audit Committee. Three of the four independent non-executive Directors also participate in the Remuneration and Nomination Committees as members of these Committees.

A brief profile of each of the Directors is presented on pages 7 and 8 of this Annual Report.

(iii) Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors in sufficient time to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated.

As a Group practice, any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Group's expense. Directors have access to all information and records of the Company and also the advice and services of the Company Secretary.

(iv) Appointments to The Board

The Nomination Committee comprising entirely of independent non-executive Directors is responsible for identifying and recommending to the Board suitable nominees for appointment to the Board and Board Committees.

On appointment, Directors are provided with information about the Group and are encouraged to visit the sites of the Group's operating units and meet with key senior executives.

All the Directors have attended the Mandatory Accreditation Programme and are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

(iv) Appointments to The Board (cont'd)

The following are the courses and training programmes attended by the Directors in 2007:

COURSES	NAMES OF DIRECTORS						
	Tan Sri Mohd Amin bin Osman	Tan Sri Lim Kok Thay	Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Encik Mohd Din Jusoh	Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	Mr Quah Chek Tin	Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin
Training on BASEL II							•
TED 2007 : "Icons. Geniuses. Mavericks."		•					
How to Find the Land Mines in Financial Accounts (Pre-Conference Workshop) - Finding the Land Mines in Financial Accounts : A Guide for Audit Committees			•				•
Audit Committees : Crucial Updates 2007			•				•
International Financial Reporting Standards (IFRS) Implementation Issues and Development	•		•	•	•	•	
Industrial Biotechnology - How Malaysia can be amongst the Front Runners in this Focus Area	•						
21st Century Governance, Legal and Regulatory Challenges to the Malaysian Board : With Special Reference & Update on the Companies (Amendment) Act 2007	•						
3D Public Relations	•						
Understanding and Making Effective Use of Financial Statements							•
Audit Committee Forum							•
Improving Board Performance, Leadership & Governance							•
Amendment to Companies Act	•		•	•	•		•
Tax Seminar - The 2008 Budget				•	•	•	•
G2E 2007 - NCRG Conference on Gambling and Addiction - G2E Leadership Academy		•					
Reading, Interpreting & Analysing Annual Financial Statements	•		•	•	•	•	•

(v) Re-election

The Articles of Association of the Company provides that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. A retiring Director is eligible for re-election. The Articles of Association also provide that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

B. DIRECTORS' REMUNERATION

The Remuneration Committee comprising three independent non-executive Directors and one Executive Director is responsible for making recommendations to the Board on the remuneration packages of executive Directors and members of Board Committees. In making recommendations to the Board, information provided by independent consultants and appropriate survey data are taken into consideration. The Board as a whole, determines the level of fees of non-executive Directors and executive Directors. Directors' fees are approved at the Annual General Meeting by the shareholders. Directors do not participate in decisions regarding their own remuneration packages.

CORPORATE GOVERNANCE (CONT'D)



B. DIRECTORS' REMUNERATION (cont'd)

The Remuneration Committee met twice during the financial year.

Details of the Directors' remuneration are set out on pages 65 and 66 of the Audited Financial Statements in this Annual Report. In the interest of security, additional information have not been provided other than the details stipulated in the Listing Requirements of Bursa Malaysia Securities Berhad.

C. SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Company's Annual General Meeting remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and to ask questions about the resolutions being proposed and the operations of the Group.

The Group maintains a corporate website at www.asiatic.com.my which provides information relating to annual reports, press releases, quarterly results, announcements and corporate developments.

The Group also participates in investor forums held locally and abroad and also organises briefings and meetings with analysts and fund managers to give them a better understanding of the businesses of the Group.

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board aims to ensure that the quarterly reports, annual financial statements as well as the annual review of operations in the annual report are presented in a manner which provides a balanced and understandable assessment of the Company's performance and prospect.

The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 93 of this Annual Report.

(ii) Internal Control

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

(iii) Relationship with Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's financial statements, the external auditors have highlighted to the Audit Committee and the Board, matters that require the Board's attention. All Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

E. OTHER INFORMATION

Material Contracts

Material Contracts of the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 39 to the financial statements under "Significant Related Party Transactions and Balances" on pages 89 and 90 of this Annual Report.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The Audit Committee ("Committee") was established on 26 July 1994 to serve as a Committee of the Board.

MEMBERSHIP

The present members of the Committee comprise:

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	Chairman/Independent Non-Executive Director
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Member/Independent Non-Executive Director
En Mohd Din Jusoh	Member/Independent Non-Executive Director
Mr Quah Chek Tin	Member/Non-Independent Non-Executive Director
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah#	Member/Independent Non-Executive Director

Appointed on 22 October 2007

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2007

The Committee held a total of *five (5) meetings. Details of attendance of the Committee members are as follows:

Name of Member	Number of Meetings Attended
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	*5
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	*5
En Mohd Din Jusoh	*5
Dato' Baharuddin bin Musa	^2
Mr Quah Chek Tin	*5
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	#1

^ Retired on 20 June 2007

Appointed on 22 October 2007

* The total number of meetings is inclusive of the special meeting held between members of the Committee who are non-executive Directors of the Company and representatives of the external auditors, PricewaterhouseCoopers without the presence of any Executive Director.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2007

The Committee carried out its duties in accordance with its Terms of Reference.

The main activities carried out by the Committee were as follows:

- i) considered and approved the internal audit plan for the Company and the Group and authorised resources to address risk areas that have been identified;
- ii) reviewed the internal audit reports for the Company and the Group;
- iii) reviewed the external audit plan for the Company and the Group with the external auditors;
- iv) reviewed the external audit reports for the Company and the Group with the external auditors;
- v) reviewed the quarterly reports of the Company and the Group, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events; and
 - (c) compliance with accounting standards and other legal requirements;
- vi) reviewed related party transactions of the Company and the Group;
- vii) reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and of the Company;
- viii) considered the re-appointment of the external auditors for recommendation to the shareholders for their approval;
- ix) reviewed the Financial Statements of the Group and of the Company for the financial year ended 31 December 2006; and
- x) reviewed the reports submitted by the Risk and Business Continuity Management Committee of the Company.

AUDIT COMMITTEE REPORT (CONT'D)



INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT PROCESS

The Group has an adequately resourced internal audit department to assist the Board in maintaining a sound system of internal control. The internal audit department reports to the Committee and is independent of the activities it audits. The primary role of the department is to undertake regular and systematic review of the systems of internal control so as to provide sufficient assurance that the Group has sound systems of internal control and that established policies and procedures are adhered to and continue to be effective and satisfactory.

As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

TERMS OF REFERENCE

The terms of reference of the Committee were revised by the Board of Directors of the Company on 28 February 2008 in line with the amendments to the Malaysian Code on Corporate Governance and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Committee is governed by the following terms of reference, as revised:

1. Composition

- (i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, all of whom are non-executive Directors with a majority of them being independent Directors; and at least one member of the audit committee:
 - (a) must be a member of the Malaysian Institute of Accountants; or
 - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

- (c) fulfills such other requirements as prescribed or approved by Bursa Securities.

The Chairman shall be an independent Director elected by the members of the Committee.

- (ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.
- (iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to cooperate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

4. Functions

The functions of the Committee are to review:

- i) with the external auditors, their audit plan;
- ii) with the external auditors, their evaluation of the system of internal accounting controls;
- iii) with the external auditors, their audit report and management letter (if any);
- iv) the assistance given by the Company's officers to the external auditors;
- v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events; and
 - (c) compliance with accounting standards and other legal requirements;
- viii) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation, suitability and dismissal.

5. Meetings

- i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.
- ii) In order to form a quorum for any meeting of the Committee, the majority of members present must be independent.
- iii) The meetings and proceedings of the Committee are governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.
- iv) The head of finance and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested, if required.
- v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or shareholders of the Company.
- vi) At least twice a year, the Committee shall meet with the external auditors without the presence of any executive Director.
- vii) Whenever deemed necessary, meetings can be convened with the external auditors, internal auditors or both, excluding the attendance of other Directors and employees.

6. Secretary and Minutes

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

STATEMENT ON INTERNAL CONTROL



THE BOARD'S RESPONSIBILITIES

In relation to internal control, pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") hereby acknowledges their responsibilities under the Bursa Securities Listing Requirements to:

- Identify principal risks and ensure implementation of appropriate control measures to manage such risks.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that an internal control system is designed to manage risks rather than eliminate them and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that the risk management process is an ongoing process to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Asiatic Group of Companies' ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risks and measures are taken to mitigate any weaknesses in the control environment.

THE RISK MANAGEMENT PROCESS

The Group employs the Control Self-Assessment ("CSA") to formalise the risk management process. With the CSA, departments/business areas of the Group are required to identify and evaluate controls within key functions/activities of their business processes. The risks to the Group's strategic objectives are assessed at the Group level.

The Risk and Business Continuity Management Committee ("the RBCMC") comprises senior management of the Group and is chaired by the Chief Financial Officer. The RBCMC is tasked with the responsibility for formulating the risk management policy and the review of the system of internal control. The Heads of Divisions and Departments are required to issue a letter of assurance on a semi annual basis to confirm that the risk reports and risk profiles have been reviewed and action plans being implemented are monitored.

The RBCMC meets at least four (4) times a year to review the risk assessment documents of the Group and where applicable propose changes to the risk management and controls procedures/policies. The review also covers the status of action plans or measures taken or to be taken to address any weaknesses identified in the existing internal controls. The RBCMC presents to the Executive Committee on a quarterly basis, a report of the risk assessments on the Group's significant risks and the status of control measures being implemented or to be implemented to deal with the risks. Reports are then presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board.

THE INTERNAL CONTROL PROCESSES

The other key aspects of the internal control process are:

- The Board and the Audit Committee meet at least every quarter to discuss matters raised by Management on business and operational matters including potential risks and control issues.
- The Board has delegated the responsibilities to relevant committees established by the Board to implement and monitor the Board's policies on controls.
- Delegation of authority including authorisation limits at various levels of Management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.
- Internal procedures and policies are clearly documented in manuals and reviewed and revised periodically to meet changing business, operational and statutory reporting needs.
- Performance and cash flow reports are provided to Management and the Executive Committee to review and monitor the financial performance and cash flow position.
- Business/operating units present their annual budget, which includes the financial and operating targets, capital expenditure proposals and performance indicators for approval by the Budget Committee and the Board.
- A half yearly review of the annual budget is undertaken to identify and where appropriate, to address significant variances from the said budget.

For the year under review, some weaknesses in internal controls were identified but were deemed not significant to be mentioned in this statement as none had materially impacted the business or operations of the Group. Nevertheless, measures have been or are being taken to address these weaknesses. In addition the Group considers business continuity management as an integral part of the Group's risk management process. In this respect, the Group has commenced implementation of business continuity plans to minimise business disruptions either due to failure of critical IT systems and/or operational process.

The Group in issuing this statement has excluded its associates' state of internal controls as they are deemed to be insignificant to the Group.

The Internal Audit Function

The Internal Audit Department ("Internal Audit") is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the systems of internal control are effective in addressing the risks identified.

On a quarterly basis, Internal Audit submits audit reports for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by Management.

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

The Directors of ASIATIC DEVELOPMENT BERHAD have pleasure in submitting their report together with their statement pursuant to Section 169(15) of the Companies Act, 1965 therein and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company.

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

Details of the principal activities of the subsidiaries and associates are set out in Note 41 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, except as disclosed above.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation	451,158	487,091
Taxation	<u>(103,102)</u>	<u>(118,490)</u>
Profit for the financial year	<u>348,056</u>	<u>368,601</u>

DIVIDENDS

Dividends paid by the Company since the end of the previous financial year were:

- (i) a final dividend of 4.25 sen less 27% tax per ordinary share of 50 sen each amounting to RM23,357,012 in respect of the financial year ended 31 December 2006 was paid on 17 July 2007; and
- (ii) an interim dividend of 3.25 sen less 27% tax per ordinary share of 50 sen each amounting to RM17,865,412 in respect of the financial year ended 31 December 2007 was paid on 18 October 2007.

A special dividend of 6 sen less 26% tax per ordinary share of 50 sen each in respect of the current financial year has been declared for payment to shareholders registered in the Register of Members on 13 March 2008. The special dividend shall be paid on 27 March 2008. Based on the issued and paid up capital of the Company as at the date of this report, the special dividend would amount to RM33,561,383.

The Directors recommend payment of a final dividend of 4.75 sen less 26% tax per ordinary share of 50 sen each in respect of the current financial year to be paid to shareholders registered in the Register of Members on a date to be determined by the Directors. Based on the issued and paid-up capital of the Company as at the date of this report, the final dividend would amount to RM26,569,428.

RESERVES AND PROVISIONS

There were no other material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued a total of 4,716,000 new ordinary shares of 50 sen each, particulars of which are set out below, by virtue of the exercise of options granted pursuant to The Asiatic Executive Share Option Scheme to take up unissued shares of the Company which new ordinary shares rank *pari passu* with the then existing issued ordinary shares of the Company:

Price per Share (sen)	No. of Ordinary Shares
92	59,000
145	1,976,000
165	<u>2,681,000</u>
	<u>4,716,000</u>

There were no issue of debentures during the financial year.

SHARE OPTIONS PURSUANT TO THE ASIATIC EXECUTIVE SHARE OPTION SCHEME

The Asiatic Executive Share Option Scheme ("the Scheme") was approved by members of the Company at an Extraordinary General Meeting held on 28 June 2000.

Details of the Scheme are set out in Note 32 to the financial statements.

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (CONT'D)



DIRECTORATE

The Directors who served since the date of the last report are:

Tan Sri Mohd Amin bin Osman
 Tan Sri Lim Kok Thay *
 Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad *
 Encik Mohd Din Jusoh *
 Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah
 Mr Quah Chek Tin
 Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin *
 Dato' Baharuddin bin Musa * (*Retired on 20 June 2007*)

* *Also members of the Remuneration Committee*

According to the Register of Directors' Shareholdings, the following persons who were Directors of the Company at the end of the financial year have interests in shares of the Company; Genting Berhad, a company which owns 54.84% equity interest in the Company as at 31 December 2007; Resorts World Bhd, a company which is 48.72% owned by Genting Berhad and Genting International P.L.C., a subsidiary of Genting Berhad, as set out below:

INTEREST IN THE COMPANY

Shareholdings in the names of Directors

	1.1.2007	Acquired/(Disposed) (Number of ordinary shares of 50 sen each)	31.12.2007
Tan Sri Mohd Amin bin Osman	741,000	124,000	865,000
Tan Sri Lim Kok Thay	144,000	825,000/(600,000)	369,000
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	10,000	-	10,000

Interest of spouse/child of Director*

	15.8.2007	Acquired/(Disposed) (Number of ordinary shares of 50 sen each)	31.12.2007
Tan Sri Mohd Amin bin Osman	80,000	-	80,000

Share Option in the names of Directors

	1.1.2007	Offered/(Exercised) (Number of unissued ordinary shares of 50 sen each)	31.12.2007
Tan Sri Mohd Amin bin Osman	248,000	(124,000)	124,000
Tan Sri Lim Kok Thay	825,000	(825,000)	-

INTEREST IN GENTING BERHAD**Shareholdings in the names of Directors**

	1.1.2007	Acquired/ (Disposed)	12.4.2007	Adjusted for the Share Split on 13.4.2007	Acquired/ (Disposed)	31.12.2007
	(Number of ordinary shares of 50 sen each)			(Number of ordinary shares of 10 sen each)		
Tan Sri Mohd Amin bin Osman	197,000	-	197,000	985,000	315,000/ (95,400)	1,204,600
Tan Sri Lim Kok Thay	1,933,800	-	1,933,800	9,669,000	2,500,000/ (1,800,000)	10,369,000
Mr Quah Chek Tin	1,000	-	1,000	5,000	315,000/ (315,000)	5,000

Interest of spouse/child of Directors*

	15.8.2007	Acquired/(Disposed)	31.12.2007
	(Number of ordinary shares of 10 sen each)		
Tan Sri Mohd Amin bin Osman	60,000	-	60,000
Mr Quah Chek Tin	315,000	315,000	630,000

Share Option in the names of Directors

	1.1.2007	Offered/ (Exercised)	12.4.2007	Adjusted for the Share Split on 13.4.2007	Offered/ (Exercised)	31.12.2007
	(Number of unissued ordinary shares of 50 sen each)			(Number of unissued ordinary shares of 10 sen each)		
Tan Sri Mohd Amin bin Osman	311,000	-	311,000	1,555,000	(315,000)	1,240,000
Tan Sri Lim Kok Thay	1,000,000	-	1,000,000	5,000,000	(2,500,000)	2,500,000
Mr Quah Chek Tin	311,000	-	311,000	1,555,000	(315,000)	1,240,000

INTEREST IN RESORTS WORLD BHD**Shareholdings in the names of Directors**

	1.1.2007	Acquired/ (Disposed)	12.4.2007	Adjusted for the Share Split on 13.4.2007	Acquired/ (Disposed)	31.12.2007
	(Number of ordinary shares of 50 sen each)			(Number of ordinary shares of 10 sen each)		
Tan Sri Mohd Amin bin Osman	122,000	-	122,000	610,000	(70,000)	540,000
Tan Sri Lim Kok Thay	50,000	-	50,000	250,000	1,410,000	1,660,000
Mr Quah Chek Tin	1,000	-	1,000	5,000	-	5,000

Interest of spouse/child of Director*

	15.8.2007	Acquired/(Disposed)	31.12.2007
	(Number of ordinary shares of 10 sen each)		
Tan Sri Mohd Amin bin Osman	180,000	-	180,000

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (CONT'D)



INTEREST IN RESORTS WORLD BHD (cont'd)

Share Option in the name of Director

	1.1.2007	Offered/ (Exercised)	12.4.2007	Adjusted for the Share Split on	Offered/ (Exercised)	31.12.2007
	(Number of unissued ordinary shares of 50 sen each)			13.4.2007	(Number of unissued ordinary shares of 10 sen each)	
Tan Sri Lim Kok Thay	750,000	-	750,000	3,750,000	(1,410,000)	2,340,000

INTEREST IN GENTING INTERNATIONAL P.L.C.

Shareholding in the name of Director

	1.1.2007	Acquired/(Disposed)	31.12.2007
		(Number of ordinary shares of US\$0.10 each)	
Tan Sri Lim Kok Thay	20,000	12,000	32,000

Interest of spouse/child of Director*

	15.8.2007	Acquired/(Disposed)	31.12.2007
		(Number of ordinary shares of US\$0.10 each)	
Tan Sri Mohd Amin bin Osman	400	-	400

Share Option in the names of Directors

	1.1.2007	Offered/ (Exercised)	16.9.2007	Adjusted for the Rights Issue on	Offered/ (Exercised)	31.12.2007
	(Number of unissued ordinary shares of US\$0.10 each)			17.9.2007	(Number of unissued ordinary shares of US\$0.10 each)	
Tan Sri Mohd Amin bin Osman	1,000,000	-	1,000,000	1,131,707	-	1,131,707
Tan Sri Lim Kok Thay	5,000,000	-	5,000,000	5,658,536	-	5,658,536
Mr Quah Chek Tin	1,500,000	-	1,500,000	1,697,560	-	1,697,560
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	1,000,000	-	1,000,000	1,131,707	-	1,131,707

* Disclosure pursuant to Section 134 (12) (c) of the Companies Act, 1965 as amended by the Companies (Amendment) Act, 2007 which took effect on 15 August 2007.

Apart from the above disclosures:

- (a) the Directors of the Company do not have any other interests in shares in the Company and in shares in other related corporations of the Company either at the beginning or end of the financial year; and
- (b) neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors and the provision for Directors' retirement gratuities or the fixed salary of a full-time employee of the Company and/or its related corporations shown in the respective financial statements of the Company and/or its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the following transactions:

- (i) Tan Sri Mohd Amin bin Osman has been retained by Resorts World Bhd, a company which is 48.72% owned by Genting Berhad ("GB"), to provide advisory services.
- (ii) Asiatic Plantations (WM) Sdn Bhd ("APWM"), a wholly-owned subsidiary of the Company, has extended a housing loan to Dato' Baharuddin bin Musa to enable him to acquire a home, which loan has been settled during the financial year.
- (iii) A company in which Tan Sri Lim Kok Thay is a director and a substantial shareholder has appointed APWM to provide plantation advisory services.
- (iv) A corporation in which Tan Sri Lim Kok Thay and his spouse are directors and which is wholly-owned indirectly by them has rented its property to Genting International P.L.C. ("GIPLC"), a subsidiary of GB.
- (v) A corporation which is owned by the family of Tan Sri Lim Kok Thay has been appointed by Resorts World at Sentosa Pte. Ltd., an indirect wholly-owned subsidiary of GIPLC, to provide professional design consultancy and master-planning services for the Resorts World at Sentosa integrated resort in Singapore.

Tan Sri Lim Kok Thay and Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin are due to retire by rotation at the forthcoming Annual General Meeting ("AGM") in accordance with Article 99 of the Articles of Association of the Company and they, being eligible, have offered themselves for re-election.

Tan Sri Mohd Amin bin Osman and Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad will retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM and separate resolutions will be proposed for their re-appointment as Directors at the AGM under the provision of Section 129(6) of the said Act to hold office until the next AGM of the Company.

OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records, were written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts of the Group and of the Company inadequate to any substantial extent;
- (ii) which would render the values attributed to the current assets in the financial statements of the Group or of the Company misleading;
- (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (CONT'D)



OTHER STATUTORY INFORMATION (Cont'd)

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except those disclosed in the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 41 to 92, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and comply with the provisions of the Companies Act, 1965.

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

On behalf of the Board,

TAN SRI LIM KOK THAY
Chief Executive and Director

MOHD DIN JUSOH
Director

Kuala Lumpur
28 February 2008